



SLATE U.S. OPPORTUNITY (NO. 1) REALTY TRUST

-and-

SLATE U.S. OPPORTUNITY (NO. 2) REALTY TRUST

NOTICE OF SPECIAL MEETING OF UNITHOLDERS

to be held on March 3, 2014

-and-

MANAGEMENT INFORMATION CIRCULAR

with respect to certain special business including a

COMBINATION TRANSACTION

of the assets of Slate U.S. Opportunity (No. 1) Realty Trust, Slate U.S. Opportunity (No. 2) Realty Trust

and U.S. Grocery-Anchored Retail (1A), (1B) and (1C) Limited Partnerships into

SLATE RETAIL REIT

February 3, 2014

This Notice, Information Circular and the accompanying materials require your immediate attention. If you are in doubt as to the actions required to be taken by these documents or the matters discussed therein, please consult your professional advisors.

To fellow unitholders

This circular is to inform you of an important development in your investments which we believe will deliver significant benefits to you.

A Combination Transaction is being proposed that will combine the assets of Slate U.S. Opportunity (No. 1) Realty Trust ("SUSO 1"), Slate U.S. Opportunity (No. 2) Realty Trust ("SUSO 2") along with U.S. Grocery Anchored Retail (1A), (1B) and (1C) Limited Partnerships ("GAR") into one Real Estate Investment Trust, called Slate Retail REIT, which will trade on the Toronto Stock Exchange. This transaction is in line with the investment strategy outlined in the offering documents of these funds and partnerships. We had anticipated reaching this event about five years after the inception of the entities but the strong performance of the investment portfolios made it opportune to go forward with the transaction now.

This transaction will provide 3 immediate benefits to our unitholders:

- **Improved Liquidity:** units will now trade on the Toronto Stock Exchange, providing a broad and liquid market.
- **Operating Performance Stability:** unitholders will benefit from increased stability in the portfolio as a result of owning a larger entity with greater tenant and geographic diversification.
- **Monthly Distributions:** unitholders will now receive distributions monthly rather than quarterly.

Slate Retail REIT will be a pure-play grocery-anchored real estate platform with investment properties appraised at U.S.\$435.0 million, U.S.\$215.4 million in equity, and U.S.\$30.4 million in 2014 forecasted NOI. As a publicly-traded REIT, Slate Retail REIT will also have more efficient access to equity capital which will enable Slate to act quickly on current growth opportunities.

Slate Properties will continue as the asset manager of the portfolio and intends to continue the growth strategies initiated at the inception of the combined entities. At the close of the transaction, Slate will own approximately 10% of the REIT and will remain an active owner manager.

As a public REIT Slate will continue to deploy the acquisition strategy which has built the initial portfolio of high occupancy, high traffic centres in the United States. With over 37,000 grocery stores in the U.S. and with fragmented ownership where the largest anchored-retail landlord has less than 1% of the market, we see many further opportunities. Our extensive broker network has provided a pipeline of potential deals and we are targeting a niche in strategic markets where there is less competition for assets. What's more, Slate Retail REIT will debut on the public markets with a strong balance sheet, including substantial cash to execute this strategy.

The Trustees of SUSO 1 and SUSO 2 are recommending unitholders support the Combination Transaction and Brookfield Financial Corporation has provided a fairness opinion. Further information on the transaction, including detailed information on the implications for the holders of the different classes of units in the funds and partnerships, procedures to submit proxies and projections of the pro forma financial results of the proposed combination can be found in this circular. We urge you to review it.

By supporting this Combination Transaction unitholders can participate with us in the growth of Slate Retail REIT.

Sincerely,

Blair Welch, Brady Welch

Slate U.S. Opportunity (No. 1) Realty Trust
Slate U.S. Opportunity (No. 2) Realty Trust



Pure-Play U.S. Grocery-Anchored Real Estate

Positioned to Benefit From U.S. Recovery

29

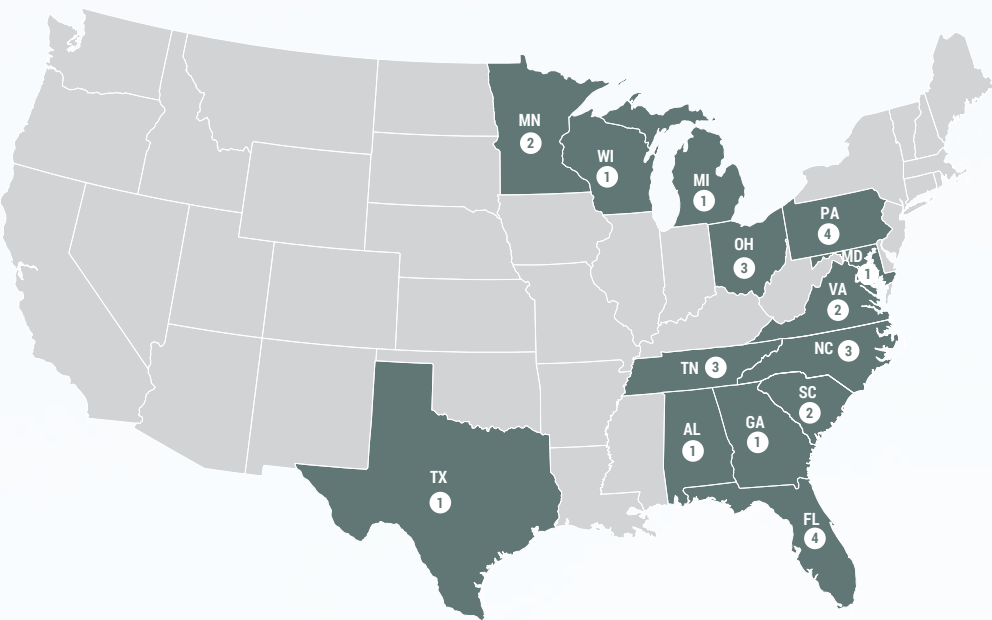
PROPERTIES

3.5M

SQUARE FEET

97%

OCCUPIED



Strong Returns Achieved, Future Growth Expected

24.3%

IRR

1.5X

EQUITY MULTIPLE

\$13.46

UNIT PRICE

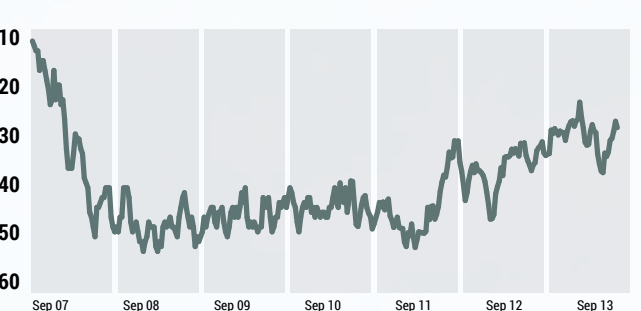
The values displayed represent the weighted averages of Slate U.S. Opportunity (No. 1) Realty Trust, Slate U.S. Opportunity (No. 2) Realty Trust and U.S. Grocery-Anchored Realty (1A), (1B) and (1C) Limited Partnerships. Individual unitholder returns may vary. Unit price represents the value of a Class U REIT unit based on the appraised value of the properties and each entity's net working capital as at December 31st, 2013.

Improving Economic Fundamentals



Source: Bureau of Labour Statistics (as at December 31, 2013)

Bloomberg Consumer Confidence Index



Source: Bloomberg (as at December 31, 2013)

With Growth Opportunities Identified in Slate Target Markets

Moody's RCA National All Property Commercial Property Price Index



Source: Real Capital Analytics (as at December 31, 2013)

Investment Highlights

- Proven Manager with a Track Record of Maximizing Returns
- Stable Assets with Non-Cyclical Grocery Anchor Tenants
- Highly Diversified Portfolio: Geographically and by Tenant
- Conservative AFFO Payout Ratio of 70% and Debt to GBV of 53%
- Exceptional Growth Pipeline of Highly Accretive Acquisitions

Independence Square – Charlotte, NC



Westhaven Town Center – Franklin, TN



SLATE U.S. OPPORTUNITY (NO. 1) REALTY TRUST

February 3, 2014

Dear fellow unitholders of Slate U.S. Opportunity (No. 1) Realty Trust:

You are invited to attend a special meeting (the “**SUSO 1 Meeting**”) of the unitholders (the “**SUSO 1 Unitholders**”) of class A units, class I units and class U units (collectively, the “**SUSO 1 Units**”) of Slate U.S. Opportunity (No. 1) Realty Trust (“**SUSO 1**”, and following completion of the Combination Transaction (as defined below) the “**REIT**”) which will be held at the offices of Goodmans LLP located at 333 Bay Street, Suite 3400, Toronto, Ontario M5H 2S7 on March 3, 2014 at 10:00 a.m. EST.

At the SUSO 1 Meeting, SUSO 1 Unitholders will be asked to vote on a special resolution approving a proposed transaction (the “**Combination Transaction**”) pursuant to which (i) SUSO 1 will acquire all of the assets of Slate U.S. Opportunity (No. 2) Realty Trust (“**SUSO 2**”) in consideration for class U units of SUSO 1, (ii) SUSO 1 will effectively acquire, directly or indirectly, all of the assets of U.S. Grocery Anchored Retail (1A), (1B) and (1C) Limited Partnerships (“**GAR**”) in consideration for class U units of the REIT or securities that are economically equivalent to class U units of the REIT (subject to certain adjustments) and redeemable for cash or class U units of the REIT, (iii) the class U units of the REIT will be listed on the Toronto Stock Exchange (the “**TSX**”) and (iv) SUSO 1 will change its name to “Slate Retail REIT”. Slate Properties Inc. (“**Slate**”) will continue as the manager of the REIT and its subsidiaries. In connection with the Combination Transaction, the general partner interest held by principals of Slate and certain other parties in Slate U.S. Opportunity (No. 1) Holding L.P. (the principal holding subsidiary of SUSO 1) will be crystallized and exchanged for securities of a subsidiary of the REIT that will be economically equivalent to the class U units of the REIT (subject to certain adjustments) and redeemable for cash or class U units of the REIT.

As part of its initial public offering and related private placement in April 2012, SUSO 1 raised U.S.\$57.3 million of equity which was invested in a portfolio of 13 anchored retail properties (the “**SUSO 1 Portfolio**”). If the Combination Transaction is approved, the SUSO 1 Portfolio will be combined with the properties owned by SUSO 2 and GAR to create a single portfolio of 29 grocery anchored retail properties (the “**Properties**”) held indirectly by the REIT. Based on the current appraised value of the SUSO 1 Portfolio, after adjusting for net working capital, transaction costs, outstanding debt and the general partner interest, the SUSO 1 equity investment would be worth U.S.\$77.7 million upon closing of the Combination Transaction. As a result of this increase, and in accordance with SUSO 1’s objectives, we have decided to pursue the Combination Transaction.

We expect that the Combination Transaction will result in a number of benefits for SUSO 1 Unitholders, including:

1. **Liquidity for SUSO 1 Unitholders.** Pursuant to the Combination Transaction, the class U units of the REIT will be listed on the TSX. In addition, the declaration of trust of SUSO 1 will be amended to provide holders of SUSO 1 class A units and SUSO 1 class I units with a right to convert their SUSO 1 class A units and SUSO 1 class I units at any time into the TSX-listed class U units of the REIT. This conversion right provides holders of SUSO 1 class A units and SUSO 1 class I units with the similar ability to hold or sell their units as the class U unitholders of the REIT.
2. **Creation of a Larger and More Diversified Entity with Improved Access to Capital.** By combining the assets of SUSO 1, SUSO 2 and GAR into a single publicly-traded investment vehicle, unitholders of the REIT will benefit from improved access to capital, as well as improved geographic and tenant diversification. As a larger publicly-listed real estate investment trust, the REIT will have the ability to conduct follow-on offerings to efficiently raise equity capital for future growth. Based on management’s projections, the REIT will have investment properties appraised at U.S.\$435.0 million, U.S.\$215.4 million in equity, U.S.\$30.4 million in forecast NOI and U.S.\$13.7 million in net working capital, consisting primarily of cash, as of December 31, 2013. The REIT’s portfolio will consist of 29 properties totaling 3.5 million square feet of gross leaseable area diversified across 14 states with 70% of gross leaseable area occupied by either grocery or national tenants. The REIT’s portfolio will be well-diversified by tenant and geography with no state comprising more than 18% of the portfolio’s total gross leaseable area and no tenant comprising more than 9% of the portfolio’s annual revenues. In addition, no more than four anchor tenants mature in any one year, and nearly all have built-in five year extension options. The portfolio will have 97% occupancy, Fixed Charge Coverage (as defined in the Information Circular) in excess of 3.2x and a Debt Yield (as defined in the Information Circular) in excess of 13%.
3. **Participation in Future Growth.** Following the Combination Transaction, SUSO 1 Unitholders will participate in future growth of the REIT. The REIT will continue the investment strategy of SUSO 1 and SUSO

2 to (i) provide unitholders of the REIT with stable cash distributions from a portfolio of diversified revenue-producing commercial real estate properties in the United States with a focus on grocery anchored retail properties, (ii) enhance the value of the REIT's assets and maximize long-term value through active management, and (iii) expand the asset base of the REIT and increase the REIT's distributions, including through accretive acquisitions. Slate's intention, as manager of the REIT, is to continue to execute the investment and acquisition strategy that has been successfully employed to date.

4. **Realization of Liquidity Strategy.** The Combination Transaction is consistent with the liquidity strategies for each of SUSO 1 and SUSO 2, as disclosed in their initial public offering prospectuses. Assuming the closing of the Combination Transaction, the aggregation of the assets of SUSO 1, SUSO 2 and GAR into a single portfolio is expected to result in a portfolio premium as reflected in the appraised value of the Properties.
5. **Payment of Monthly Distributions.** As a public real estate investment trust, the REIT will pay distributions on a monthly basis, as opposed to the quarterly distributions currently paid by SUSO 1 and SUSO 2.

To be approved, the Combination Transaction must receive the affirmative vote of not less than two-thirds of the votes cast thereon by the holders of SUSO 1 class A units, SUSO 1 class I units and SUSO 1 class U units, each voting separately as a class.

The Combination Transaction is conditional upon receiving the approval of the unitholders of SUSO 2, the unitholders of GAR and the TSX for the listing of the class U units of the REIT and receiving certain lender consents. The REIT has applied to list the class U units on the TSX. Listing will be subject to the REIT fulfilling all of the requirements of the TSX. The trustees and officers of SUSO 1, who collectively own, directly or indirectly, or exercise control or direction over, SUSO 1 Units representing an approximate 9.03% interest in SUSO 1, have indicated that they intend to vote in favour of the Combination Transaction.

This is an important change for SUSO 1. Please take the time to vote your proxy or voting instruction form. To support the Combination Transaction and related matters, you should submit the enclosed voting instruction form or proxy prior to 5:00 p.m., Toronto time, on February 27, 2014 (or 48 hours prior to the SUSO 1 Meeting if it is postponed or adjourned) voting in favour of the Combination Transaction. You should also contact your broker or other intermediary through which your SUSO 1 Units are held as they may have earlier deadlines.

The accompanying Notice of Special Meeting to Unitholders of SUSO 1 and Management Information Circular provide a detailed description of the Combination Transaction. Please give this material careful consideration.

The information provided in these materials is included to provide SUSO 1 Unitholders with a full understanding of the implications of the Combination Transaction. Securities laws require a significant level of disclosure be given to ensure SUSO 1 Unitholders can vote their SUSO 1 Units on an informed basis, and SUSO 1 appreciates your participation and understanding with the significant volume of material required to be included herein. For your benefit, we have included a Frequently Asked Questions and Summary section to highlight some of the key elements of the proposed transaction, but please note that these are qualified entirely by the more detailed information appearing in the Information Circular.

BASED ON THE UNANIMOUS RECOMMENDATION OF THE SPECIAL COMMITTEE OF SUSO 1, A FAIRNESS OPINION FROM BROOKFIELD FINANCIAL CORP. AND OTHER CONSIDERATIONS, THE TRUSTEES OF SUSO 1 HAVE UNANIMOUSLY APPROVED THE COMBINATION TRANSACTION AND RELATED MATTERS AND UNANIMOUSLY RECOMMEND THAT YOU VOTE IN FAVOUR OF THE COMBINATION TRANSACTION AT THE MEETING FOR THE REASONS SET FORTH IN THE MANAGEMENT INFORMATION CIRCULAR.

On behalf of SUSO 1, I would like to thank you for your consideration of these important transactions and for your continued support of SUSO 1.

We look forward to seeing you at the SUSO 1 Meeting.

Yours very truly,

"Blair Welch"

Blair Welch

Trustee & Chief Executive Officer
Slate U.S. Opportunity (No. 1) Realty Trust

**NOTICE OF SPECIAL MEETING OF UNITHOLDERS OF
SLATE U.S. OPPORTUNITY (NO. 1) REALTY TRUST**

All capitalized terms used herein but not otherwise defined have the meaning ascribed thereto in the accompanying management information circular dated February 3, 2014 (the “**Information Circular**”).

NOTICE IS HEREBY GIVEN that a special meeting (the “**SUSO 1 Meeting**”) of the holders (“**SUSO 1 Unitholders**”) of class A units, class I units and class U units of Slate U.S. Opportunity (No. 1) Realty Trust (“**SUSO 1**”) will be held at Goodmans LLP, 333 Bay Street, Suite 3400, Toronto, Ontario M5H 2S7 on March 3, 2014 at 10:00 a.m. EST, for the following purposes:

- (a) to consider and, if thought fit, pass a special resolution (the “**SUSO 1 Combination Resolution**”) of Unitholders, the full text of which is set forth in Section 1 of Appendix A to the accompanying Information Circular, approving the Combination Transaction (as defined in the Information Circular) and Proposed Amendments to the SUSO 1 Declaration of Trust (each as defined in the Information Circular);
- (b) to consider and, if thought fit, pass an ordinary resolution (the “**SUSO 1 Trustee Resolution**”), the full text of which is set forth in Appendix B to the accompanying Information Circular, approving the election of Colum Bastable as a trustee of SUSO 1;
- (c) to consider and, if thought fit, pass an ordinary resolution (the “**SUSO 1 Rights Plan Resolution**” and together with the SUSO 1 Combination Resolution and SUSO 1 Trustee Resolution, the “**SUSO 1 Resolutions**”), the full text of which is set forth in Appendix C to the accompanying Information Circular, approving the adoption of a unitholders’ rights plan; and
- (d) to transact such other business as may be properly brought before the SUSO 1 Meeting and any postponement(s) or adjournment(s) thereof.

To be approved, the SUSO 1 Combination Resolution must receive the affirmative vote of not less than two-thirds of the votes cast thereon by the holders of SUSO 1 class A units, SUSO 1 class I units and SUSO 1 class U units, each voting separately as a class. The SUSO 1 Trustee Resolution and SUSO 1 Rights Plan Resolution must each be approved by a majority of the SUSO 1 Unitholders, voting together.

For the SUSO 1 Meeting, a quorum is present if (i) 10% of the outstanding SUSO 1 class A units; (ii) 10% of the outstanding SUSO 1 class I units; and (iii) 10% of the outstanding SUSO 1 class U units are represented in person or by proxy at the SUSO 1 Meeting.

Accompanying this notice is the Information Circular and form of proxy. The Information Circular contains details of the matters to be considered at the SUSO 1 Meeting. The above matters are deemed to include consideration of any permitted amendment to or variation of any matter identified in this notice and to transact such other business as may properly come before the SUSO 1 Meeting or any adjournment thereof. Management is not aware of any other matters which are expected to come before the SUSO 1 Meeting.

Only SUSO 1 Unitholders of record at the close of business on January 27, 2014 are entitled to notice of and to attend and vote at the SUSO 1 Meeting, or any adjournment thereof.

SUSO 1 Unitholders who hold their shares with a bank, broker or other financial intermediary are not registered unitholders. If you are not a registered unitholder, you will have received a request for voting instructions from your broker or other nominee. Please follow the instructions on your voting instruction form in the postage prepaid envelope provided. If you plan to attend the meeting and wish to vote in person, please follow the instructions on the enclosed voting form to appoint yourself, instead of the management nominees, to vote at the meeting. Non-registered unitholders must take the necessary steps to appoint themselves if they wish to vote at the meeting in person. Please take the time to ensure your vote is included at the SUSO 1 Meeting.

DATED at Toronto, Ontario this 3rd day of February, 2014.

By order of the Board of Trustees,

“Blair Welch”

Blair Welch

Trustee & Chief Executive Officer
Slate U.S. Opportunity (No. 1) Realty Trust

SLATE U.S. OPPORTUNITY (NO. 2) REALTY TRUST

February 3, 2014

Dear fellow unitholders of Slate U.S. Opportunity (No. 2) Realty Trust:

You are invited to attend a special meeting (the “**SUSO 2 Meeting**”) of the unitholders (the “**SUSO 2 Unitholders**”) of class A units, class F units, class I units and class U units (collectively, the “**SUSO 2 Units**”) of Slate U.S. Opportunity (No. 2) Realty Trust (“**SUSO 2**”) which will be held at the offices of Goodmans LLP located at 333 Bay Street, Suite 3400, Toronto, Ontario M5H 2S7 on March 3, 2014 at 10:30 a.m. EST.

At the SUSO 2 Meeting, SUSO 2 Unitholders will be asked to vote on a special resolution approving a proposed transaction (the “**Combination Transaction**”) pursuant to which (i) Slate U.S. Opportunity (No. 1) Realty Trust (“**SUSO 1**”) will acquire all of the assets of SUSO 2 in consideration for class U units of SUSO 1, (ii) SUSO 1 will effectively acquire, directly or indirectly, all of the assets of U.S. Grocery Anchored Retail (1A), (1B) and (1C) Limited Partnerships (“**GAR**”) in consideration for class U units of SUSO 1 or securities that are economically equivalent to class U units of the REIT (subject to certain adjustments) and redeemable for cash or class U units of the REIT, (iii) the class U units of the REIT will be listed on the Toronto Stock Exchange (the “**TSX**”) and (iv) SUSO 1 will change its name to “Slate Retail REIT” (the “**REIT**”). Slate Properties Inc. (“**Slate**”) will continue as the manager of the REIT and its subsidiaries. In connection with the Combination Transaction, the general partner interest held by principals of Slate and certain other parties in Slate U.S. Opportunity (No. 2) Holding L.P. (the principal holding subsidiary of SUSO 2) will be crystallized and exchanged for securities of a subsidiary of the REIT that will be economically equivalent to the class U units of the REIT (subject to certain adjustments) and redeemable for cash or class U units of the REIT.

As part of its closing its initial public offering and related private placement in November 2012, SUSO 2 raised U.S.\$72.2 million of equity, which was invested in a portfolio of ten anchored retail properties (the “**SUSO 2 Portfolio**”). If the Combination Transaction is approved, the SUSO 2 Portfolio will be combined with the properties owned by SUSO 1 and GAR to create a single portfolio of 29 grocery anchored retail properties (the “**Properties**”) held indirectly by the REIT. Based on the current appraised value of the SUSO 2 Portfolio, after adjusting for net working capital, transaction costs, outstanding debt and the general partner interest, the SUSO 2 equity investment would be worth U.S.\$96.9 million upon closing of the Combination Transaction. As a result of this increase, and in accordance with SUSO 2’s objectives, we have decided to pursue the Combination Transaction.

We expect that the Combination Transaction will result in a number of benefits for SUSO 2 Unitholders, including:

1. **Liquidity for SUSO 2 Unitholders.** Pursuant to the Combination Transaction, SUSO 2 Units will be redeemed by SUSO 2 in exchange for class U units of the REIT. The class U units of SUSO 1 will be listed on the TSX, thereby providing liquidity to SUSO 2 Unitholders.
2. **Creation of a Larger and More Diversified Entity with Improved Access to Capital.** By combining the assets of SUSO 1, SUSO 2 and GAR into a single publicly-traded investment vehicle, unitholders of the REIT will benefit from improved access to capital, as well as improved geographic and tenant diversification. As a larger publicly-listed real estate investment trust, the REIT will have the ability to conduct follow-on offerings to efficiently raise equity capital for future growth. Based on management’s projections, the REIT will have investment properties appraised at U.S.\$435.0 million, U.S.\$215.4 million in equity, U.S.\$30.4 million in forecast NOI and U.S.\$13.7 million in net working capital, consisting primarily of cash, as of December 31, 2013. The REIT’s portfolio will consist of 29 properties totaling 3.5 million square feet of gross leaseable area diversified across 14 states with 70% of gross leaseable area occupied by either grocery or national tenants. The REIT’s portfolio will be well-diversified by tenant and geography with no state comprising more than 18% of the portfolio’s total gross leaseable area and no tenant comprising more than 9% of the portfolio’s annual revenues. In addition, no more than four anchor tenants mature in any one year, and nearly all have built-in five year extension options. The portfolio will have 97% occupancy, Fixed Charge Coverage (as defined in the Information Circular) in excess of 3.2x and a Debt Yield (as defined in the Information Circular) in excess of 13%.
3. **Participation in Future Growth.** Following the Combination Transaction, SUSO 2 Unitholders will participate in the future growth of the REIT. The REIT will continue the investment strategy of SUSO 1 and SUSO 2 to (i) provide unitholders of the REIT with stable cash distributions from a portfolio of diversified revenue-producing commercial real estate properties in the United States with a focus on grocery anchored retail properties, (ii) enhance the value of the REIT’s assets and maximize long-term value through active management, and (iii) expand the asset base of the REIT and increase the REIT’s distributions, including

through accretive acquisitions. Slate's intention, as manager of the REIT, is to continue to execute the investment and acquisition strategy that has been successfully employed to date.

4. **Realization of Liquidity Strategy.** The Combination Transaction is consistent with the liquidity strategies for each of SUSO 1 and SUSO 2, as disclosed in their initial public offering prospectuses. Assuming the closing of the Combination Transaction, the aggregation of the assets of SUSO 1, SUSO 2 and GAR into a single portfolio is expected to result in a portfolio premium as reflected in the appraised value of the Properties.
5. **Payment of Monthly Distributions.** As a public real estate investment trust, the REIT will pay distributions on a monthly basis, as opposed to the quarterly distributions currently paid by SUSO 1 and SUSO 2.

To be approved, the Combination Transaction must receive the affirmative vote of not less than (i) two-thirds of the votes cast thereon by the holders of SUSO 2 class A units, SUSO 2 class F units, SUSO 2 class I units and SUSO 2 class U units, each voting separately as a class, and (ii) a majority of the votes attached to the SUSO 2 class I units voted by Disinterested Unitholders at the SUSO 2 Meeting pursuant to MI 61-101.

The Combination Transaction is conditional upon receiving the approval of the unitholders of SUSO 1, the unitholders of GAR and the TSX for the listing of the class U units of the REIT and receiving certain lender consents. The REIT has applied to list the class U units on the TSX. Listing will be subject to the REIT fulfilling all of the requirements of the TSX. The trustees and officers of SUSO 2, who collectively own, directly or indirectly, or exercise control or direction over, SUSO 2 Units representing an approximate 5.06% interest in SUSO 2, have indicated that they intend to vote in favour of the Combination Transaction.

This is an important change for SUSO 2. Please take the time to vote your proxy or voting instruction form. To support the Combination Transaction and related matters, you should submit the enclosed voting instruction form or proxy prior to 5:00 p.m., Toronto time, on February 27, 2014 (or 48 hours prior to the SUSO 2 Meeting if it is postponed or adjourned) voting in favour of the Combination Transaction. You should also contact your broker or other intermediary through which your SUSO 2 Units are held as they may have earlier deadlines.

The accompanying Notice of Special Meeting to Unitholders of SUSO 2 and Management Information Circular provide a detailed description of the Combination Transaction. Please give this material careful consideration.

The information provided in these materials is included to provide SUSO 2 Unitholders with a full understanding of the implications of the Combination Transaction. Securities laws require a significant level of disclosure be given to ensure SUSO 2 Unitholders can vote their SUSO 2 Units on an informed basis, and SUSO 2 appreciates your participation and understanding with the significant volume of material required to be included herein. For your benefit, we have included a Frequently Asked Questions and Summary section to highlight some of the key elements of the proposed transaction, but please note that these are qualified entirely by the more detailed information appearing in the Information Circular.

BASED ON THE UNANIMOUS RECOMMENDATION OF THE SPECIAL COMMITTEE OF SUSO 2, A FAIRNESS OPINION FROM BROOKFIELD FINANCIAL CORP. AND OTHER CONSIDERATIONS, THE TRUSTEES OF SUSO 2 HAVE UNANIMOUSLY APPROVED THE COMBINATION TRANSACTION AND RELATED MATTERS AND UNANIMOUSLY RECOMMEND THAT YOU VOTE IN FAVOUR OF THE COMBINATION TRANSACTION AT THE MEETING FOR THE REASONS SET FORTH IN THE MANAGEMENT INFORMATION CIRCULAR.

On behalf of SUSO 2, I would like to thank you for your consideration of these important transactions and for your continued support of SUSO 2.

We look forward to seeing you at the SUSO 2 Meeting.

Yours very truly,

"Blair Welch"

Blair Welch

Trustee & Chief Executive Officer
Slate U.S. Opportunity (No. 2) Realty Trust

**NOTICE OF SPECIAL MEETING OF UNITHOLDERS OF
SLATE U.S. OPPORTUNITY (NO. 2) REALTY TRUST**

All capitalized terms used herein but not otherwise defined have the meaning ascribed thereto in the accompanying management information circular dated February 3, 2014 (the “**Information Circular**”).

NOTICE IS HEREBY GIVEN that a special meeting (the “**SUSO 2 Meeting**”) of the holders (“**SUSO 2 Unitholders**”) of class A units, class F units, class I units and class U units of Slate U.S. Opportunity (No. 2) Realty Trust (“**SUSO 2**”) will be held at Goodmans LLP, 333 Bay Street, Suite 3400, Toronto, Ontario, M5H 2S7 on March 3, 2014 at 10:30 a.m. EST, for the following purposes:

- (a) to consider and, if thought fit, pass a special resolution (the “**SUSO 2 Resolution**”), the full text of which is set forth in Appendix D to the accompanying Information Circular, approving the Combination Transaction (as defined in the Information Circular) and certain proposed amendments to the SUSO 2 Declaration of Trust (as defined in the Information Circular); and
- (b) to transact such other business as may be properly brought before the SUSO 2 Meeting and any postponement(s) or adjournment(s) thereof.

To be approved, the SUSO 2 Resolution must receive the affirmative vote of not less than (i) two-thirds of the votes cast thereon by the holders of SUSO 2 class A units, SUSO 2 class F units, SUSO 2 class I units and SUSO 2 class U units, each voting separately as a class, and (ii) a majority of the votes attached to the SUSO 2 class I units voted by Disinterested Unitholders at the SUSO 2 Meeting pursuant to MI 61-101.

For the SUSO 2 Meeting, a quorum is present if (i) 10% of the outstanding SUSO 2 class A units; (ii) 10% of the outstanding SUSO 2 class F units, (iii) 10% of the outstanding SUSO 2 class I units; and (iv) 10% of the outstanding SUSO 2 class U units are represented in person or by proxy at the SUSO 2 Meeting.

Accompanying this notice is the Information Circular and form of proxy. The Information Circular contains details of the matters to be considered at the SUSO 2 Meeting. The above matters are deemed to include consideration of any permitted amendment to or variation of any matter identified in this notice and to transact such other business as may properly come before the SUSO 2 Meeting or any adjournment thereof. Management is not aware of any other matters which are expected to come before the SUSO 2 Meeting.

Only SUSO 2 Unitholders of record at the close of business on January 27, 2014 are entitled to notice of and to attend and vote at the SUSO 2 Meeting, or any adjournment thereof.

SUSO 2 Unitholders who hold their shares with a bank, broker or other financial intermediary are not registered unitholders. If you are not a registered unitholder, you will have received a request for voting instructions from your broker or other nominee. Please follow the instructions on your voting instruction form in the postage prepaid envelope provided. If you plan to attend the meeting and wish to vote in person, please follow the instructions on the enclosed voting form to appoint yourself, instead of the management nominees, to vote at the meeting. Non-registered unitholders must take the necessary steps to appoint themselves if they wish to vote at the meeting in person. Please take the time to ensure your vote is included at the SUSO 2 Meeting.

DATED at Toronto, Ontario this 3rd day of February, 2014.

By order of the Board of Trustees,

“Blair Welch”

Blair Welch

Trustee & Chief Executive Officer
Slate U.S. Opportunity (No. 2) Realty Trust

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GENERAL INFORMATION

This Information Circular is furnished in connection with the solicitation of proxies by and on behalf of management of the SUSO Entities for use at the Meetings and any adjournment(s) or postponement(s) thereof. No person has been authorized to give any information or make any representation in connection with the Combination Transaction or any other matters to be considered at the Meetings other than those contained in this Information Circular and, if given or made, any such information or representation must not be relied upon as having been authorized by the SUSO Entities or management of the SUSO Entities. All dollar amounts are expressed in U.S. dollars (U.S.\$) unless otherwise noted. In this Information Circular, references to the REIT include its subsidiaries where the context requires.

All capitalized terms used in this Information Circular but not otherwise defined herein have the meanings set forth under “*Glossary*”. Information contained in this Information Circular is given as of the date of this Information Circular unless otherwise specifically stated.

FORWARD-LOOKING STATEMENTS

This Information Circular contains forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “estimates”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the SUSO Entities to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Examples of such statements include: (i) the intention to complete the Combination Transaction; (ii) the expected benefits of the Combination Transaction to the SUSO Entities and the SUSO Unitholders; (iii) the description of the REIT that assumes completion of the Combination Transaction; (iv) the intention to grow the business and operations of the REIT; and (v) the intention to pay monthly distributions to REIT Unitholders. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Information Circular. Such forward-looking statements are based on a number of assumptions that may prove to be incorrect, including, but not limited to, the ability of the REIT to obtain necessary financing; satisfy conditions under the Combination Transaction; satisfy the requirements of the TSX with respect to the Combination Transaction and obtain SUSO Unitholder approval with respect to the Combination Transaction. Additional, important factors that could cause actual results to differ materially from expectations include, among other things, general economic and market factors, local real estate conditions, including the development of properties in close proximity to the SUSO Entities’ or the REIT’s properties, competition, availability and cost of additional real estate properties, changes in government regulation, dependence on tenants’ financial condition, interest rates, the availability of equity and debt financing, environmental matters, tax related matters, and reliance on key personnel. There can be no assurances that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. These cautionary statements qualify all forward-looking statements attributable to the SUSO Entities and persons acting on its behalf. Unless otherwise stated, all forward looking statements speak only as of the date of this Information Circular and the SUSO Entities undertake no obligation to update such statements except as required by law. The factors identified above are not intended to represent a complete list of the factors that could affect the SUSO Entities and the REIT. Additional factors are noted under “*Risk Factors*” in this Information Circular.

NON-IFRS MEASURES

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

“FFO” is defined as net income in accordance with IFRS, excluding: (i) fair value adjustments to investment properties; (ii) gains (or losses) from sales of investment properties; (iii) amortization of tenant incentives; (iv) fair

value adjustments, interest expense and other effects of the REIT Units, GAR B Exchangeable Units, the Class B LP2 Units and any other exchangeable securities being classified as liabilities; (v) acquisition costs expensed as a result of the purchase of a property being accounted for as a business combination; (vi) the effect of recording property tax expense on other than an even basis over the period; and (vii) deferred income tax expense, after adjustments for equity accounted entities, joint ventures and non-controlling interests calculated to reflect FFO on the same basis as consolidated properties.

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

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

FFO, AFFO and NOI should not be construed as alternatives to net income or cash flow from operating activities determined in accordance with IFRS as indicators of GAR, SUSO 1 and SUSO 2 or the REIT’s performance. This method of calculating AFFO and NOI may differ from other issuers’ methods and accordingly may not be comparable to measures used by other issuers.

FREQUENTLY ASKED QUESTIONS

The following section sets out summary answers to some basic questions you may have in relation to the Combination Transaction. All capitalized terms, unless otherwise defined herein, have the meanings ascribed to such terms as set out in the Glossary to the Information Circular. These summary answers are qualified in their entirety by the more detailed information appearing in the Information Circular.

The Combination Transaction

Why are the SUSO Entities proposing the Combination Transaction?

The SUSO Entities expect the Combination Transaction will result in a number of benefits to SUSO Unitholders, including:

1. **Liquidity for SUSO Unitholders.** The Combination Transaction will provide SUSO 1 class U unitholders and SUSO 2 unitholders with liquidity through the class U units of the REIT which will be listed on the TSX. In addition, the SUSO 1 Declaration of Trust will be amended to provide holders of SUSO 1 class A units and SUSO 1 class I units with a right to convert their SUSO 1 class A units and SUSO 1 class I units at any time into the TSX-listed class U units of the REIT. The Conversion Rights provide holders of SUSO 1 class A units and SUSO 1 class I units with a similar ability to hold or sell their units as the class U unitholders of SUSO 1. As class U units of SUSO 1 will be listed on the TSX, the Combination Transaction thereby provides liquidity to holders of SUSO 1 class A and SUSO 1 class I units.
2. **Creation of a Larger and More Diversified Entity with Improved Access to Capital.** By combining the assets of SUSO 1, SUSO 2 and GAR into a single publicly-traded investment vehicle, REIT Unitholders will benefit from improved access to capital, as well as improved geographic and tenant diversification. As a larger publicly-listed real estate investment trust, the REIT will have the ability to conduct follow-on offerings to efficiently raise equity capital for future growth. Based on management's projections, the REIT will have investment properties appraised at U.S.\$435.0 million, U.S.\$215.4 million in equity, U.S.\$30.4 million in forecast NOI and U.S.\$13.7 million in net working capital, consisting primarily of cash, as of December 31, 2013. The REIT's portfolio will consist of 29 properties totaling 3.5 million square feet of gross leaseable area diversified across 14 states with 70% of gross leaseable area occupied by either grocery or national tenants. The REIT's portfolio will be well-diversified by tenant and geography with no state comprising more than 18% of the portfolio's total gross leaseable area and no tenant comprising more than 9% of the portfolio's annual revenues. In addition, no more than four anchor tenants mature in any one year, and nearly all have built-in five year extension options. The portfolio will have 97% occupancy, Fixed Charge Coverage in excess of 3.2x and a Debt Yield in excess of 13%.
3. **Participation in Future Growth.** Following the Combination Transaction, SUSO Unitholders will participate in future growth of the REIT. The REIT will continue the investment strategy of the SUSO Entities to (i) provide unitholders of the REIT with stable cash distributions from a portfolio of diversified revenue-producing commercial real estate properties in the United States with a focus on grocery anchored retail properties, (ii) enhance the value of the REIT's assets and maximize long-term value through active management, and (iii) expand the asset base of the REIT and increase the REIT's distributions, including through accretive acquisitions. Slate's intention, as manager of the REIT, is to continue to execute the investment and acquisition strategy that has been successfully employed to date.
4. **Realization of Liquidity Strategy.** The Combination Transaction is consistent with the liquidity strategies for each of the SUSO Entities, as disclosed in their initial public offering prospectuses. Assuming the closing of the Combination Transaction, the aggregation of the assets of SUSO 1, SUSO 2 and GAR into a single portfolio is expected to result in a portfolio premium as reflected in the appraised value of the Properties.
5. **Payment of Monthly Distributions.** As a public real estate investment trust, the REIT will pay distributions on a monthly basis, as opposed to the quarterly distributions currently paid by the SUSO Entities.

What votes are required for approval of the Combination Transaction?

The Combination Transaction is conditional upon the approval of the SUSO 1 Combination Resolution, the approval of the SUSO 2 Resolution and receiving approval of the Combination Transaction from the GAR Unitholders.

To be approved by SUSO 1 Unitholders, the SUSO 1 Combination Resolution must receive the affirmative vote of not less than two-thirds of the votes cast thereon by the holders of SUSO 1 class A units, SUSO 1 class I units and SUSO 1 class U units, each voting separately as a class. For the SUSO 1 Meeting, a quorum is present if (i) 10% of the outstanding SUSO 1 class A units; (ii) 10% of the outstanding SUSO 1 class I units; and (iii) 10% of the outstanding SUSO 1 class U units are represented in person or by proxy at the SUSO 1 Meeting.

To be approved by SUSO 2 Unitholders, the SUSO 2 Resolution must receive the affirmative vote of not less than (i) two-thirds of the votes cast thereon by the holders of SUSO 2 class A units, SUSO 2 class F units, SUSO 2 class I units and SUSO 2 class U units, each voting separately as a class, and (ii) a majority of the votes attached to the SUSO 2 class I units voted by Disinterested Unitholders at the SUSO 2 Meeting pursuant to MI 61-101. For the SUSO 2 Meeting, a quorum is present if (i) 10% of the outstanding SUSO 2 class A units, (ii) 10% of the outstanding SUSO 2 class F units, (iii) 10% of the outstanding SUSO 2 class I units and (iv) 10% of the outstanding SUSO 2 class U units are represented in person or by proxy at the SUSO 2 Meeting.

What will happen if investors do not approve the Combination Transaction?

If the SUSO Unitholders and GAR Unitholders do not approve the Combination Transaction, each of SUSO 1, SUSO 2 and GAR will continue to operate according to its current investment strategies, with Slate continuing in its role as the manager for each such entity. Slate will continue to seek a liquidity strategy for unitholders in accordance with the liquidity strategies of such entities.

How do I vote?

The formal Notice of Special Meeting for each of SUSO 1 and SUSO 2 accompanies this summary. Each of SUSO 1 and SUSO 2 will hold a meeting of their respective unitholders on March 3, 2014. Unitholders unable to attend in person can submit voting instructions up to 48 hours (excluding Saturdays, Sundays and holidays) before the time of the respective Meeting. Please refer to the Section titled “*Proxy and Voting Information*” for further information.

What do the SUSO 1 and SUSO 2 trustees and executive officers intend to do?

Each of the trustees and executive officers of SUSO 1 and SUSO 2 has indicated their support for the Combination Transaction and to vote all of their respective SUSO Units for the Resolutions.

What do the SUSO Boards recommend I do?

Each of the SUSO 1 Board and the SUSO 2 Board unanimously recommends that you vote **FOR** the Combination Transaction. In addition, each of the Special Committees also unanimously recommends that you vote **FOR** the Combination Transaction.

Prior to recommending to the respective SUSO Board that it approve the Combination Transaction, each of the Special Committees received an opinion from Brookfield that, subject to the assumptions, limitations and qualifications contained therein and as of the date thereof, the consideration offered to the SUSO Unitholders pursuant to the Combination Transaction is fair, from a financial point of view, to such SUSO Unitholders. See Appendix E to this Information Circular for copies of such fairness opinions.

If the Combination Transaction is approved, when will it take effect?

It is expected that the Combination Transaction will be completed in March 2014.

What are the expenses of the Combination Transaction?

The estimated out-of-pocket costs to be incurred by the SUSO Entities, GAR and the REIT and its affiliates relating to the Combination Transaction, including financial advisory, appraisal, accounting and legal fees and the preparation and printing of this Information Circular, are expected to aggregate approximately \$3.1 million.

The Combination Transaction is also expected to increase operating efficiencies due to reduced audit costs and improved economies of scale. In addition, the removal of the trailer fee obligation will further decrease operating costs resulting in lower overall costs for the REIT.

How were the relative values of SUSO 1, SUSO 2 and GAR determined in connection with the Combination Transaction?

The Combination Transaction will be effected based on the relative values of Slate U.S. Opportunity (No. 1) Holding L.P. (the principal holding subsidiary of SUSO 1), Slate U.S. Opportunity (No. 2) Holding L.P. (the principal holding subsidiary of SUSO 2) and GAR U.S. Portfolio L.P. (the principal holding subsidiary of GAR) as compared to the total value of the REIT using the fair market value of the Properties as determined in the Appraisals, in each case adjusted for debt and net working capital. The relative values were also reviewed by Brookfield in connection with the Fairness Opinions. Based on the relative value calculations, the proportionate value of the SUSO Entities and GAR as compared to the total value of the REIT is as follows: (i) the SUSO 1 equity will represent 38.2% of the total equity of the REIT, (ii) the SUSO 2 equity will represent 47.5% of the total equity of the REIT, and (iii) the GAR equity will represent 14.3% of the total equity of the REIT.

SUSO 1 Unitholders

What form of consideration will SUSO 1 class U unitholders receive?

Class U unitholders of SUSO 1 will continue to own their existing class U units of SUSO 1, which are described herein as “Class U Units”. These units will be listed on the TSX in connection with the Combination Transaction.

What form of consideration will SUSO 1 class A unitholders and SUSO 1 class I unitholders receive?

Class A unitholders and class I unitholders of SUSO 1 will continue to own their existing SUSO 1 class A units and SUSO 1 class I units, respectively. The SUSO 1 Declaration of Trust will be amended to allow such holders to convert such units into Class U Units at any time at the following conversion rates:

- Each SUSO 1 class A unit will be convertible into 1.0078 Class U Units;
- Each SUSO 1 class I unit will be convertible into 1.0554 Class U Units;

See “REIT Declaration of Trust and Description of REIT Units – Conversion Rights”.

Will SUSO 1 class A units and SUSO 1 class I units be listed on the TSX?

No. However, SUSO 1 class A and SUSO 1 class I unitholders will have the ability to convert such units at any time into TSX-listed Class U Units.

Why are SUSO 1 class A units and SUSO 1 class I units not being listed on the TSX?

Management believes multiple classes are not required to meet investor needs and that liquidity for the SUSO Unitholders will be enhanced by having only one class of units (the Class U Units) listed on the TSX. With one class of listed units, it is expected that trading volumes for the listed units will be higher than would be achieved if multiple classes of units were listed, thereby enhancing liquidity for SUSO Unitholders. However, in order to provide all SUSO 1 Unitholders with liquidity, the SUSO 1 Declaration of Trust will be amended in connection with the Combination Transaction to permit holders of SUSO 1 class A units and SUSO 1 class I units to convert such units at any time into Class U Units, effectively providing SUSO 1 class A and SUSO 1 class U unitholders with similar liquidity to the holders of Class U Units.

How do holders of SUSO 1 class A units and SUSO 1 class I units convert their units into Class U Units?

The REIT Declaration of Trust will grant holders of SUSO 1 class A units and SUSO 1 class I units the right to convert all or any portion of their SUSO 1 class A units and SUSO 1 class I units (the “**Conversion Rights**”) into TSX-listed Class U Units at any time by giving written notice to the REIT’s transfer agent. For a description of the process of exercising the Conversion Rights. See “*REIT Declaration of Trust and Description of REIT Units – Conversion Rights*”.

Is the Combination Transaction a taxable event for SUSO 1 Unitholders?

No. The Combination Transaction is not a taxable event for SUSO 1 Unitholders. However, holders of SUSO 1 class A units and SUSO 1 class I units should refer to the discussion below with respect to receiving Class U Units pursuant to the Combination Transaction or converting their units for Class U Units.

Can holders of SUSO 1 class A units and SUSO 1 class I units receive Class U Units pursuant to the Combination Transaction?

Yes. Holders of SUSO 1 class A units and SUSO 1 class I units will have the option to elect to receive Class U Units. Where a holder of SUSO 1 class A units or SUSO 1 class I units is not a taxable entity (such as an RRSP or a TFSA), it generally can receive Class U Units without any adverse tax consequences. Taxable holders of SUSO 1 class A units or SUSO 1 class I units should consult with their own tax advisors in connection with an election to receive Class U Units as this may constitute a taxable disposition for purposes of the Tax Act. See “*Certain Canadian Federal Income Tax Considerations*”.

Will the conversion of my SUSO 1 class A units or SUSO 1 class I units into Class U Units be a taxable disposition?

The conversion of SUSO 1 class A units or SUSO 1 class I units into Class U Units may constitute a taxable disposition for purposes of the Tax Act.

If the conversion is considered to be a disposition, a holder of SUSO 1 class A units or SUSO 1 class I units (as the case may be) will receive proceeds of disposition equal to the fair market value of the Class U Units received on the conversion. In these circumstances, a converting unitholder will realize a capital gain (or capital loss) to the extent that the proceeds of disposition exceed (or are exceeded by) its adjusted cost base and generally will acquire the Class U Units with an adjusted cost base equal to the fair market value of the Class U Units at the time of the conversion. See “*Certain Canadian Federal Income Tax Considerations*”.

As long as the holder of a SUSO 1 class A unit or SUSO 1 class I unit continues to own such units, there should not be a taxable disposition in respect of such units. See “*Risk Factors Relating to Canadian Tax Matters – Conversion Rights*”.

SUSO 2 Unitholders

What form of consideration will SUSO 2 Unitholders receive?

SUSO 2 Unitholders will receive Class U Units. The redemption ratio is as follows:

- Each SUSO 2 class A unit will be redeemed for 0.9812 Class U Units;
- Each SUSO 2 class F unit will be redeemed for 1.0123 Class U Units;
- Each SUSO 2 class I unit will be redeemed for 1.0335 Class U Units; and
- Each SUSO 2 class U unit will be redeemed for 0.9793 Class U Units;

Note that although the above exchange ratios vary depending upon the class of SUSO 2 Unit, all SUSO 2 Unitholders, regardless of the class of SUSO 2 Units held, will receive the same number of Class U Units per dollar

invested (adjusting to reflect different offering commissions paid) by the SUSO 2 Unitholder into SUSO 2 at the time of the closing of the SUSO 2 initial public offering in November 2012.

Will the exchange of my SUSO 2 Units be considered a taxable event?

No. In general, the exchange is intended to result in a tax-deferred “rollover” for Canadian federal income tax purposes. Provided that SUSO 1 and SUSO 2 file an election under section 132.2 of the Tax Act in the manner and time prescribed, the Combination Transaction will constitute a “qualifying exchange” as defined in section 132.2 of the Tax Act. Accordingly, for Canadian federal income tax purposes, where a SUSO 2 Unitholder’s units are redeemed in consideration for Class U Units, the proceeds of disposition, and the adjusted cost base to the SUSO 2 holder of the Class U Units received therefor, will be deemed to be equal to the adjusted cost base to the SUSO 2 holder of the SUSO 2 Units immediately prior to the exchange.

Distributions

What will happen to my distribution if the Combination Transaction is completed?

Following completion of the Combination Transaction, the REIT intends to pay monthly cash distributions of U.S.\$0.06 per Class U Unit (U.S.\$0.72 per Class U Unit annually). Each class A unit and class I unit of the REIT will receive a distribution equal to the Class U unit distribution multiplied by 1.0078 and 1.0554, respectively, which reflects the proportionate ownership interest of the class A units and class I units in SUSO 1 established at the time of the SUSO 1 initial public offering.

Based on the forecasted AFFO of the REIT for the year ending December 31, 2014, the REIT expects to have an AFFO payout ratio of approximately 70%.

In what currency will I receive my distributions on REIT Units if the Combination Transaction is completed?

Holders of Class U Units and class I units of the REIT will receive distributions in U.S. dollars. Holders of class A units of the REIT will receive distributions in Canadian dollars equal to the Canadian dollar Equivalent Amount of the REIT distribution being paid.

Holders of Class U Units may from time to time elect to change the currency of the distributions they receive on all or part of their Class U Units from U.S. dollars to Canadian dollars or vice versa upon notice to the participant in CDS through which such holder holds its Class U Units. See “*Distribution Policy – Currency of Distributions*”. If a Class U Unitholder elects to receive distributions in Canadian dollars, the holder will receive the Canadian dollar Equivalent Amount of the REIT distribution being paid.

Governance and Management of the REIT

Why is the REIT entering into an amended and restated management agreement with Slate in connection with the Combination Transaction?

The REIT is entering into an amended and restated management agreement with Slate in order to consolidate the management arrangements of SUSO 1, SUSO 2 and GAR and to more closely conform the terms of the management arrangements with other externally managed publicly traded REITs. The scope of services under the management agreement will remain the same as the management agreements currently in place between Slate and each of the SUSO Entities and amendments will be made to account for the Combination Transaction and the shift in structure to a TSX-listed real estate investment trust. See “*Management of the REIT – Management Agreement*”.

What will happen to the general partner interests if the Combination Transaction is completed?

The general partner interests in Holding LP1 (the principal holding subsidiary of SUSO 1), Holding LP2 (the principal holding subsidiary of SUSO 2) and GAR US Portfolio LP (the principal holding subsidiary of GAR) will be crystallized upon the completion of the Combination Transaction and, in exchange for the contribution of the general partner interests, the holder of the general partner interest will receive securities of a subsidiary of the REIT that are economically equivalent to Class U Units (subject to certain adjustments) and redeemable for cash or Class

U Units, as determined by such subsidiary in its sole discretion. Slate, Blair Welch and Brady Welch have agreed not to sell or redeem any such redeemable securities for a period of at least one year from the Closing of the Combination Transaction.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Information Circular from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated by reference in this Information Circular can be found on the SUSO Entities' respective pages on SEDAR at www.sedar.com. The following documents are specifically incorporated by reference into, and form an integral part of, this Information Circular:

- (a) SUSO 1's consolidated financial statements for the period from January 18, 2012 (inception) to December 31, 2012;
- (b) SUSO 1's management discussion and analysis for the period ended December 31, 2012 (the "**SUSO 1 Annual MD&A**");
- (c) SUSO 1's management discussion and analysis for the period ended September 30, 2013 (the "**SUSO 1 Interim MD&A**") and, together with the SUSO 1 Annual MD&A, the "**SUSO 1 MD&A**";
- (d) SUSO 2's consolidated financial statements for the period from September 18, 2012 (inception) to December 31, 2012;
- (e) SUSO 2's management discussion and analysis for the period ended December 31, 2012 (the "**SUSO 2 Annual MD&A**");
- (f) SUSO 2's management discussion and analysis for the period ended September 30, 2013 (the "**SUSO 2 Interim MD&A**") and, together with the SUSO 2 Annual MD&A, the "**SUSO 2 MD&A**").

Any document of the type referred to in the preceding paragraph and any material change report (excluding confidential material change reports) or press release filed by the SUSO Entities with a securities commission or similar authority in Canada after the date of this Information Circular and prior to the Meetings that specifically states that it is intended to be incorporated by reference into this Information Circular will be deemed to be incorporated by reference into this Information Circular.

Any statement contained in a document incorporated or deemed to be incorporated by reference in this Information Circular or contained in this Information Circular is deemed to be modified or superseded, for purposes of this Information Circular, to the extent that a statement contained in this Information Circular or in any other subsequently filed document which also is or is deemed to be incorporated by reference in this Information Circular modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Information Circular.

SUMMARY INFORMATION

This summary highlights information that is more fully discussed elsewhere in this Information Circular. This summary is not intended to be complete and is qualified in its entirety by reference to the more detailed information contained in this Information Circular. SUSO Unitholders are urged to read the more detailed information about the SUSO Entities, the Combination Transaction and the REIT contained elsewhere in this Information Circular and the documents incorporated by reference into this Information Circular. Certain capitalized terms used in this Summary are defined under “Glossary”.

MEETING OF UNITHOLDERS

Special Meeting of Slate U.S. Opportunity (No. 1) Realty Trust

The special meeting (the “**SUSO 1 Meeting**”) of the unitholders (the “**SUSO 1 Unitholders**”) of class A units, class I units and class U units (collectively, the “**SUSO 1 Units**”) of Slate U.S. Opportunity (No. 1) Realty Trust (“**SUSO 1**” and following completion of the Combination Transaction (as defined below) the “**REIT**”) will be held at the offices of Goodmans LLP located at 333 Bay Street, Suite 3400, Toronto, Ontario M5H 2S7 on March 3, 2014 at 10:00 a.m. EST.

At the SUSO 1 Meeting, the SUSO 1 Unitholders will be asked to consider and, if thought fit, pass (i) a special resolution (the “**SUSO 1 Combination Resolution**”) of SUSO 1 Unitholders, the full text of which is set forth in Appendix A hereto, approving the Combination Transaction and the Proposed Amendments (as defined below), (ii) an ordinary resolution (the “**SUSO 1 Trustee Resolution**”), the full text of which is set forth in Appendix B hereto, approving the election of Colum Bastable as a trustee of SUSO 1 and (iii) an ordinary resolution (the “**SUSO 1 Rights Plan Resolution**” and, together with the SUSO 1 Combination Resolution and the SUSO 1 Trustee Resolution, the “**SUSO 1 Resolutions**”), the full text of which is set forth in Appendix C hereto, approving the adoption of the Unitholders’ Rights Plan

Special Meeting of Slate U.S. Opportunity (No. 2) Realty Trust

The special meeting (the “**SUSO 2 Meeting**” and together with the SUSO 1 Meeting, the “**Meetings**”) of the unitholders (the “**SUSO 2 Unitholders**” and, together with SUSO 1 Unitholders, the “**SUSO Unitholders**”) of class A units, class F units, class I units and class U units (collectively, the “**SUSO 2 Units**”) of Slate U.S. Opportunity (No. 2) Realty Trust (“**SUSO 2**”) will be held at the offices of Goodmans LLP, 333 Bay Street, Suite 3400, Toronto, Ontario M5H 2S7 on March 3, 2014 at 10:30 a.m. EST.

At the SUSO 2 Meeting, the SUSO 2 Unitholders will be asked to consider and, if thought fit, pass a special resolution (the “**SUSO 2 Resolution**”), the full text of which is set forth in Appendix D hereto approving the Combination Transaction as well as certain amendments to the SUSO 2 Declaration of Trust necessary to implement the Combination Transaction.

THE COMBINATION TRANSACTION

Pursuant to the Combination Transaction (i) SUSO 1 will acquire all of the assets of SUSO 2 in consideration for class U units of SUSO 1, (ii) SUSO 1 will effectively acquire, directly or indirectly, all of the assets of U.S. Grocery Anchored Retail (1A), (1B) and (1C) Limited Partnerships (“**GAR**”) in consideration for class U units of the REIT or securities that are economically equivalent to class U units of the REIT (subject to certain adjustments) and redeemable for cash or class U units of the REIT, (iii) the class U units of the REIT will be listed on the Toronto Stock Exchange (the “**TSX**”) and (iv) SUSO 1 will change its name to “Slate Retail REIT”. Slate Properties Inc. (“**Slate**”) will continue as the manager of the REIT and its subsidiaries.

SUSO 1 and SUSO 2 expect that the Combination Transaction will result in a number of benefits to SUSO Unitholders, including:

1. **Liquidity for SUSO Unitholders.** The Combination Transaction will provide SUSO 1 class U unitholders and SUSO 2 Unitholders with liquidity through the class U units of the REIT which will be listed on the TSX. In addition, the SUSO 1 Declaration of Trust will be amended to provide holders of SUSO 1 class A units and SUSO 1 class I units with a right to convert their SUSO 1 class A units and SUSO 1 class I units

at any time into the TSX-listed class U units of the REIT. The Conversion Rights provide holders of SUSO 1 class A units and SUSO 1 class I units with a similar ability to hold or sell their units as the class U unitholders of SUSO 1. As class U units of SUSO 1 will be listed on the TSX, the Combination Transaction thereby provides liquidity to holders of SUSO 1 class A and SUSO 1 class I units.

2. **Creation of a Larger and More Diversified Entity with Improved Access to Capital.** By combining the assets of SUSO 1, SUSO 2 and GAR into a single publicly-traded investment vehicle, REIT Unitholders will benefit from improved access to capital, as well as improved geographic and tenant diversification. As a larger publicly-listed real estate investment trust, the REIT will have the ability to conduct follow-on offerings to efficiently raise equity capital for future growth. Based on management's projections, the REIT will have investment properties appraised at U.S.\$435.0 million, U.S.\$215.4 million in equity, U.S.\$30.4 million in forecast NOI and U.S.\$13.7 million in net working capital, consisting primarily of cash, as of December 31, 2013. The REIT's portfolio will consist of 29 properties totaling 3.5 million square feet of gross leaseable area diversified across 14 states with 70% of gross leaseable area occupied by either grocery or national tenants. The REIT's portfolio will be well-diversified by tenant and geography with no state comprising more than 18% of the portfolio's total gross leaseable area and no tenant comprising more than 9% of the portfolio's annual revenues. In addition, no more than four anchor tenants mature in any one year, and nearly all have built-in five year extension options. The portfolio will have 97% occupancy, Fixed Charge Coverage in excess of 3.2x and a Debt Yield in excess of 13%.
3. **Participation in Future Growth.** Following the Combination Transaction, SUSO Unitholders will participate in future growth of the REIT. The REIT will continue the investment strategy of SUSO 1 and SUSO 2 to (i) provide unitholders of the REIT with stable cash distributions from a portfolio of diversified revenue-producing commercial real estate properties in the United States with a focus on grocery anchored retail properties, (ii) enhance the value of the REIT's assets and maximize long-term value through active management, and (iii) expand the asset base of the REIT and increase the REIT's distributions, including through accretive acquisitions. Slate's intention, as manager of the REIT, is to continue to execute the investment and acquisition strategy that has been successfully employed to date.
4. **Realization of Liquidity Strategy.** The Combination Transaction is consistent with the liquidity strategies for each of SUSO 1 and SUSO 2, as disclosed in their initial public offering prospectuses. Assuming the closing of the Combination Transaction, the aggregation of the assets of SUSO 1, SUSO 2 and GAR into a single portfolio is expected to result in a portfolio premium as reflected in the appraised value of the Properties.
5. **Payment of Monthly Distributions.** As a public real estate investment trust, the REIT will pay distributions on a monthly basis, as opposed to the quarterly distributions currently paid by SUSO 1 and SUSO 2.

Consideration for the Combination Transaction

The Combination Transaction will be effected based on the relative values of Slate U.S. Opportunity (No. 1) Holding L.P. (the principal holding subsidiary of SUSO 1), Slate U.S. Opportunity (No. 2) Holding L.P. (the principal holding subsidiary of SUSO 2) and GAR U.S. Portfolio L.P. (the principal holding subsidiary of GAR) as compared to the total value of the REIT, based upon the fair market value of the Properties as determined in the Appraisals, in each case adjusted for debt and net working capital. The relative values were also reviewed by Brookfield in connection with the Fairness Opinions. Based on the relative value calculations, the proportionate value of the SUSO Entities and GAR as compared to the total value of the REIT is as follows: (i) the SUSO 1 equity will represent 38.2% of the total equity of the REIT, (ii) the SUSO 2 equity will represent 47.5% of the total equity of the REIT, and (iii) the GAR equity will represent 14.3% of the total equity of the REIT.

Pursuant to the Combination Transaction, each class of holders will receive the following consideration:

Class of Units	Consideration Following Completion of Combination Transaction
SUSO 1 class A units	Holders of SUSO 1 class A units will continue to own the same number of class A units of the REIT. Pursuant to the Conversion Rights, such holders will be entitled to convert all or any portion of their class A units of the REIT into Class U Units at a conversion ratio of 1.0078 class A units for one Class U Unit. Holders of class A units of the REIT will continue to receive distributions in Canadian dollars.
SUSO 1 class I units	Holders of SUSO 1 class I units will continue to own the same number of class I units of the REIT. Pursuant to the Conversion Rights, such holders will be entitled to convert all or any portion of their class I units of the REIT into Class U Units at a conversion ratio of 1.0554 class I units for one Class U Unit. Holders of class I units of the REIT will continue to receive distributions in U.S. dollars.
SUSO 1 class U units	Holders of class U units of SUSO 1 will continue to own the same number of Class U Units. The Class U Units will be publicly listed on the TSX. Each holder of Class U Units will receive distributions in U.S. dollars, unless such holder elects to receive the Canadian dollar Equivalent Amount of such distributions. See “ <i>Distribution Policy – Currency of Distributions</i> ”.
SUSO 2 class A units	Holders of SUSO 2 class A units will receive 0.9812 Class U Units in exchange for each SUSO 2 class A unit held prior to the Combination Transaction. Each holder of Class U Units will receive distributions in U.S. dollars, unless such holder elects to receive the Canadian dollar Equivalent Amount of such distributions. See “ <i>Distribution Policy – Currency of Distributions</i> ”.
SUSO 2 class F units	Holders of SUSO 2 class F units will receive 1.0123 Class U Units in exchange for each SUSO 2 class F unit held prior to the Combination Transaction. Each holder of Class U Units will receive distributions in U.S. dollars, unless such holder elects to receive the Canadian dollar Equivalent Amount of such distributions. See “ <i>Distribution Policy – Currency of Distributions</i> ”.
SUSO 2 class I units	Holders of SUSO 2 class I units will receive 1.0335 Class U Units in exchange for each SUSO 2 class I unit held prior to the Combination Transaction. Each holder of Class U Units will receive distributions in U.S. dollars, unless such holder elects to receive the Canadian dollar Equivalent Amount of such distributions. See “ <i>Distribution Policy – Currency of Distributions</i> ”.
SUSO 2 class U units	Holders of SUSO 2 class U units will receive 0.9793 Class U Units in exchange for each SUSO 2 class U unit held prior to the Combination Transaction. Each holder of Class U Units will receive distributions in U.S. dollars, unless such holder elects to receive the Canadian dollar Equivalent Amount of such distributions. See “ <i>Distribution Policy – Currency of Distributions</i> ”.
GAR A Units	Holders of GAR A Units will receive, at their election, either Class U Units or Class B LP2 Units.
GAR B Units	Holders of GAR B Units will, at their election, either receive Class U Units or GAR B Exchangeable Units. Holders of GAR B Exchangeable Units will be issued one Special Voting Unit for each GAR B Exchangeable Unit.
GAR C Units	Holders of GAR C Units will receive, at their election, either Class U Units or Class B LP2 Units

Amendments to the SUSO 1 Declaration of Trust

In order to give effect to the Combination Transaction, certain amendments (the “**Proposed Amendments**”) will be made to the SUSO 1 declaration of trust (following the approval of the Proposed Amendments by the SUSO 1 Unitholders, the “**REIT Declaration of Trust**”). The Proposed Amendments are intended primarily to more closely align the REIT Declaration of Trust with the governing documents of other Canadian publicly-listed real estate investment trusts of similar size and complexity. The Proposed Amendments will include, but are not limited to, the following: (i) the addition of Conversion Rights, (ii) the election and independence of the trustees of the REIT, (iii) the addition of an advance notice provision, (iv) amendments to the investment guidelines and operating policies of the REIT, (v) the requirement to hold annual meetings of REIT Unitholders, (vi) the ability to terminate the REIT upon a special resolution of the REIT Unitholders; and (vii) requiring (subject to certain exceptions) registration of

interests and transfer of REIT Units to be effected electronically through the non-certificated inventory system of CDS (as defined in the circular). For a full description of the REIT Declaration of Trust, see “*REIT Declaration of Trust and Description of REIT Units*”.

Amendments to the SUSO 2 Declaration of Trust

In order to give effect to the Combination Transaction, certain amendments will be made to the SUSO 2 declaration of trust creating a redemption right in favour of SUSO 2 to facilitate the exchange of SUSO 2 Units for Class U Units. In connection with the closing of the Combination Transaction, SUSO 2 will redeem all outstanding SUSO 2 Units for Class U Units (other than any SUSO 2 Units held by SUSO 1).

Recommendation of the SUSO 1 Board

The SUSO 1 Board has unanimously determined that the Combination Transaction is fair to SUSO 1 and is in the best interests of SUSO 1 and SUSO 1 Unitholders and recommends that SUSO 1 Unitholders vote in favour of the SUSO 1 Combination Resolution.

Recommendation of the SUSO 2 Board

The SUSO 2 Board has unanimously determined that the Combination Transaction is fair to SUSO 2 and is in the best interests of SUSO 2 and SUSO 2 Unitholders, and recommends that SUSO 2 Unitholders vote in favour of the SUSO 2 Resolution.

Unitholder Approvals Required for the Combination Transaction

The Combination Transaction is conditional upon the approval of the SUSO 1 Combination Resolution, the approval of the SUSO 2 Resolution and receiving approval of the Combination Transaction from the unitholders of GAR.

To be approved, the SUSO 1 Combination Resolution must receive the affirmative vote of not less than two-thirds of the votes cast thereon by the holders of SUSO 1 class A units, SUSO 1 class I units and SUSO 1 class U units, each voting separately as a class. The SUSO 1 Trustee Resolution and SUSO 1 Rights Plan Resolution must each be approved by a majority of the SUSO 1 Unitholders, voting together. Each SUSO 1 Unitholder shall have the right to one vote for each SUSO 1 Unit held by such SUSO 1 Unitholder.

To be approved, the SUSO 2 Resolution must receive the affirmative vote of not less than two-thirds of the votes cast thereon by each of (i) the holders of SUSO 2 class A units, SUSO 2 class F units, SUSO 2 class I units and SUSO 2 class U units, each voting separately as a class, and (v) a majority of the votes attached to the SUSO 2 class I units voted by Disinterested Unitholders at the SUSO 2 Meeting pursuant to MI 61-101. Each SUSO 2 Unitholder shall have the right to one vote for each SUSO 2 Unit held by such SUSO 2 Unitholder.

TSX Approval

The Combination Transaction is conditional upon receiving the approval of the TSX for the listing of the Class U Units. Listing will be subject to the REIT fulfilling all of the requirements of the TSX.

THE REIT

The REIT is an unincorporated, open-ended investment trust under, and governed by, the laws of the Province of Ontario. The REIT will focus 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 initial properties (the “**Properties**”) of the REIT will consist of a portfolio of 29 grocery anchored retail commercial properties located in the United States.

REIT Objectives

The objectives of the REIT are to: (i) provide REIT Unitholders with stable cash distributions from a portfolio of diversified revenue-producing commercial real estate properties in the United States with a focus on grocery

anchored retail properties; (ii) enhance the value of the REIT's assets and maximize long-term REIT Unitholder value through active management; and (iii) expand the asset base of the REIT and increase the REIT's AFFO per REIT Unit, including through accretive acquisitions.

Investment Highlights

The REIT will offer REIT Unitholders:

- **Proven Manager with a Track Record of Maximizing Returns.** The REIT will be externally managed and operated by Slate's experienced team of real estate professionals. Slate has extensive experience managing real estate and completing complex transactions in Canada and the U.S. Since 2005, Slate has acquired over \$2.2 billion of commercial real estate assets across North America. See "*Management of the REIT*" and "*REIT Trustees and Executive Officers*". Slate has acted as asset manager for each of the Properties since their acquisition by the SUSO Entities or GAR, as applicable, and over this time has demonstrated a proven ability to manage, develop and finance commercial real estate properties. Following Closing, Slate's interests will be aligned with those of REIT Unitholders as a result of Slate's ownership of an approximate 10% interest in the REIT on a fully-diluted basis.
- **Stable Assets of Non-cyclical Grocery-Anchor Properties.** The portfolio consists of 29 grocery anchored retail properties in the U.S. that comprise a total GLA in excess of 3.5 million square feet. The properties were selectively acquired by the SUSO Entities and GAR with a focus on strong sub-market demographics and leading market positions within each sub-market. Grocery retailers operate in a defensive, consumer staple industry, which provides stability and attracts both consumers and other tenants to the properties.
- **Highly Diversified Portfolio: Geographically and by Tenant.** The REIT will own a large, established portfolio of geographically diversified grocery anchored properties across 14 states. This geographic diversification adds stability by reducing the REIT's vulnerability to economic fluctuations affecting any particular state and provides a platform for organic growth as the REIT expands in each targeted market. The Properties are all anchored by large, established grocery retailers who occupy GLA greater than or equal to 18,000 square feet (the "**Grocery Anchor Tenants**") including national brands like Wal-Mart (NYSE:WMT), Kroger (NYSE:KR), Winn Dixie and Publix. The Grocery Anchor Tenants are expected to account for approximately 45.4% of the Properties' GLA and 34.6% of the Properties' portfolio annualized in-place base rent as at December 31, 2013. The portfolio's strength is demonstrated by its current occupancy of approximately 97% and a well-distributed lease maturity profile with an average remaining lease term of 5.4 years. No more than approximately 15% of the leased GLA of the Properties will come up for renewal in any given year from 2014 to 2018.
- **Conservative AFFO Payout Ratio of 70% and Debt to GBV of 53%.** The REIT intends to pay annual cash distributions of U.S.\$0.72 per REIT Unit. Based on the forecasted AFFO of the Properties for the period ending December 31, 2014, the REIT expects to have an initial conservative AFFO payout ratio of approximately 70% and, based on the equity value per fully diluted unit at listing, an initial annual yield of approximately 5.3%. The conservative AFFO payout ratio and debt structure provides it with substantial free cash flow for acquisitions, development and redevelopment. The REIT's debt structure implies a debt-to-Gross Book Value of approximately 53.0%. This debt structure provides the REIT with flexibility going forward and a current strong Fixed Charge Coverage of 3.2x and a Debt Yield in excess of 13%. Also, for so long as Slate pursues a strategy focused on floating rate debt, it intends that the REIT will maintain a conservative payout ratio that will ultimately accommodate a shift to a fixed term interest rate structure.
- **Exceptional Growth Pipeline of Highly Accretive Acquisitions.** Based on Slate's experience acquiring the Properties, Slate believes there is a substantial inventory of quality income-producing grocery anchored retail properties across the U.S. that can be acquired at a discount to both peak value and replacement cost. Slate will continue to focus its growth strategy on grocery anchored retail properties similar to the current portfolio that are located in non-gateway U.S. markets and have transaction values less than \$30 million. Slate believes there are fewer competitive bidders for this type of property as the assets are too small to attract large institutional investors yet too large for private investors, thereby increasing the ability of the REIT to acquire these assets at accretive prices. Further, Slate expects that continuing mortgage refinancing challenges faced by private investors will contribute to the supply of the targeted property offerings.

Growth Strategies

Internal Growth

The REIT's internal growth strategy will include the following:

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

External Growth

The REIT will continue the current focus of GAR and the SUSO Entities on acquiring diversified revenue-producing commercial real estate properties with a focus on grocery anchored retail properties. The REIT's external growth strategy will include the following:

- **Opportunity to Benefit from Relationship with Slate.** The REIT anticipates that its continuing relationship with Slate will provide opportunities to acquire additional investment properties. In particular, Slate is currently the manager of Slate U.S. Opportunity (No. 3) Realty Trust ("**SUSO 3**"), which has nearly identical investment objectives, operating guidelines and strategy as that of the REIT. Once SUSO 3's funds have been fully invested, the REIT may have an opportunity to acquire SUSO 3 or its properties. Any acquisition of SUSO 3 or its properties would be subject to a number of conditions, and there can be no assurance that the REIT will acquire SUSO 3 or its properties. Slate has a strong track record of closing acquisitions and believes that it can grow the asset base of the REIT on an accretive basis (either through the purchase of SUSO 3, its properties or otherwise) in the near to medium term.
- **Identify Undervalued Properties.** Slate's extensive relationships with a network of U.S.-based commercial real estate brokers allow it to identify undervalued properties, many of which may be "off-market" or not widely marketed for sale. With over 37,000 grocery stores in the United States, there exists significant opportunity for the REIT to continue its strategy of acquiring attractive revenue-producing commercial real estate properties anchored by grocery tenants. Slate's familiarity with the Properties will allow it to identify complimentary acquisition opportunities that are aligned with the REIT's investment criteria and accretive to cash flow. The REIT will seek to acquire properties: (i) located in secondary markets in the United States demonstrating sustainable population and employment statistics; (ii) located in well-developed sub-markets with limited risk of new development; and (iii) with anchor tenants, which typically are the dominant retailer within the sub-market, with a proven track record of strong sales and profitability. Slate will continue to target secondary cities in the United States (as opposed to primary markets) where there is typically less competition for quality assets.
- **Apply Slate's Hands-On Asset Management Philosophy.** Even though the target assets are stable, income producing properties, Slate will assess each property to determine how to optimally refurbish, reposition and re-tenant the property. In a number of situations there exists an opportunity to reposition a property through modest and targeted capital projects and/or operational improvements. Slate will work closely with contractors to reduce operating costs and will oversee capital expenditure projects to ensure they are on budget and

completed on time. In addition, Slate will (i) focus on rebuilding and strengthening tenant relationships with a view to gaining incremental business and extending stable tenant leases and (ii) outsource property management and other real estate property functions to lower the operating costs borne by the tenants. This cost reduction further improves tenant relationships and will increase the NOI of the properties.

See “*The REIT*”.

PROPERTIES OF THE REIT

The REIT will own a large, stabilized portfolio of 29 diversified revenue-producing retail real estate properties (the “**Properties**”) located primarily within attractive secondary U.S. markets, with a focus on grocery anchored retail properties. The Properties comprise a total GLA of 3,545,817 square feet, have a current occupancy of approximately 97% and a well-distributed lease maturity profile with an average remaining lease term of 5.4 years.

The following table provides information regarding the Properties:

Property	Location	Year Built (Remodelled)	Total GLA Occupied (SF)	Occupancy ⁽¹⁾	Grocery Anchor
Kennywood Shops	Pittsburgh, PA	1974 (1996)	194,823	99%	Giant Eagle
Field Club Commons	New Castle, PA	1972 (1997)	130,905	98%	Save-A-Lot
County Line Plaza	Philadelphia, PA	1997 (2006)	75,649	93%	Food Basics & Big Lots
Summit Ridge	Mount Pleasant, PA	1999	227,729	100%	Walmart
Errol Plaza	Orlando, FL	1986 (2011)	72,150	97%	Winn-Dixie
98 Palms	Destin, FL	2000	84,682	100%	Winn-Dixie
Uptown Station	Fort Walton Beach, FL	1963 (2008)	298,096	96%	Winn-Dixie
Oak Hill Plaza	Jacksonville, FL	1985	78,492	94%	Publix
Pinewood Plaza	Dayton, OH	1978 (2012)	88,700	92%	Kroger
Springboro Plaza	Dayton, OH	1992	154,034	100%	Kroger
Buckeye Plaza	Cleveland, OH	1989	141,975	100%	Giant Eagle
Triangle Food Lion	Charlotte, NC	1983 (2012)	41,439	100%	Food Lion
Fuquay Crossing	Fuquay-Varnia, NC	2002	124,773	96%	Kroger
Independence Square	Charlotte, NC	2000	190,361	97%	Walmart
Highland Square	Crossville, TN	1988 (2005)	179,243	95%	Kroger
St. Elmo Central	Chattanooga, TN	1995	74,978	99%	BI-LO
Westhaven Town Center	Franklin, TN	2008 (2010)	97,052	99%	Harris Teeter
East Brainerd Mall	Brainerd, MN	1967 (2009)	191,459	93%	Cub Foods
Phalen Retail Center	St Paul, MN	2008	73,678	100%	Cub Foods
North Pointe	Columbia, SC	1982 (1997)	64,255	100%	Publix
Gaston Marketplace	Gaston, SC	2004	44,133	92%	Food Lion
Bowling Green Plaza	Bowling Green, VA	1994	49,850	87%	Food Lion
Madison Plaza	Madison, VA	2003	49,607	93%	Food Lion
Cambridge Crossing	Troy, MI	2001	238,963	96%	Walmart
Alta Mesa Plaza	Fort Worth, TX	1980	167,961	99%	Kroger
Mitchellville Plaza	Mitchellville, MD	1991	145,402	95%	Food Lion
Cudahy Center	Milwaukee, WI	1987 (2009)	103,254	86%	Pick ‘N Save
Douglas Commons	Douglasville, GA	1988 (2010)	97,337	98%	Kroger
Madison Center	Madison, AL	1997	64,837	96%	Publix
Total/Weighted Average			3,545,817	97%	

Notes:

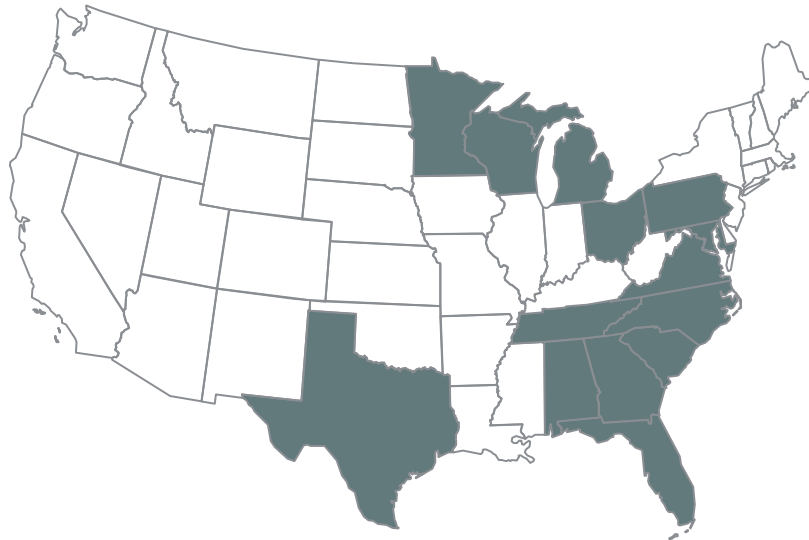
(1) Occupancy figures as of December 31, 2013.

Composition of the Properties

Geographic Composition

The Properties are located throughout the following 14 states (in order of total GLA): Pennsylvania, Florida, Ohio, North Carolina, Tennessee, Minnesota, Michigan, Texas, Maryland, South Carolina, Wisconsin, Virginia, Georgia and Alabama.

The following map shows the states within which the Properties are located:

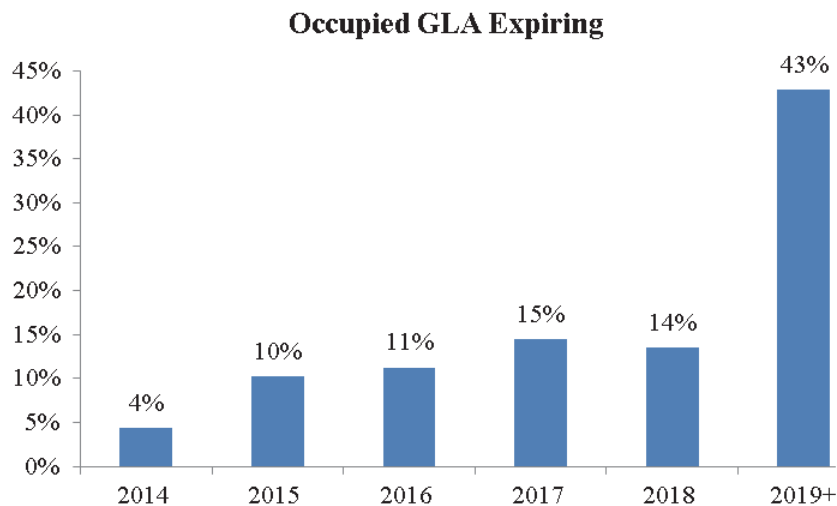


The following chart shows the number of properties located in each state, the total GLA occupied and total NOI per state, and the percentage of portfolio GLA and NOI located in each state:

State	Properties	GLA(SF)	NOI (US\$ millions)	% of Portfolio GLA	% Total NOI
Pennsylvania	4	629,106	\$4.1	18%	14%
Florida	4	533,420	\$5.0	15%	16%
Ohio	3	384,709	\$2.5	11%	8%
North Carolina	3	356,573	\$3.2	10%	10%
Tennessee	3	351,273	\$3.0	10%	11%
Minnesota	2	265,137	\$2.5	7%	8%
South Carolina	2	108,388	\$1.0	3%	3%
Virginia	2	99,457	\$0.7	3%	2%
Michigan	1	238,963	\$2.2	7%	7%
Texas	1	167,961	\$1.4	5%	5%
Maryland	1	145,402	\$2.7	4%	9%
Wisconsin	1	103,254	\$0.5	3%	2%
Georgia	1	97,337	\$1.0	3%	3%
Alabama	1	64,837	\$0.6	2%	2%
Total	29	3,545,817	\$30.4	100%	100%

Occupancy and Leasing

The following graph sets out the percentage of GLA of the Properties subject to lease expiries during the periods shown:



The Properties have an overall weighted occupancy of approximately 97% with an average remaining lease term of approximately 5.4 years. No more than 15% of the leased GLA expires in any given year from 2014 to 2018.

Tenant Mix

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

In addition to the Grocery Anchor Tenants, many tenants in the Properties are large national or international retailers with an established reputation (the “**Non-Grocery National Tenants**”). The 10 largest Non-Grocery National Tenants, when taken together, comprise 12.5% of the Properties’ GLA, have a weighted average lease term of 5.5 years and account for 12.5% of the Properties’ portfolio annualized in-place base rent as at December 31, 2013. Together, the Grocery Anchor Tenants and Non-Grocery National Tenants account for 69.8% of the Properties GLA and have a weighted average remaining lease term of 5.6 years.

The following table shows the nine largest Grocery Anchor Tenants which, when taken together, comprise 45.4% of the Properties’ GLA totalling 29 stores in total, and have a weighted average lease term of 6.1 years and account for 34.6% of the Properties’ portfolio annualized in-place base rent as at the date of this Information Circular:

Tenant	GLA (SF)	% of Portfolio GLA	Annualized In-Place Base Rent (US\$ millions)	% of Portfolio Annualized In-Place Base Rent	Number of Locations	Weighted Average Lease Term (Years) ⁽¹⁾
Walmart	389,589	11.0%	\$2.6	8.1%	3	7.4
Kroger	373,161	10.5%	\$2.0	6.4%	7	6.8
Winn Dixie	188,504	5.3%	\$1.5	4.7%	4	4.4
Food Lion	178,199	5.0%	\$1.2	3.8%	5	6.3
Supervalu	139,455	3.9%	\$1.3	4.2%	3	8.8
Publix	125,662	3.5%	\$0.9	2.9%	3	2.7
Giant Eagle	115,953	3.3%	\$0.9	2.8%	2	6.1
Roundys	62,865	1.8%	\$0.2	0.8%	1	2.8
Food Basics	36,075	1.0%	\$0.3	0.9%	1	2.2
Total/Weighted Average	1,609,463	45.4%	\$10.9	34.6%	29	6.1

Note:

(1) This figure is calculated as a weighted average remaining term (by GLA).

In addition to the Grocery Anchor Tenants listed above, many of tenants in the Properties are Non-Grocery National Tenants who have a large national or international presence and an established reputation. The following table shows the 10 largest Non-Grocery National Tenants which, when taken together, comprise 12.5% of the Properties' GLA, totalling 36 stores and have a weighted average lease term of 5.5 years and account for 12.5% of the Properties' portfolio annualized in-place base rent as at December 31, 2013.

Tenant	Total GLA Occupied (SF)	% of Portfolio GLA	Number of Locations	Weighted Average Lease Term (Years) ⁽¹⁾
K-Mart	91,266	2.6%	1	3.5
Ascensus	60,900	1.7%	1	7.8
LA Fitness	60,273	1.7%	1	8.2
Family Dollar	53,780	1.5%	6	3.4
Dollar Tree	39,921	1.1%	4	5.5
Rainbow	33,155	0.9%	5	3.2
Marshalls	30,000	0.8%	1	8.9
Dollar General	28,315	0.8%	3	5.7
Ross Dress for Less	25,600	0.7%	1	6.1
Subway	20,143	0.6%	13	3.4
Top 10 Non-Grocery National Tenants	443,363	12.5%	36	5.5
Other Non-Grocery National Tenants	421,728	11.9%	56	3.5
Total Non-Grocery National Tenants	865,081	24.4%	92	4.6
Grocery Anchor Tenants	1,609,463	45.4%	29	6.1
Grocery Anchor Tenants and Non-Grocery National Tenants	2,474,544	69.8%	121	5.6

Note:

(1) This figure is calculated as a weighted average remaining term (by GLA).

As of December 31, 2013, the nine largest Grocery Anchor Tenants and Non-Grocery National Tenants, when taken together comprise 69.8% of the Properties' GLA, totalling 121 stores and have a weighted average lease term of 5.6 years and account for 59.3% of the Properties' portfolio annualized in-place base rent.

See "The Properties".

MANAGEMENT OF THE REIT

The REIT Declaration of Trust will provide that, subject to certain conditions, the REIT Trustees will have absolute and exclusive power, control and authority over the REIT's assets and operations, as if the REIT Trustees were the sole and absolute legal and beneficial owners of the REIT's assets. The governance practices, investment guidelines and operating policies of the REIT will be overseen by the REIT Board consisting of a minimum of one and a maximum of nine Trustees, a majority of whom will be Canadian residents.

The following table sets forth the name, municipality, state/province and country of residence, positions held with the REIT and principal occupation of the REIT Trustees assuming the election of Colum Bastable at the SUSO 1 Meeting:

Name and Municipality of Residence	Position with the REIT	Principal Occupation
Samuel Altman <i>Montreal, Quebec, Canada</i>	Independent Trustee	President of Joddes Limited
Colum Bastable <i>Toronto, Ontario, Canada</i>	Independent Trustee	Chairman of Cushman & Wakefield Inc.
Patrick Flatley <i>Etobicoke, Ontario, Canada</i>	Independent Trustee	Senior Vice President, Fidelity National Title Insurance Co.
Peter Tesché <i>Fort Lauderdale, Florida, United States</i>	Independent Trustee	Director, Capital Markets, Pensam Capital, LLC
Blair Welch <i>Ancaster, Ontario, Canada</i>	Trustee	Executive Officer of Slate Properties Inc.
Brady Welch <i>Burlington, Ontario, Canada</i>	Interim Chairman & Trustee	Executive Officer of Slate Properties Inc.

The following table sets forth the name, municipality, province and country of residence and positions held with the REIT of each executive officer of the REIT and certain executive officers of Slate who will be working closely with the REIT:

Name and Municipality of Residence	Office with the REIT
Blair Welch <i>Ancaster, Ontario, Canada</i>	Chief Executive Officer
Brady Welch..... <i>Burlington, Ontario, Canada</i>	Chief Financial Officer
Ramsey Ali..... <i>Burlington, Ontario, Canada</i>	Corporate Secretary General Counsel of Slate Properties Inc.
Lisa Rowe..... <i>Vaughan, Ontario, Canada</i>	Senior Vice President, Slate Properties Inc.

Management Agreement

Pursuant to the Management Agreement, and similar to the role played by Slate in the management of SUSO 1, SUSO 2 and GAR, Slate will provide the REIT and its subsidiaries with the strategic, advisory, asset management, administrative, property management, leasing, construction management and administrative services (the “**Asset Management Services**”) necessary to manage the day-to-day operations of the REIT and its properties.

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

- an annual asset management fee (the “**Asset Management Fee**”) calculated and payable on a quarterly basis, equal to 0.40% of Gross Book Value of the REIT;

- b) an acquisition fee (the “**Acquisition Fee**”) equal to 0.75% of the gross purchase price paid for each new property (or interest in a property), including the price, due diligence costs, closing costs, legal fees and additional capital costs, payable on completion of the purchase of each property (or interest in a property); provided that no acquisition fee will be payable on the acquisition of the Properties pursuant to the Combination Transaction or with respect to acquisitions from Slate, its affiliates or entities managed by Slate; and
- c) an annual incentive fee (the “**Incentive Fee**” and, together with the Asset Management Fee and the Acquisition Fee, the “**Management Fees**”), calculated in arrears, in an aggregate amount equal to 15% of the REIT’s funds from operation per Class U Unit (calculated assuming the conversion of all SUSO 1 class A units and SUSO 1 class I units into Class U Units at their respective conversion ratios and the redemption of all outstanding Class B LP2 Units and GAR B Exchangeable Units for Class U Units) in excess of U.S.\$1.28, subject to ordinary course adjustments for certain transactions affecting the Class U Units and increasing annually by 50% of the increase in the United States consumer price index.

See “*Management of the REIT – Management Agreement*”.

FINANCIAL FORECAST

The following financial forecast was prepared by management of the REIT, using assumptions with an effective date of January 10, 2014. The assumptions used in the preparation of a forecast, although considered reasonable by management at the time of preparation, may not materialize as forecast and unanticipated events and circumstances may occur subsequent to the date of the forecast. Accordingly, there is a significant risk that actual results achieved for the forecast period will vary from the forecast results and that such variations may be material. There is no representation by the REIT that actual results achieved during the forecast period will be the same in whole or in part as those forecast. Important factors that could cause actual results to vary materially from the forecast include those disclosed under “*Risk Factors*”. See “*Forward-Looking Statements*”.

(000’s)	Three month periods ending				Twelve month period ending
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	December 31, 2014
	\$	\$	\$	\$	\$
Revenue	10,995	10,967	10,904	10,930	43,796
Property operating expenses	2,991	3,468	3,177	3,225	12,861
Net property income	8,004	7,499	7,727	7,705	30,935
General and administrative	770	770	770	770	3,080
Interest and other financing charges:					
Interest	2,084	2,086	2,089	2,087	8,346
Exchangeable unit distributions	410	410	410	410	1,640
REIT unit distributions	2,332	2,332	2,332	2,332	9,328
Net income before income taxes	2,408	1,901	2,126	2,106	8,541
Income tax expense:					
Current	-	-	-	-	-
Deferred	951	891	918	916	3,676
Net income and comprehensive income	1,457	1,010	1,208	1,190	4,865
Attributable to:					
Unitholders of the REIT	1,216	792	980	963	3,951
Non-controlling interest	241	218	228	227	914

See “*Financial Forecast*”.

NON-IFRS RECONCILIATION

The following table reconciles forecasted net income to FFO and AFFO. See “Non-IFRS Measures” and “Financial Forecast”):

(000's)	Three month period ending				Twelve month period ending
	March, 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	December 31, 2014
	\$	\$	\$	\$	\$
Calculation of Forecast NOI					
Revenue	\$10,995	\$10,967	\$10,904	\$10,930	\$43,796
Straight-line rent adjustment	(136)	(124)	(138)	(126)	(524)
Property operating costs	(2,991)	(3,468)	(3,177)	(3,225)	(12,861)
Property tax normalization	223	(252)	38	(9)	-
NOI	8,091	7,123	7,627	7,570	30,411
Reconciliation of forecasted earnings to FFO & AFFO					
Net income and comprehensive income	1,457	1,010	1,208	1,190	4,865
Add / (deduct):					
Exchangeable unit distributions	410	410	410	410	1,640
Trust unit distributions	2,332	2,332	2,332	2,332	9,328
Property tax normalization	(223)	252	(38)	9	-
Deferred tax expense	951	891	918	916	3,676
FFO	4,927	4,895	4,830	4,857	19,509
FFO per Class U Unit⁽¹⁾	0.31	0.31	0.30	0.30	1.22
Add / (deduct):					
Net impact of mark to market adjustment on in-place debt	(17)	(17)	(17)	(17)	(68)
Straight-line rent adjustment	(136)	(124)	(138)	(126)	(524)
Tenant inducements and leasing commissions reserve	(526)	(526)	(526)	(526)	(2,104)
Capital expenditure reserve	(93)	(93)	(93)	(93)	(372)
AFFO	4,155	4,135	4,056	4,095	16,441
AFFO per Class U Unit⁽¹⁾	0.26	0.26	0.25	0.26	1.03

Note:

- (1) Calculated on a fully-diluted basis assuming the conversion of all SUSO 1 class A units and SUSO 1 class I units into Class U Units at their respective conversion ratios and the redemption of all outstanding Class B LP2 Units and GAR B Exchangeable Units for Class U Units.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

For information on Canadian Federal Income Tax Considerations, see “Certain Canadian Federal Income Tax Considerations”.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

For information on Canadian Federal Income Tax Considerations, please see “Certain U.S. Federal Income Tax Considerations”.

RISK FACTORS

There are a number of risk factors associated with the Combination Transaction, including third-party approvals required in connection with the closing of the Combination Transaction. In addition, there are a number of risk factors associated with the status of the REIT, restrictions on redemptions, potential volatility of REIT Unit prices, the nature of investment, the availability of cash flow, dilution and tax. See “Risk Factors”.

PROXY AND VOTING INFORMATION

Beneficial SUSO Unitholders should read the information under the heading “*Proxy and Voting Information – Advice to Beneficial SUSO Unitholders*” for an explanation of their rights.

Solicitation of Proxies

This Information Circular is furnished in connection with the solicitation of proxies by management of Slate U.S. Opportunity (No. 1) Realty Trust (“**SUSO 1**”) and Slate U.S. Opportunity (No. 2) Realty Trust (“**SUSO 2**” and, together with SUSO 1, the “**SUSO Entities**”) for use at (i) the meeting of SUSO 1 Unitholders to be held at Goodmans LLP, 333 Bay Street, Suite 3400, Toronto, Ontario M5H 2S7 on March 3, 2014 at 10:00 a.m. EST (“**the SUSO 1 Meeting**”) and any adjournment thereof, and (ii) the meeting of SUSO 2 Unitholders to be held at Goodmans LLP, 333 Bay Street, Suite 3400, Toronto, Ontario M5H 2S7 on March 3, 2014 at 10:30 a.m. EST (“**the SUSO 2 Meeting**”) and together with the SUSO 1 Meeting, the “**Meetings**”) and any adjournment thereof. **The information contained herein is as of February 3, 2014 unless otherwise stated.**

The solicitation of proxies will be primarily by mail but proxies may also be solicited personally or by telephone by employees of the SUSO Entities without special compensation or by such agents as the SUSO Entities may appoint. The cost of solicitation will be borne by the SUSO Entities. The SUSO Entities may also pay brokers or nominees holding SUSO Units in their names or in the names of their principals for their reasonable expenses in sending solicitation materials to their principals.

SUSO Unitholders who are unable to attend the Meetings in person are requested to complete, date, sign and return the accompanying form of proxy for use at the Meetings or any adjournment thereof to the attention of Equity Financial Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario M5H 4H1, Attention: Proxy Department (i) in the envelope provided, (ii) by email at proxysupport@equityfinancialtrust.com, or (iii) by facsimile to 416-595-9593. To be effective, proxies must be received by Equity Financial Trust Company not later than 5:00 p.m. (Toronto time) on the second last business day immediately preceding the date of the Meetings or any adjournment or postponement thereof.

Record Date

Each of the SUSO Entities will prepare a list of its respective unitholders of record as at the close of business on the Record Date. Unitholders named on that list will be entitled to vote the SUSO Units then registered in their names, except to the extent that (i) the holder has transferred the ownership of any of his/her SUSO Units after that date, and (ii) the transferee of those SUSO Units produces a properly endorsed share certificate, or otherwise establishes that he/she owns the SUSO Units, and demands not later than the close of business, 10 days before the Meetings, that his/her name be included in the list of persons entitled to vote at the Meetings, in which case the transferee will be entitled to vote his/her SUSO Units at the Meetings. SUSO Unitholders are entitled to one vote at the Meetings for each SUSO Unit held as provided herein.

Appointment of Proxies

A SUSO Unitholder has the right to appoint a person (who need not be a SUSO Unitholder), other than persons designated in the form of proxy accompanying this Information Circular, as nominee to attend at and act for and on behalf of such SUSO Unitholder at the Meetings, as the case may be, and may exercise such right by inserting the name of such person in the blank space provided on the form of proxy applicable to the Meetings.

A form of proxy will not be valid for the Meetings or any adjournment thereof unless it is completed and delivered to Equity Financial Trust Company no later than 5:00 p.m. EST on the second last business day immediately preceding the date of the Meetings or any adjournment or postponement thereof, in accordance with the delivery instructions contained above under “*Proxy and Voting Information – Solicitation of Proxies*”.

Revocation of Proxies

Proxies given by SUSO Unitholders for use at the Meetings may be revoked at any time prior to their use. Subject to compliance with the requirements described in the following paragraph, the giving of a proxy will not affect the right of a SUSO Unitholder to attend and vote in person at the Meetings.

In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the SUSO Unitholder or his/her attorney duly authorized in writing, or, if the SUSO Unitholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized, and deposited with Equity Financial Trust Company, in a manner provided above under “*Proxy and Voting Information – Solicitation of Proxies*”, at any time up to and including 5:00 p.m. EST on the second last business day immediately preceding the date of the Meetings, in accordance with the delivery instructions contained above and, or any adjournment thereof, as applicable, or, with the Chairman at the Meetings on the day of such meeting or any adjournment thereof, and upon any such deposit, the proxy is revoked.

Advice to Beneficial SUSO Unitholders

The information set forth in this section is of significant importance to a majority of SUSO Unitholders as they do not hold their SUSO Units in their own names, rather they are held through a broker, dealer, bank, trust company or other nominee (such SUSO Unitholders are referred to as “**Beneficial SUSO Unitholder(s)**”). Such SUSO Units are not registered in the SUSO Unitholder’s own name on the records of the SUSO Entities maintained by Equity Financial Trust Company and are instead registered in the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc. (“**CDS**”), which acts as nominee for many Canadian brokerage firms). SUSO Units held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial SUSO Unitholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting SUSO Units for the brokers’ clients. **Therefore, each Beneficial SUSO Unitholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meetings.**

Applicable Canadian regulatory policy requires brokers or other nominees to seek voting instructions from Beneficial SUSO Unitholders in advance of unitholders’ meetings by forwarding a voting instruction form (Form 54-101F7 – *Request for Voting Instructions made by Intermediary* (“**Form 54-101F7**”) under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”). Brokers and other nominees have their own mailing and delivery procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial SUSO Unitholders in order to ensure that their SUSO Units are voted at the Meetings. In Canada, many brokers delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. (“**Broadridge**”). In most cases, Broadridge mails a scannable voting instruction form and asks Beneficial SUSO Unitholders to return the form to Broadridge. Alternatively, Beneficial SUSO Unitholders can either call Broadridge’s toll free telephone number to provide voting instructions, or access Broadridge’s dedicated voting web site at www.proxyvote.com to deliver their voting instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions to the SUSO Entities respecting the voting of SUSO Units to be represented at the Meetings.

A Beneficial SUSO Unitholder will not be recognized directly at the Meetings for the purposes of voting SUSO Units registered in the name of his/her/its broker; however, a Beneficial SUSO Unitholder may attend the Meetings as proxyholder for the registered SUSO Unitholder and vote the SUSO Units in that capacity. **Beneficial SUSO Unitholders who want to attend the Meetings in person and vote as proxy holder can enter their own names or the names of their appointees in the place provided for that purpose in the voting instruction form provided to them and return the same to their intermediary (or the intermediary’s agent) in accordance with the instructions provided by such broker.** Subject to the basic requirements described below, intermediaries do have flexibility as to the specific method used to appoint Beneficial SUSO Unitholders as proxy holders, and Beneficial SUSO Unitholders should carefully follow all instructions they receive.

An intermediary who is the registered holder of, or holds a proxy in respect of, securities owned by a Beneficial SUSO Unitholder must arrange, without expense to the Beneficial SUSO Unitholder, to appoint the Beneficial SUSO Unitholder or a nominee of the Beneficial SUSO Unitholder as a proxy holder in respect of those securities if the Beneficial SUSO Unitholder has instructed the intermediary to do so using either of the following methods: (i) the Beneficial SUSO Unitholder filled in and submitted the Form 54-101F7 previously sent to the Beneficial SUSO

Unitholder by the intermediary; or (ii) the Beneficial SUSO Unitholder submitted any other document in writing that requests that the Beneficial SUSO Unitholder or a nominee of the Beneficial SUSO Unitholder be appointed as a proxy holder. If an intermediary appoints a Beneficial SUSO Unitholder or a nominee of the Beneficial SUSO Unitholder as a proxy holder as aforesaid, the Beneficial SUSO Unitholder or nominee of the Beneficial SUSO Unitholder, as applicable, must be given the authority to attend, vote and otherwise act for and on behalf of the intermediary in respect of all matters that may come before the Meetings and any adjournment or continuance thereof, unless applicable law does not permit the giving of that authority. An intermediary who appoints a Beneficial SUSO Unitholder as proxy holder as aforesaid must deposit the proxy within the timeframe specified above, if the intermediary obtains the instructions at least one business day before the termination of that time.

Beneficial SUSO Unitholders fall into two categories – those who object to their identity being made known to the issuers of securities which they own (“**OBOs**”) and those who do not object to their identity being made known to the issuers of the securities they own (“**NOBOs**”). Subject to the provisions of NI 54-101, issuers may request and obtain a list of their NOBOs from intermediaries. Pursuant to NI 54-101, issuers may obtain and use the NOBO list in connection with any matters relating to the affairs of the issuer, including the distribution of proxy-related materials directly to NOBOs. The SUSO Entities are not sending Meeting materials directly to NOBOs; the SUSO Entities use and pay intermediaries and agents to send the Meeting materials. The SUSO Entities also intend to pay for intermediaries to deliver the Meeting materials to OBOs.

Beneficial SUSO Unitholders should contact their broker or other intermediary if they have any questions regarding the voting of SUSO Units held through that broker or other intermediary.

Voting of Proxies

The persons named in the form of proxy accompanying this Information Circular have indicated their willingness to represent as proxy the SUSO Unitholder who appointed them. Each SUSO Unitholder may instruct his/her/its proxy how to vote his/her/its SUSO Units by completing the blanks on the proxy form.

SUSO Units represented by properly executed proxy forms in favour of the person designated on the form will be voted for, against or withheld from voting (as the case may be), in accordance with the instructions given on the proxy forms. In the absence of such instructions, the SUSO Units will be voted “FOR” the Resolutions.

The proxy form accompanying this Information Circular confers discretionary authority upon the persons named therein with respect to amendments and variations to matters identified in the accompanying Notice of Meeting and with respect to any other matters which may properly come before the Meetings. As at February 3, 2014, management of the SUSO Entities know of no such amendments, variations or other matters to come before the Meetings.

Voting Securities and Principal Holders thereof

SUSO 1

SUSO 1 is authorized to issue an unlimited number of SUSO 1 Units, of which 3,701,778 SUSO 1 class A units, 703,000 SUSO 1 class I units and 1,298,222 SUSO 1 class U units are issued and outstanding as at February 3, 2014.

The following table lists those persons and companies of record who own or are known to SUSO 1 to own beneficially, directly or indirectly, more than 10% of the issued and outstanding SUSO 1 class I units as at February 3, 2014:

Name	Number of SUSO 1 Class I Units	Percentage Interest in SUSO 1 Class I Units
Queen's Court Advisors Ltd. ⁽¹⁾	250,000	35.56%
8032238 Canada Inc. ⁽²⁾	250,000	35.56%
Canadian Western Trust GI Capital Alternative Income Fund	100,000	14.22%

Notes:

- (1) Queen's Court Advisors Ltd. is indirectly owned equally by Blair Welch and Brady Welch.
- (2) Samuel Altman, Trustee of SUSO 1, exercises control or direction over 250,000 SUSO 1 class I units in his capacity as President of 8032238 Canada Inc.

SUSO 2

SUSO 2 is authorized to issue an unlimited number of SUSO 2 Units, of which 2,442,380 SUSO 2 class A units, 451,950 SUSO 2 class F units, 2,210,000 SUSO 2 class I units and 2,105,670 SUSO 2 class U units are issued and outstanding as at February 3, 2014.

The following table lists those persons and companies of record who own or are known to SUSO 2 to own beneficially, directly or indirectly, more than 10% of the issued and outstanding SUSO 2 class I units as at February 3, 2014:

Name	Number and Class of SUSO 1 Units	Percentage Interest in SUSO 1 class I units
IA Clarington Tactical Income Fund	1,200,000	54.30%
Augusta Realty Corp.	500,000	22.62%
Joddes Limited ⁽¹⁾	250,000	11.31%

Note:

- (1) Samuel Altman, Trustee of SUSO 2, exercises control or direction over 250,000 SUSO 2 class I units in his capacity as President of Joddes Limited.

SPECIAL BUSINESS OF THE MEETING

SUSO 1 Meeting

The SUSO 1 Meeting will be constituted as a special meeting. At the SUSO 1 Meeting, the SUSO 1 Unitholders will be asked to consider and, if thought fit, pass (i) a special resolution (the "**SUSO 1 Combination Resolution**") of SUSO 1 Unitholders, the full text of which is set forth in Appendix A hereto, approving the Combination Transaction and the Proposed Amendments, (ii) an ordinary resolution (the "**SUSO 1 Trustee Resolution**"), the full text of which is set forth in Appendix B hereto, approving the election of Colum Bastable as a trustee of SUSO 1 and (iii) an ordinary resolution (the "**SUSO 1 Rights Plan Resolution**" and, together with the SUSO 1 Combination Resolution and the SUSO 1 Trustee Resolution, the "**SUSO 1 Resolutions**"), the full text of which is set forth in Appendix C hereto, approving the adoption of the Unitholders' Rights Plan

To be approved, the SUSO 1 Combination Resolution must receive the affirmative vote of not less than two-thirds of the votes cast thereon by the holders of SUSO 1 class A units, SUSO 1 class I units and SUSO 1 class U units, each voting separately as a class. The SUSO 1 Trustee Resolution and SUSO 1 Rights Plan Resolution must each be approved by a majority of the SUSO 1 Unitholders, voting together.

For the SUSO 1 Meeting, a quorum is present if (i) 10% of the outstanding SUSO 1 class A units, (ii) 10% of the outstanding SUSO 1 class I units, and (iii) 10% of the outstanding SUSO 1 class U units are represented in person or by proxy at the SUSO 1 Meeting.

SUSO 2 Meeting

The SUSO 2 Meeting will be constituted as a special meeting. At the SUSO 2 Meeting, the SUSO 2 Unitholders will be asked to consider and, if thought fit, pass a special resolution (the "**SUSO 2 Resolution**"), the full text of which is set forth in Appendix D hereto approving the Combination Transaction.

To be approved, the SUSO 2 Resolution must receive the affirmative vote of not less than two-thirds of the votes cast thereon by (i) the holders of SUSO 2 class A units, SUSO 2 class F units, SUSO 2 class I units and SUSO 2 class U units, each voting separately as a class, and (ii) a majority of the votes attached to the SUSO 2 class I units voted by Disinterested Unitholders at the SUSO 2 Meeting pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”).

For the SUSO 2 Meeting, a quorum is present if (i) 10% of the outstanding SUSO 2 class A units, (ii) 10% of the outstanding SUSO 2 class F units, (iii) 10% of the outstanding SUSO 2 class I units, and (iv) 10% of the outstanding SUSO 2 class U units are represented in person or by proxy at the SUSO 2 Meeting.

Excluded Unitholders

As of the date of this Information Circular, the following SUSO 2 Unitholders will be excluded from voting their SUSO 2 class I units at the SUSO 2 Meeting for the purposes of determining whether minority approval for the Combination Transaction has been obtained:

- (a) Queen’s Court Advisors Ltd., an affiliate of Slate, which holds 100,000 SUSO 2 class I units, representing 4.52% of the SUSO 2 class I units outstanding;
- (b) 433487 Ontario Limited, which holds 15,000 SUSO 2 class I units, representing 0.68% of the SUSO 2 class I units outstanding;
- (c) Joddes Limited, which holds 250,000 SUSO 2 class I units, representing 11.31% of the SUSO 2 class I units outstanding;

(collectively, the “**Excluded Unitholders**”).

Collectively, the Excluded Unitholders exercise control or direction over 365,000 SUSO 2 class I units representing 16.52% of the SUSO 2 class I units.

See “*Our Formation and Structure – Approvals Required for the Combination Transaction*”.

Resolutions

The Resolutions are set out in Appendix A, Appendix B, Appendix C and Appendix D to this Information Circular.

If you do not specify how you want your SUSO Units voted, the persons named as proxyholders will cast the votes represented by proxy at the Meetings FOR the applicable Resolution.

For more information, see “*The Combination Transaction*”.

U.S. GROCERY ANCHORED RETAIL (1A), (1B) AND (1C) LIMITED PARTNERSHIPS

General

In April 2011, Slate closed its first U.S. grocery-anchored retail fund by way of private placement, known as U.S. Grocery Anchored Retail (1A), (1B) and (1C) Limited Partnerships (“**GAR**”). GAR was created to take advantage of an opportunity to purchase grocery-anchored community shopping centres in the United States. Slate acts as the asset manager for GAR. GAR’s head office is located at 200 Front Street West, Suite 2400, Toronto, Ontario, M5V 3K2.

The investment objectives of GAR are to: (a) indirectly acquire, own and lease a portfolio of diversified revenue-producing commercial real estate properties in the United States with a focus on anchored retail properties at a meaningful discount to replacement cost, (b) make quarterly distributions, and (c) enhance the potential for long-term growth of capital through value-added enhancements to the properties owned indirectly by the GAR and organic growth in rental rates, combined with an overall reduction in capitalization rates.

Business of GAR

In April 2011, GAR raised U.S.\$11.6 million of equity through a private placement financing and subsequently obtained U.S.\$33.2 million in debt financing. The debt financing includes: (i) a mortgage secured by Cudahy Center in the principal amount of U.S.\$4.1 million with a term of 20 years and bearing interest at a rate of 5.25%, (ii) a second mortgage note secured by Cudahy Center in the principal amount of U.S.\$0.2 million maturing on May 1, 2016 and bearing interest at a rate of 6.00%, and (iii) a mortgage secured by Pinewood Plaza, Springboro Plaza, Field Club Commons, Kennywood Shops and Buckeye Plaza in the principal amount of U.S.\$28.9 million for a term of 10 years and bearing interest at a rate of 5.80% (collectively, referred to as the “GAR Financing”).

These funds were invested in a portfolio of six anchored retail properties (the “GAR Properties”) located in Ohio, Wisconsin and Pennsylvania and comprising 813,691 square feet of GLA. Slate anticipates that GAR’s NOI for the year ended December 31, 2014 will be approximately U.S.\$4.7 million and its AFFO will be approximately U.S.\$2.4 million.

The following table provides information regarding the GAR Properties:

Property	Location	Year Built (Remodelled)	Area (SF)	Anchor(s)
Pinewood Plaza	Dayton, OH	1978 (2012)	88,700	Kroger
Springboro Plaza	Dayton, OH	1992	154,034	Kroger; Kmart
Buckeye Plaza	Cleveland, OH	1989	141,975	Giant Eagle
Field Club Commons	New Castle, PA	1972 (1997)	130,905	Save-A-Lot
Kennywood Shops	Pittsburgh, PA	1974 (1996)	194,823	Giant Eagle
Cudahy Center	Milwaukee, WI	1987 (2009)	103,254	Pick ‘N Save
Total			813,691	

SLATE U.S. OPPORTUNITY (NO. 1) REALTY TRUST

General

SUSO 1 is an open-ended unincorporated investment trust governed by the laws of the Province of Ontario. SUSO 1 was established on January 18, 2012 for the purpose of indirectly owning and leasing interests in a diversified portfolio of high quality, revenue-producing properties in the United States with a focus on anchored retail properties. SUSO 1 owns and leases the SUSO 1 Properties (as defined below) indirectly through Slate U.S. Opportunity (No. 1) Holding L.P. (“Holding LP1”). Slate acts as the asset manager of SUSO 1 and its subsidiaries. SUSO 1’s head office is located at 200 Front Street West, Suite 2400, Toronto, Ontario, M5V 3K2.

The investment objectives of SUSO 1 are to: (a) indirectly acquire, own and lease a portfolio of diversified revenue-producing commercial real estate properties in the United States with a focus on anchored retail properties; (b) make quarterly distributions; and (c) enhance the potential for long-term growth of capital through value-added enhancements to the properties indirectly owned by the SUSO 1 and organic growth in rental rates, combined with an overall reduction in capitalization rates.

Business of SUSO 1

In April 2012, SUSO 1 completed its initial public offering and related private placement of SUSO 1 Units which raised U.S.\$57.3 million of equity. Subsequently, SUSO 1 entered into a U.S.\$87.2 million credit facility (the “SUSO 1 Credit Facility”). The SUSO 1 Credit Facility matures on September 13, 2015 with two one-year extension options and bears interest at a rate of LIBOR plus 300 basis points. As of February 3, 2014, approximately U.S.\$87.2 million was outstanding under the SUSO 1 Credit Facility. As of the date hereof, the SUSO 1 Credit Facility is closed and can no longer be drawn down.

These funds were invested in a portfolio of 13 anchored retail properties (the “**SUSO 1 Properties**”) comprising 1,339,821 square feet of GLA. Slate anticipates that SUSO 1’s NOI for the year ended December 31, 2014 will be approximately U.S.\$11.2 million and its AFFO will be approximately U.S.\$5.9 million.

The following table provides information regarding the SUSO 1 Properties:

Property	Location	Year Built (Remodelled)	Area (sf)	Anchor Tenant(s)
Errol Plaza	Orlando, FL	1986 (2011)	72,150	Winn-Dixie
Cambridge Crossing	Troy, MI	2001	238,963	Walmart
Triangle Food Lion	Charlotte, NC	1983 (2013)	41,439	Food Lion
Fuquay Crossing	Fuquay-Varnia, NC	2002	124,773	Kroger
County Line Plaza	Philadelphia, PA	1997 (2006)	75,649	Food Basics & Big Lots
Summit Ridge	Mount Pleasant, PA	1999	227,729	Walmart
North Pointe	Columbia, SC	1982 (1997)	64,255	Publix
Gaston Marketplace	Gaston, SC	2004	44,133	Food Lion & Family Dollar
St. Elmo Central	Chattanooga, TN	1995	74,978	BI-LO, CVS, Family Dollar
Highland Square	Crossville, TN	1988 (2005)	179,243	Kroger & Tractor Supply Co.
Westhaven Town Center	Franklin, TN	2008 (2010)	97,052	Harris Teeter
Bowling Green Plaza	Bowling Green, VA	1994	49,850	Food Lion & Family Dollar
Madison Plaza	Madison, VA	2003	49,607	Food Lion & Family Dollar
Total			<u>1,339,821</u>	

For a further description of SUSO 1’s business, including a detailed description of the SUSO 1 Properties and the industry in which it operates, see the SUSO 1 Interim MD&A filed at www.sedar.com under SUSO 1’s profile and “*The Properties*”.

SLATE U.S. OPPORTUNITY (NO. 2) REALTY TRUST

General

SUSO 2 is an open-ended unincorporated investment trust governed by the laws of the Province of Ontario. Slate was established on September 18, 2012 for the purpose of indirectly owning and leasing interests in a diversified portfolio of high quality, revenue-producing properties in the United States with a focus on anchored retail properties. SUSO 2 owns and leases the SUSO 2 Properties (as defined below) indirectly through Holding LP2. Slate acts as the asset manager of SUSO 2 and its subsidiaries. SUSO 2’s head office is located at 200 Front Street West, Suite 2400, Toronto, Ontario, M5V 3K2.

The investment objectives of SUSO 2 are to: (a) indirectly acquire, own and lease a portfolio of diversified revenue-producing commercial real estate properties in the United States with a focus on anchored retail properties; (b) make quarterly distributions; and (c) enhance the potential for long-term growth of capital through value-added enhancements to the properties indirectly owned by the SUSO 2 and organic growth in rental rates, combined with an overall reduction in capitalization rates.

Business of SUSO 2

In November 2012, SUSO 2 completed its initial public offering and related private placement of SUSO 2 Units which raised U.S.\$72.2 million of equity. Subsequently, SUSO 2 entered into a U.S.\$112.0 million credit facility (the “**SUSO 2 Credit Facility**” and, together with the SUSO 1 Credit Facility, the “**Credit Facilities**”). The SUSO 2 Credit Facility matures on April 2, 2017 with a 12-month extension option and post the Combination Transaction will bear interest at a rate of LIBOR plus 300 basis points. As of February 3, 2014, approximately U.S.\$111.6 million was outstanding under the SUSO 2 Credit Facility. As of the date hereof, the SUSO 2 Credit Facility is closed and can no longer be drawn down.

These funds were invested in a portfolio of ten anchored retail properties (the “**SUSO 2 Properties**”) comprising 1,392,305 square feet of GLA. Slate anticipates that SUSO 2’s NOI for the year ended December 31, 2014 will be approximately U.S.\$14.6 million and its AFFO will be approximately U.S.\$8.1 million.

The following table provides information regarding the SUSO 2 Properties:

Property	Location	Year Built (Remodelled)	Area (SF)	Anchor(s)
Madison Centre	Madison, AL	1997	64,837	Publix & Rite-Aid
98 Palms	Destin, FL	2000	84,682	Winn-Dixie
Oak Hill Plaza	Jacksonville, FL	1985	78,492	Publix
Uptown Station	Fort Walton Beach, FL	1963 (2008)	298,096	Winn-Dixie
Douglas Commons	Douglasville, GA	1988 (2010)	97,337	Kroger
Mitchellville Plaza	Mitchellville, MD	1991	145,402	Food Lion
East Brainerd Mall	Brainerd, MN	1967 (2009)	191,459	Cub Foods
Phalen Retail Center	St Paul, MN	2008	73,678	Cub Foods
Independence Square	Charlotte, NC	2000	190,361	Walmart
Alta Mesa Plaza	Fort Worth, TX	1980	167,961	Kroger
Total			<u>1,392,305</u>	

For a further description of SUSO 2’s business, including a detailed description of the SUSO 2 Properties, and the industry in which it operates, see the SUSO 2 Interim MD&A filed at www.sedar.com under SUSO 2’s profile and “*The Properties*”.

THE COMBINATION TRANSACTION

General

At the Meetings, the SUSO Unitholders will be asked to consider and vote upon a proposed transaction (the “**Combination Transaction**”) pursuant to which SUSO 1 will, among other matters, (i) effectively acquire, directly or indirectly, all of the assets of SUSO 2 and GAR and (ii) list as a publicly traded real estate investment trust under the name “Slate Retail REIT” (the “**REIT**”) on the Toronto Stock Exchange (the “**TSX**”).

Pursuant to the terms of the Combination Transaction, the SUSO 1 class U units (described herein as “Class U Units”) will be listed on the TSX.

Holders of SUSO 1 class A units and SUSO 1 class I units will continue to own their existing SUSO 1 class A units and SUSO 1 class I units, respectively. Pursuant to the Conversion Rights, holders of SUSO 1 class A units and SUSO 1 class I units will have the right to convert all or any portion of their SUSO 1 class A units and SUSO 1 class I units into TSX-listed Class U Units by giving written notice to the REIT and at the following conversion rates:

- Each SUSO 1 class A unit will be convertible into 1.0078 Class U Units;
- Each SUSO 1 class I unit will be convertible into 1.0554 Class U Units;

The Conversion Rights may be exercised by such holder of SUSO 1 class A units and SUSO 1 class I units at any time at its discretion.

SUSO 2 Unitholders and GAR Unitholders will receive:

- Each SUSO 2 class A unit will be redeemed for 0.9812 Class U Units;
- Each SUSO 2 class F unit will be redeemed for 1.0123 Class U Units;

- Each SUSO 2 class I unit will be redeemed for 1.0335 Class U Units; and
- Each SUSO 2 class U unit will be redeemed for 0.9793 Class U Units;
- Holders of units of GAR A will receive, at their election, either Class U Units or Class B LP2 Units;
- Holders of units of GAR B will, at their election, either receive Class U Units or GAR B Exchangeable Units. Holders of GAR B Exchangeable Units will be issued one Special Voting Unit for each GAR B Exchangeable Unit; and
- Holders of units of GAR C will receive, at their election, either Class U Units or Class B LP2 Units.

In connection with the Combination Transaction, SUSO 1 will list the SUSO 1 class U units on the TSX. For a more detailed description of the steps in connection with the Combination Transaction, see “*Formation and Structure of the REIT*”.

The Combination Transaction will be effected based on the relative values of Slate U.S. Opportunity (No. 1) Holding L.P. (the principal holding subsidiary of SUSO 1), Slate U.S. Opportunity (No. 2) Holding L.P. (the principal holding subsidiary of SUSO 2) and GAR U.S. Portfolio L.P. (“**GAR Holdings**”) (the principal holding subsidiary of GAR) (collectively, the “**Holding Partnerships**”) as compared to the total value of the REIT, based upon the fair market value of the Properties as determined in the Appraisals, in each case adjusted for debt and net working capital. The relative values were also reviewed by Brookfield in connection with the Fairness Opinions. Based on the relative value calculations, the proportionate value of the SUSO Entities and GAR as compared to the total value of the REIT is as follows: (i) the SUSO 1 equity will represent 38.2% of the total equity of the REIT, (ii) the SUSO 2 equity will represent 47.5% of the total equity of the REIT, and (iii) the GAR equity will represent 14.3% of the total equity of the REIT.

As of Closing, the REIT Board will be comprised of the current members of the SUSO Boards, namely Samuel Altman, Patrick Flatley, Peter Tesché, Blair Welch and Brady Welch, along with a new trustee, Colum Bastable, if he is elected pursuant to the SUSO 1 Trustee Resolution. Messrs. Altman, Flatley, Tesché and Bastable will be Independent Trustees. Mr. Blair Welch, the current Chief Executive Officer of the SUSO Entities will be the Chief Executive Officer of the REIT. Mr. Brady Welch, the current Chief Financial Officer of the SUSO Entities, will be the Chief Financial Officer of the REIT. In the near term, the REIT intends to recruit and appoint one additional REIT Trustee, who will be an Independent Trustee and will have substantial experience with public companies and in the real estate sector.

Amendments to SUSO 1 Declaration of Trust

In connection with, and in order to give effect to, the Combination Transaction, certain amendments (the “**Proposed Amendments**”) will be made to the SUSO 1 Declaration of Trust (following the approval of the Proposed Amendments by the SUSO 1 Unitholders, the “**REIT Declaration of Trust**”). The Proposed Amendments are intended primarily to more closely align the REIT Declaration of Trust with the governing documents of other Canadian publicly-listed real estate investment trusts of similar size and complexity. The SUSO 1 Trustees unanimously recommend that the SUSO 1 Unitholders vote to approve the Proposed Amendments by voting in favour of the SUSO 1 Combination Resolution at the SUSO 1 Meeting.

Set out below is a summary of some of the key Proposed Amendments. Note that this summary is qualified in its entirety by reference to the actual provisions of the REIT Declaration of Trust, draft copies of which are available to SUSO 1 Unitholders and REIT Unitholders upon request and will be available at the Meetings.

- Conversion Rights.** The SUSO 1 Declaration of Trust will be amended to create a right allowing a holder of SUSO 1 class A units and SUSO 1 class I units to convert their units into Class U Units. As the Class U Units will be listed on the TSX, this will provide holders of SUSO 1 class A units and SUSO 1 class I units with an ability to achieve liquidity for such units.
- REIT Trustees.** The REIT Declaration of Trust will provide that trustees are to be elected annually by Voting REIT Unitholders and trustees elected will hold office for a term expiring at the close of the next

annual meeting of Voting REIT Unitholders. In addition, a majority of the REIT Trustees will be required to qualify as “independent” within the meaning of National Instrument 58-201 – Corporate Governance Guidelines (“NI 58-201”). In the event that the Chairman is not an Independent Trustee, a Lead Trustee will be appointed from among the Independent Trustees to lead the REIT Board in respect of matters to be considered by Independent Trustees.

- (c) **Advance Notice Provisions.** The Proposed Amendments include advance notice provisions which require any Voting REIT Unitholder proposing to nominate a REIT Trustee for election at a meeting of Voting REIT Unitholders to provide the REIT with advance notice of, and prescribed details concerning, any such proposed REIT Trustee. Unless proper notice is given to the REIT in accordance with the prescribed notice period, any such proposed nominee for REIT Trustee is ineligible for election at the Voting REIT Unitholder meeting.
- (d) **Investment Guidelines and Operating Policies.** The investment guidelines and operating policies of the SUSO 1 Declaration of Trust will be amended to more closely align with the investment guidelines and operating policies of other Canadian real estate investment trusts.
- (e) **Addition of Special Voting Units.** The Proposed Amendments will authorize the REIT to issue Special Voting Units. Special Voting Units have no economic entitlement in the REIT but provide the holder with the same voting rights in the REIT as a holder of REIT Units. Special Voting Units may only be issued in connection with or in relation to securities exchangeable or redeemable for Class U Units for the purpose of providing voting rights with respect to the REIT to the holders of such securities.
- (f) **Meetings of Unitholders.** The SUSO 1 Declaration of Trust did not require that annual meetings of SUSO 1 Unitholders be held. The Proposed Amendments will require the holding of annual meetings of Voting REIT Unitholders commencing in 2015. The Proposed Amendments also reduce the level of ownership of Voting REIT Units required to requisition a unitholder meeting from 15% to 5% of the Voting REIT Units then outstanding.
- (g) **Approval by Special Resolution.** Pursuant to the Proposed Amendments, the following, among other matters, will require approval by Special Resolution (subject to certain exemptions) of the Voting REIT Unitholders (i) the sale or transfer of the assets of the REIT as an entirety or substantially as an entirety, (ii) the termination of the REIT, or (iii) the combination, amalgamation or arrangement of the REIT or any of its subsidiaries with any other entity (other than as part of an internal reorganization of the assets of the REIT approved by the REIT Trustees and not prejudicial to REIT Unitholders).
- (h) **Termination of the REIT.** The Proposed Amendments provide that the REIT will terminate at the time specified in a decision to terminate by a Special Resolution passed at a meeting of Voting REIT Unitholders called for that purpose. Upon being required to commence wind up of the affairs of the REIT, the REIT Trustees will give notice to the REIT Unitholders which notice will designate the time at which REIT Unitholders may surrender their REIT Units for cancellation.
- (i) **Non-Certificated Inventory System.** Other than pursuant to certain exceptions, registration of interests in and transfer of REIT Units (other than the class I units of the REIT) held through CDS or its nominee will be made electronically through the non-certificated inventory system of CDS.

Amendments to SUSO 2 Declaration of Trust

In connection with, and in order to give effect to, the Combination Transaction, certain amendments will be made to the SUSO 2 Declaration of Trust including creating a redemption right in favour of SUSO 2 to facilitate the exchange of SUSO 2 Units for Class U Units. In connection with the closing of the Combination Transaction, SUSO 2 will redeem all outstanding SUSO 2 class A units, SUSO 2 class F units, SUSO 2 class I units and SUSO 2 class U units for Class U Units (other than any SUSO 2 Units held by SUSO 1).

Background to the Combination Transaction

The SUSO Trustees and management of the SUSO Entities have substantial experience in the real estate sector and have recently considered and declared their intention to combine the assets of the SUSO Entities and GAR into a Canadian publicly traded real estate investment trust.

In reaching its determination and making its recommendation set out below, the SUSO 1 Board considered a number of factors, including the mechanics, structure and timing of implementation of the Combination Transaction and the requirement that the Combination Transaction be approved by not less than two-thirds of the votes cast thereon by the holders of SUSO 1 class A units, SUSO 1 class I units and SUSO 1 class U units, each voting separately as a class.

In reaching its determination and making its recommendation set out below, the SUSO 2 Board considered a number of factors, including the mechanics, structure and timing of implementation of the Combination Transaction and the requirement that the Combination Transaction be approved by (i) not less than two-thirds of the votes cast thereon by the holders of SUSO 2 class A units, SUSO 2 class F units, SUSO 2 class I units and SUSO 2 class U units, each voting separately as a class, and (ii) a majority of the votes attached to the SUSO 2 class I units voted by Disinterested Unitholders at the SUSO 2 Meeting pursuant to MI 61-101.

The SUSO Entities expect the Combination Transaction will result in a number of benefits to SUSO Unitholders, including:

1. **Liquidity for SUSO Unitholders.** The Combination Transaction will provide SUSO 1 class U unitholders and SUSO 2 Unitholders with liquidity through the class U units of the REIT which will be listed on the TSX. In addition, the SUSO 1 Declaration of Trust will be amended to provide holders of SUSO 1 class A units and SUSO 1 class I units with a right to convert their SUSO 1 class A units and SUSO 1 class I units at any time into the TSX-listed class U units of the REIT. The Conversion Rights provide holders of SUSO 1 class A units and SUSO 1 class I units with a similar ability to hold or sell their units as the class U unitholders of SUSO 1. As class U units of SUSO 1 will be listed on the TSX, the Combination Transaction thereby provides liquidity to holders of class A and class I units of SUSO 1.
2. **Creation of a Larger and More Diversified Entity with Improved Access to Capital.** By combining the assets of SUSO 1, SUSO 2 and GAR into a single publicly-traded investment vehicle, REIT Unitholders will benefit from improved access to capital, as well as improved geographic and tenant diversification. As a larger publicly-listed real estate investment trust, the REIT will have the ability to conduct follow-on offerings to efficiently raise equity capital for future growth. Based on management's projections, the REIT will have investment properties appraised at U.S.\$435.0 million, U.S.\$215.4 million in equity, U.S.\$30.4 million in forecast NOI and U.S.\$13.7 million in net working capital, consisting primarily of cash, as of December 31, 2013. The REIT's portfolio will consist of 29 properties totaling 3.5 million square feet of gross leaseable area diversified across 14 states with 70% of gross leaseable area occupied by either grocery or national tenants. The REIT's portfolio will be well-diversified by tenant and geography with no state comprising more than 18% of the portfolio's total gross leaseable area and no tenant comprising more than 9% of the portfolio's annual revenues. In addition, no more than four anchor tenants mature in any one year, and nearly all have built-in five year extension options. The portfolio will have 97% occupancy, Fixed Charge Coverage in excess of 3.2x and a Debt Yield in excess of 13%.
3. **Participation in Future Growth.** Following the Combination Transaction, SUSO Unitholders will participate in future growth of the REIT. The REIT will continue the investment strategy of the SUSO Entities to (i) provide unitholders of the REIT with stable cash distributions from a portfolio of diversified revenue-producing commercial real estate properties in the United States with a focus on grocery anchored retail properties, (ii) enhance the value of the REIT's assets and maximize long-term value through active management, and (iii) expand the asset base of the REIT and increase the REIT's distributions, including through accretive acquisitions. Slate's intention, as manager of the REIT, is to continue to execute the investment and acquisition strategy that has been successfully employed to date.
4. **Realization of Liquidity Strategy.** The Combination Transaction is consistent with the liquidity strategies for each of the SUSO Entities, as disclosed in their initial public offering prospectuses. Assuming the closing of the Combination Transaction, the aggregation of the assets of SUSO 1, SUSO 2 and GAR into a

single portfolio is expected to result in a portfolio premium as reflected in the appraised value of the Properties.

5. **Payment of Monthly Distributions.** As a public real estate investment trust, the REIT will pay distributions on a monthly basis, as opposed to the quarterly distributions currently paid by the SUSO Entities.

The SUSO Boards also considered the costs and expenses of the Combination Transaction, including professional expenses, tax obligations triggered by the Combination Transaction and other costs. The estimated out-of-pocket costs to be incurred by the SUSO Entities, GAR and the REIT and their affiliates relating to the Combination Transaction, including financial advisory, appraisal, accounting and legal fees and the preparation and printing of this Information Circular, are expected to aggregate approximately U.S.\$3.1 million. The SUSO Boards concluded that the benefits to SUSO Unitholders of the Combination Transaction warrant the incurrence of such costs and expenses.

The Combination Transaction is also expected to increase operating efficiencies due to reduced audit costs and improved economies of scale. In addition, the removal of the trailer fee obligation will further decrease operating costs resulting in lower overall costs for the REIT.

At a joint meeting of the SUSO 1 Board and the SUSO 2 Board held on November 5, 2013, management of the SUSO Entities described the Combination Transaction and reviewed with the SUSO Trustees the business rationale for proposing the Combination Transaction. At the meeting, management of the SUSO Entities provided an overview of financial metrics and economics of the Combination Transaction. Legal counsel to the SUSO Entities also attended the meeting and discussed possible structures for, and the tax considerations relating to, the Combination Transaction. Legal counsel also reviewed with the SUSO Trustees their duties and responsibilities as trustees in considering the Combination Transaction. Following the discussion with legal counsel, management of the SUSO Entities reviewed with the SUSO Trustees the estimated costs associated with the consideration of the Combination Transaction. Following these presentations, management and the SUSO Trustees discussed a possible timeline for the Combination Transaction and the Independent Trustees instructed management to pursue the Combination Transaction.

Formation of the Special Committees

Special Committees

The Combination Transaction will constitute a “related party transaction” for SUSO 1 and a “business combination” for SUSO 2, each pursuant to MI 61-101. As a result, the SUSO 1 Board established a special committee of Independent Trustees (the “**Special Committee 1**”) and the SUSO 2 Board established a special committee of Independent Trustees (the “**Special Committee 2**” and together with the Special Committee 1, the “**Special Committees**”) on November 6, 2013 for the purposes of considering and evaluating the desirability and viability of the Combination Transaction. The members of each of the Special Committees are Patrick Flatley and Peter Tesché, each of whom are Independent Trustees.

The mandate of each of the Special Committees was to (i) evaluate the Combination Transaction (with the assistance of management of the SUSO Entities, financial and legal advisors to the SUSO Entities and such other advisors as the Special Committees’ may determine to be necessary or advisable), (ii) enter into such discussions with Slate and its advisors and other representatives and such other persons as the Special Committees may determine to be necessary or advisable, (iii) determine whether the Combination Transaction is in the best interests of each of the SUSO Entities and should be pursued by the SUSO Entities and, as the Special Committees may determine to be necessary or advisable, report and make recommendations to the SUSO Boards with respect to the Combination Transaction, (iv) review the documentation prepared in connection with the Combination Transaction, (v) report to the SUSO Boards on its activities and recommendations from time to time and provide such advice as may be requested by the SUSO Boards in respect of the Combination Transaction, and (vi) do any other such things as the Special Committees may determine to be necessary or advisable so as to allow the Special Committees to properly perform their respective responsibilities and to assist the SUSO Boards in complying with their respective duties and obligations under the SUSO Entities’ respective declarations of trust and applicable securities laws.

The SUSO Boards conducted their initial meetings on November 5, 2013. At the meetings, legal counsel to the SUSO Entities provided an overview of the Special Committees', duties and responsibilities and assisted the committee members in confirming their independence. Legal counsel also explained that the Combination Transaction involved certain related party elements and therefore the Special Committees may consider retaining a financial advisor to prepare formal fairness opinions to each of the SUSO 1 Unitholders (the "**SUSO 1 Fairness Opinion**") and the SUSO 2 Unitholders (the "**SUSO 2 Fairness Opinion**" and, together with the SUSO 1 Fairness Opinion, the "**Fairness Opinions**") for the Combination Transaction. Legal counsel also reviewed the anticipated process and timetable for the Combination Transaction with the Special Committees. Following the meeting, the SUSO Boards appointed the Special Committees on November 6, 2013.

On November 20, 2013, the Special Committees met with Brookfield Financial Corp. ("**Brookfield**") regarding the preparation and delivery of the Fairness Opinions. Following such meeting, the Special Committee considered the results of the interview with Brookfield and approved their appointment as independent financial advisor to prepare and deliver the Fairness Opinions that will speak to the fairness, from a financial point of view, to the SUSO 1 Unitholders and SUSO 2 Unitholders, of the Combination Transaction.

From November 2013 through to January 2014, management of the SUSO Entities and members of the Special Committees were in ongoing communication regarding the status of the Combination Transaction and outstanding issues.

On January 22, 2014, the Special Committees met with management of SUSO 1 and SUSO 2, legal counsel and Brookfield. At the meeting, management of SUSO 1 and SUSO 2 provided an update regarding the transaction (including an update on the Appraisals and the expected transaction costs). Brookfield also provided the Special Committees with an update on the status of their work on the Fairness Opinions. Following the management presentation and update from Brookfield, legal counsel reviewed the anticipated process and an updated timetable for completing the Combination Transaction. At the conclusion of the meeting, the Special Committees instructed management to continue to pursue the Combination Transaction.

On January 29, 2014, the Special Committees met with management, legal counsel and Brookfield. At the meeting, management provided an update on the transaction including a review of the final conclusions of the Appraiser on the appraised value of the Properties. Legal counsel provided an update on the Special Committees' duties and responsibilities and tax counsel provided an overview of the structure proposed for the Combination Transaction and the tax implications of the structure to the SUSO 1 Unitholders and SUSO 2 Unitholders. Legal Counsel reviewed with the Special Committees the amendments proposed to be made to the SUSO 1 Declaration of Trust and SUSO 2 Declaration of Trust and provided an overview of the key terms of the proposed unitholders rights plan. The Special Committees, management and legal counsel also discussed a number of comments from the Special Committee on the draft information circular for the transaction. Following these discussions, Brookfield presented the Fairness Opinions to the Special Committee. After full discussion and careful deliberation, the Special Committees determined that (i) the Combination Transaction is on commercially reasonable terms, (ii) the proportionate share of the equity of the REIT to be held by the current SUSO 1 Unitholders following completion of the Combination Transaction is fair, from a financial point of view, to such unitholders, (ii) the consideration to be received by the current SUSO 2 Unitholders pursuant to the Combination Transaction is fair, from a financial point of view, to such unitholders, and (iii) that the Combination Transaction is in the best interests of each of SUSO 1 and SUSO 2 and their respective unitholders. Following such determination, each of the Special Committees unanimously recommended to the respective SUSO Boards that (i) each of the SUSO Boards approve the Combination Transaction and the Information Circular, and (ii) each of the SUSO Boards recommend to the SUSO Unitholders that they vote in favour of the Resolutions approving the Combination Transaction at the Meetings.

On January 29, 2014, following the completion of the Special Committee meetings, the SUSO Boards met to consider the Combination Transaction. After full discussion and careful deliberation, the SUSO Boards (with each of Blair Welch, Brady Welch and Sam Altman declaring their interest and abstaining from voting) (i) approved the Information Circular (including the Financial Statements) and the Combination Transaction and resolved to recommend to the SUSO Unitholders that they vote in favour of the resolutions approving the Combination Transaction at the Meetings.

Brookfield Fairness Opinions

Selection of Brookfield

The Special Committees have retained Brookfield to act as an independent financial advisor to the Special Committees in evaluating the Combination Transaction. The Special Committees determined, based in part on certain representations made to them by Brookfield, that Brookfield was independent and qualified to prepare the Fairness Opinions. Under the terms of engagement letters between Brookfield and each of the SUSO Entities, the SUSO Entities will pay Brookfield a fee for its services, which fee is not contingent upon the successful completion of the Combination Transaction or the content of the Fairness Opinions.

Brookfield is a leading investment dealer that provides strategic and corporate advisory, debt and equity arranging, M&A advisory, valuation and investment brokerage services with a focus on real estate, infrastructure and energy sectors. The Fairness Opinions are the opinions of Brookfield and the form and content thereof have been reviewed and approved for release by a group of managing partners of Brookfield, located both in the U.S. and Canada, each of whom is experienced in merger, acquisition, divestiture, valuation and fairness opinion matters.

The Fairness Opinions have been prepared in accordance with the Disclosure Standards for Formal Valuations and Fairness Opinions of the Investment Industry Regulatory Organization of Canada (“IIROC”), but IIROC has not been involved in the preparation or review of the Fairness Opinions.

Relationship with Interested Parties

Neither Brookfield nor any of its associated entities or affiliated entities is an issuer insider, associated entity or affiliated entity (as those terms are defined in the MI 61-101) of the SUSO Entities, GAR, Slate or any of their respective associated entities or affiliated entities (collectively the “**Interested Parties**”). Brookfield is not acting as an advisor to the SUSO Entities, GAR, Slate or any other Interested Party in connection with any matter, other than acting as financial advisor to the Special Committee.

Brookfield has not participated in any financing involving the SUSO Entities, GAR, Slate or any other Interested Party during the 24 month period preceding the date Brookfield was first contacted in respect of the Fairness Opinions.

Brookfield has not been engaged to provide any financial advisory services involving the SUSO Entities, GAR, Slate or any other Interested Party during the 24 month period preceding the date Brookfield was first contacted in respect of the Fairness Opinions, other than providing the Fairness Opinions.

Brookfield does not have a material financial interest in the completion of the Combination Transaction and the fees paid to Brookfield in connection with its engagement do not give Brookfield any financial incentive in respect of the conclusions reached in the Fairness Opinions or the outcome of the Combination Transaction.

There are no understandings, agreements or commitments between Brookfield and the SUSO Entities, GAR, Slate or any other Interested Party with respect to any future financial advisory or investment banking business. Brookfield may, in the future, in the ordinary course of its business, perform financial advisory or investment banking services for the SUSO Entities, GAR, Slate or any other Interested Party.

Fairness Opinions

Brookfield provided the Special Committees with the Fairness Opinions which indicate that, on the basis of the particular assumptions and considerations summarized therein, in the opinion of Brookfield, as of January 29, 2014, the terms of the Combination Transaction are fair, from a financial point of view, to each of the SUSO Unitholders. Each of the Fairness Opinions is subject to the assumptions and limitations contained therein and should be read in its entirety. See “*Appendix E – Fairness Opinions*”.

The full text of the Fairness Opinions describe the assumptions made, procedures followed, matters considered and limitations on the review undertaken by Brookfield. The Fairness Opinions are attached as Appendix E and are incorporated into this Information Circular by reference. The Fairness Opinions are directed only to the fairness,

from a financial point of view, of the terms of the Combination Transaction. The Fairness Opinions do not address the relative merits of the Combination Transaction as compared to other business strategies or transactions that might be available to the SUSO Entities or the underlying business decision of the SUSO Entities to effect the Combination Transaction. The Fairness Opinions do not constitute a recommendation by Brookfield to any SUSO Unitholder as to how such SUSO Unitholder should vote or act with respect to any matters relating to the Combination Transaction.

The summary of the Fairness Opinions set forth in this Information Circular is qualified in its entirety by reference to the full text of the Fairness Opinions.

Recommendation of Special Committee 1

Following the resolution of all outstanding issues concerning the Combination Transaction, receipt of the Appraisals and the SUSO 1 Fairness Opinion, Special Committee 1 resolved that the Combination Transaction is on commercially reasonable terms and is in the best interests of SUSO 1 and the SUSO 1 Unitholders, and unanimously resolved to recommend to the SUSO 1 Board that it approve the Combination Transaction and recommend to SUSO 1 Unitholders that they approve the Combination Transaction.

In arriving at its conclusions and recommendations, Special Committee 1 reviewed and considered all aspects of the Combination Transaction, including the financial, legal and tax implications of the Combination Transaction and the benefits to SUSO 1 and SUSO 1 Unitholders.

The conclusions and recommendations of Special Committee 1 are based upon the fact that the Combination Transaction will result in a number of benefits for SUSO 1 Unitholders, including:

1. **Liquidity for SUSO 1 Unitholders.** Pursuant to the Combination Transaction, the SUSO 1 class U units will be listed on the TSX. In addition, the declaration of trust of SUSO 1 will be amended to provide holders of SUSO 1 class A units and SUSO 1 class I units with a right to convert their SUSO 1 class A units and SUSO 1 class I units at any time into the TSX-listed class U units of the REIT. This conversion right effectively provides holders of SUSO 1 class A units and SUSO 1 class I units with the same ability to hold or sell their units as the class U unitholders of SUSO 1.
2. **Creation of a Larger and More Diversified Entity with Improved Access to Capital.** By combining the assets of SUSO 1, SUSO 2 and GAR into a single publicly-traded investment vehicle, REIT Unitholders will benefit from improved access to capital, as well as improved geographic and tenant diversification. As a larger publicly-listed real estate investment trust, the REIT will have the ability to conduct follow-on offerings to efficiently raise equity capital for future growth. Based on management's projections, the REIT will have investment properties appraised at U.S.\$435.0 million, U.S.\$215.4 million in equity, U.S.\$30.4 million in forecast NOI and U.S.\$13.7 million in net working capital, consisting primarily of cash, as of December 31, 2013. The REIT's portfolio will consist of 29 properties totaling 3.5 million square feet of gross leaseable area diversified across 14 states with 70% of gross leaseable area occupied by either grocery or national tenants. The REIT's portfolio will be well-diversified by tenant and geography with no state comprising more than 18% of the portfolio's total gross leaseable area and no tenant comprising more than 9% of the portfolio's annual revenues. In addition, no more than four anchor tenants mature in any one year, and nearly all have built-in five year extension options. The portfolio will have 97% occupancy, Fixed Charge Coverage in excess of 3.2x and a Debt Yield in excess of 13%.
3. **Participation in Future Growth.** Following the Combination Transaction, SUSO 1 Unitholders will participate in future growth of the REIT. The REIT will continue the investment strategy of SUSO 1 and SUSO 2 to (i) provide unitholders of the REIT with stable cash distributions from a portfolio of diversified revenue-producing commercial real estate properties in the United States with a focus on grocery anchored retail properties, (ii) enhance the value of the REIT's assets and maximize long-term value through active management, and (iii) expand the asset base of the REIT and increase the REIT's distributions, including through accretive acquisitions. Slate's intention, as manager of the REIT, is to continue to execute the investment and acquisition strategy that has been successfully employed to date.
4. **Realization of Liquidity Strategy.** The Combination Transaction is consistent with the liquidity strategies for each of SUSO 1 and SUSO 2, as disclosed in their initial public offering prospectuses. Assuming the

closing of the Combination Transaction, the aggregation of the assets of SUSO 1, SUSO 2 and GAR into a single portfolio is expected to result in a portfolio premium as reflected in the appraised value of the Properties.

5. **Payment of Monthly Distributions.** As a public real estate investment trust, the REIT will pay distributions on a monthly basis, as opposed to the quarterly distributions currently paid by SUSO 1 and SUSO 2.

As the Combination Transaction constitutes a “related party transaction” for SUSO 1 within the meaning of MI 61-101, SUSO 1 is also required to obtain minority approval of the holders of the SUSO 1 class A units, SUSO 1 class I units and SUSO 1 class U units, each voting separately as a class, unless an exemption from the minority approval requirement can be relied upon. Minority approval requires the approval of the majority of the votes cast by the holders of the SUSO 1 class A units, SUSO 1 class I units and SUSO 1 class U units, each voting separately as a class, at the SUSO 1 Meeting excluding votes attached to SUSO 1 class A units, SUSO 1 class I units and SUSO 1 class U units, as applicable, that are beneficially owned or over which control is exercised by an interested party or a related party of an interested party. In reviewing the applicable minority approval exemptions, SUSO 1 has determined that the fair market value exemption, set out in Section 5.7(a) of MI 61-101 is applicable as the fair market value of the Combination Transaction, insofar as it involves interested parties, does not exceed 25 percent of the market capitalization of SUSO 1.

Approval and Recommendation of the SUSO 1 Board

The SUSO 1 Board has unanimously determined that the Combination Transaction is fair to SUSO 1 and is in the best interests of SUSO 1 and SUSO 1 Unitholders and recommends that SUSO 1 Unitholders vote in favour of the SUSO 1 Combination Resolution.

In approving the Combination Transaction and in making this recommendation, the SUSO 1 Trustees considered a number of factors. In view of the variety of factors considered in connection with its evaluation of the Combination Transaction, the SUSO 1 Board did not find it practicable to and did not quantify or otherwise assign relative weights to the specific factors considered in reaching its determination as to the fairness of the Combination Transaction.

The factors considered included:

- (a) the benefits of the Combination Transaction described herein;
- (b) the fact that the SUSO 1 Combination Resolution must be passed by not less than two-thirds of the votes cast thereon by the holders of SUSO 1 class A units, SUSO 1 class I units and SUSO 1 class U units, each voting separately as a class, in person or by proxy at the SUSO 1 Meeting; and
- (c) the SUSO 1 Fairness Opinion, a copy of which is attached as Appendix E of this Information Circular.

The foregoing discussion of the information and factors considered and given weight by the SUSO 1 Board is not intended to be exhaustive. There are risks associated with the Combination Transaction, including that some of the potential benefits set forth in this Information Circular may not be realized or that there may be significant costs associated with realizing such benefits.

As at the date of this Information Circular, the SUSO 1 Trustees and the officers of SUSO 1 beneficially own, directly or indirectly, or exercise control or direction over 515,000 SUSO 1 class I units, representing an approximate 9.03% interest in SUSO 1. Each of the SUSO 1 Trustees and the officers of SUSO 1 have indicated they intend to vote all of their SUSO 1 Units in favour of the Combination Transaction.

Recommendation of Special Committee 2

Following the resolution of all outstanding issues concerning the Combination Transaction, receipt of the Appraisals and the SUSO 2 Fairness Opinion, Special Committee 2 resolved that the Combination Transaction is on commercially reasonable terms and is in the best interests of SUSO 2 and the SUSO 2 Unitholders, and unanimously

resolved to recommend to the SUSO 2 Board that it approve the Combination Transaction and recommend to SUSO 2 Unitholders that they approve the Combination Transaction.

In arriving at its conclusions and recommendations, Special Committee 2 reviewed and considered all aspects of the Combination Transaction, including the financial, legal and tax implications of the Combination Transaction and the benefits to SUSO 2 and SUSO 2 Unitholders.

The conclusions and recommendations of the Special Committee 2 are based upon the fact that the Combination Transaction will result in a number of benefits for SUSO 2 Unitholders, including:

1. **Liquidity for SUSO 2 Unitholders.** Pursuant to the Combination Transaction, SUSO 2 Units will be redeemed by SUSO 2 in exchange for class U units of SUSO 1. The class U units of SUSO 1 will be listed on the TSX, thereby providing liquidity to SUSO 2 Unitholders.
2. **Creation of a Larger and More Diversified Entity with Improved Access to Capital.** By combining the assets of SUSO 1, SUSO 2 and GAR into a single publicly-traded investment vehicle, REIT Unitholders will benefit from improved access to capital, as well as improved geographic and tenant diversification. As a larger publicly-listed real estate investment trust, the REIT will have the ability to conduct follow-on offerings to efficiently raise equity capital for future growth. Based on management's projections, the REIT will have investment properties appraised at U.S.\$435.0 million, U.S.\$215.4 million in equity, U.S.\$30.4 million in forecast NOI and U.S.\$13.7 million in net working capital, consisting primarily of cash, as of December 31, 2013. The REIT's portfolio will consist of 29 properties totaling 3.5 million square feet of gross leaseable area diversified across 14 states with 70% of gross leaseable area occupied by either grocery or national tenants. The REIT's portfolio will be well-diversified by tenant and geography with no state comprising more than 18% of the portfolio's total gross leaseable area and no tenant comprising more than 9% of the portfolio's annual revenues. In addition, no more than four anchor tenants mature in any one year, and nearly all have built-in five year extension options. The portfolio will have 97% occupancy, Fixed Charge Coverage in excess of 3.2x and a Debt Yield in excess of 13%.
3. **Participation in Future Growth.** Following the Combination Transaction, SUSO 2 Unitholders will participate in the future growth of the REIT. The REIT will continue the acquisition strategy of SUSO 2 to (i) provide unitholders of the REIT with stable cash distributions from a portfolio of diversified revenue-producing commercial real estate properties in the United States with a focus on grocery anchored retail properties, (ii) enhance the value of the REIT's assets and maximize long-term value through active management, and (iii) expand the asset base of the REIT and increase the REIT's distributions, including through accretive acquisitions. Slate's intention, as manager of the REIT, is to continue to execute the investment and acquisition strategy that has been successfully employed to date.
4. **Realization of Liquidity Strategy.** The Combination Transaction is consistent with the liquidity strategies for each of SUSO 1 and SUSO 2, as disclosed in their initial public offering prospectuses. Assuming the closing of the Combination Transaction, the aggregation of the assets of SUSO 1, SUSO 2 and GAR into a single portfolio is expected to result in a portfolio premium as reflected in the appraised value of the Properties.
5. **Payment of Monthly Distributions.** As a public real estate investment trust, the REIT will pay distributions on a monthly basis, as opposed to the quarterly distributions currently paid by SUSO 1 and SUSO 2.

Approval and Recommendation of the SUSO 2 Board

The SUSO 2 Board has unanimously determined that the Combination Transaction is fair to SUSO 2 and is in the best interests of SUSO 2 and SUSO 2 Unitholders, and recommends that SUSO 2 Unitholders vote in favour of the SUSO 2 Resolution.

In approving the Combination Transaction and in making this recommendation, the SUSO 2 Trustees considered a number of factors. In view of the variety of factors considered in connection with its evaluation of the Combination Transaction, the SUSO 2 Board did not find it practicable to and did not quantify or otherwise assign relative

weights to the specific factors considered in reaching its determination as to the fairness of the Combination Transaction.

The factors considered included:

- (a) the reason and benefits of the Combination Transaction described herein;
- (b) the fact that the SUSO 2 Resolution must be passed by not less than (i) two-thirds of the votes cast thereon by holders of SUSO 2 class A units, SUSO 2 class F units, SUSO 2 class I units and SUSO 2 class U units, each voting separately as a class, in person or by proxy at the SUSO 2 Meeting and (ii) a majority of the votes attached to the SUSO 2 class I units voted by Disinterested Unitholders at the SUSO 2 Meeting pursuant to MI 61-101; and
- (c) the SUSO 2 Fairness Opinion, a copy of which is attached as Appendix E of this Information Circular.

The foregoing discussion of the information and factors considered and given weight by the SUSO 2 Board is not intended to be exhaustive. There are risks associated with the Combination Transaction, including that some of the potential benefits set forth in this Information Circular may not be realized or that there may be significant costs associated with realizing such benefits.

As at the date of this Information Circular, the SUSO 2 Trustees and the officers of SUSO 2 beneficially own, directly or indirectly, or exercise control or direction over 365,000 SUSO 2 class I units, representing an approximate 5.06% interest in SUSO 2. Each of the SUSO 2 Trustees and the officers of SUSO 2 have indicated they intend to vote all of their SUSO 2 Units in favour of the Combination Transaction.

FORMATION AND STRUCTURE OF THE REIT

Combination Transaction Steps

Provided that the Combination Transaction is approved by SUSO Unitholders and the GAR Unitholders, the following general steps will occur in connection with the implementation of the Combination Transaction:

- The SUSO 1 Declaration of Trust will be amended to, among other things, change the name of SUSO 1 to “Slate Retail REIT” and to add the Conversion Rights in respect of SUSO 1 class A units and SUSO 1 class I units.
- The SUSO 2 Declaration of Trust will be amended to, among other things, add a right for SUSO 2 to redeem the SUSO 2 Units by delivering SUSO 1 class U units to SUSO 2 Unitholders.
- SUSO 1 will acquire all of the assets of SUSO 2 in consideration for SUSO 1 class U units. SUSO 2 will redeem all SUSO 2 Units (except for any SUSO 2 Units acquired by SUSO 1) by delivering SUSO 1 class U units to SUSO 2 Unitholders. These transactions will be structured as a “qualifying exchange”, as defined in section 132.2 of the Tax Act. See “*Certain Canadian Federal Income Tax Considerations - Tax Consequences to SUSO 2 Unitholders*”.
- In consideration for their units of GAR A, the limited partners of GAR A will receive, at their election, either SUSO 1 class U units or Class B LP2 Units.
- In consideration for units of GAR C, the limited partners of GAR C will receive, at their election, either SUSO 1 class U units or Class B LP2 Units.
- In consideration for their units of GAR B, the limited partners of GAR B will receive, at their election, either SUSO 1 Class U Units or GAR B Exchangeable Units (referred to in this Circular as “**GAR B Exchangeable Units**”). Each GAR B Exchangeable Unit will be redeemable for one Class U Unit or cash,

as determined by GAR B. Limited partners of GAR B will be issued one Special Voting Unit for each GAR B Exchangeable Unit held.

- The indirect holders of the general partner interests of Holding LP1 (the principal holding subsidiary of SUSO 1), Holding LP2 (the principal holding subsidiary of SUSO 2) and GAR Holdings (the principal holding subsidiary of GAR) will transfer their interests to Limited Partnership 2 in consideration for Class B LP2 Units, thereby resulting in a crystallization of the general partner interests.
- The SUSO Entities and GAR will effect a reorganization to rationalize the resulting structure.
- The REIT and Slate will enter into an amended and restated management agreement that is based on the existing management agreement of SUSO 1, as amended to be more consistent with the management agreements of other Canadian public real estate investment trusts.

The Combination Transaction will be effected based on the relative values of the Holding Partnerships, as compared to the total value of the REIT, based upon the fair market value of the Properties as determined in the Appraisals, in each case adjusted for debt and net working capital. The relative values were also reviewed by Brookfield in connection with the Fairness Opinions. Based on the relative value calculations, the proportionate value of the SUSO Entities and GAR as compared to the total value of the REIT is as follows: (i) the SUSO 1 equity will represent 38.2% of the total equity of the REIT, (ii) the SUSO 2 equity will represent 47.5% of the total equity of the REIT, and (iii) the GAR equity will represent 14.3% of the total equity of the REIT.

Pursuant to the Combination Transaction, each class of holders will receive the following consideration:

Class of Units	Consideration Following Completion of Combination Transaction
SUSO 1 class A units	Holders of SUSO 1 class A units will continue to own the same number of class A units of the REIT. Pursuant to the Conversion Rights, such holders will be entitled to convert all or any portion of their class A units of the REIT into Class U Units at a conversion ratio of 1.0078 class A units for one Class U Unit. Holders of class A units of the REIT will continue to receive distributions in Canadian dollars.
SUSO 1 class I units	Holders of SUSO 1 class I units will continue to own the same number of class I units of the REIT. Pursuant to the Conversion Rights, such holders will be entitled to convert all or any portion of their class I units of the REIT into Class U Units at a conversion ratio of 1.0554 class I units for one Class U Unit. Holders of class I units of the REIT will continue to receive distributions in U.S. dollars.
SUSO 1 class U units	Holders of class U units of SUSO 1 will continue to own the same number of Class U Units. The Class U Units will be publicly listed on the TSX. Each holder of Class U Units will receive distributions in U.S. dollars, unless such holder elects to receive the Canadian dollar Equivalent Amount of such distributions. See “ <i>Distribution Policy – Currency of Distributions</i> ”.
SUSO 2 class A units	Holders of SUSO 2 class A units will receive 0.9812 Class U Units in exchange for each SUSO 2 class A unit held prior to the Combination Transaction. Each holder of Class U Units will receive distributions in U.S. dollars, unless such holder elects to receive the Canadian dollar Equivalent Amount of such distributions. See “ <i>Distribution Policy – Currency of Distributions</i> ”.
SUSO 2 class F units	Holders of SUSO 2 class F units will receive 1.0123 Class U Units in exchange for each SUSO 2 class F unit held prior to the Combination Transaction. Each holder of Class U Units will receive distributions in U.S. dollars, unless such holder elects to receive the Canadian dollar Equivalent Amount of such distributions. See “ <i>Distribution Policy – Currency of Distributions</i> ”.
SUSO 2 class I units	Holders of SUSO 2 class I units will receive 1.0335 Class U Units in exchange for each SUSO 2 class I unit held prior to the Combination Transaction. Each holder of Class U Units will receive distributions in U.S. dollars, unless such holder elects to receive the Canadian dollar Equivalent Amount of such distributions. See “ <i>Distribution Policy – Currency of Distributions</i> ”.
SUSO 2 class U units	Holders of SUSO 2 class U units will receive 0.9793 Class U Units in exchange for each SUSO 2 class U unit held prior to the Combination Transaction. Each holder of Class U Units will receive

Class of Units	Consideration Following Completion of Combination Transaction
	distributions in U.S. dollars, unless such holder elects to receive the Canadian dollar Equivalent Amount of such distributions. See “ <i>Distribution Policy – Currency of Distributions</i> ”.
GAR A Units	Holders of GAR A Units will receive, at their election, either Class U Units or Class B LP2 Units.
GAR B Units	Holders of GAR B Units will, at their election, either receive Class U Units or GAR B Exchangeable Units. Holders of GAR B Exchangeable Units will be issued one Special Voting Unit for each GAR B Exchangeable Unit.
GAR C Units	Holders of GAR C Units will receive, at their election, either Class U Units of the REIT or Class B LP2 Units

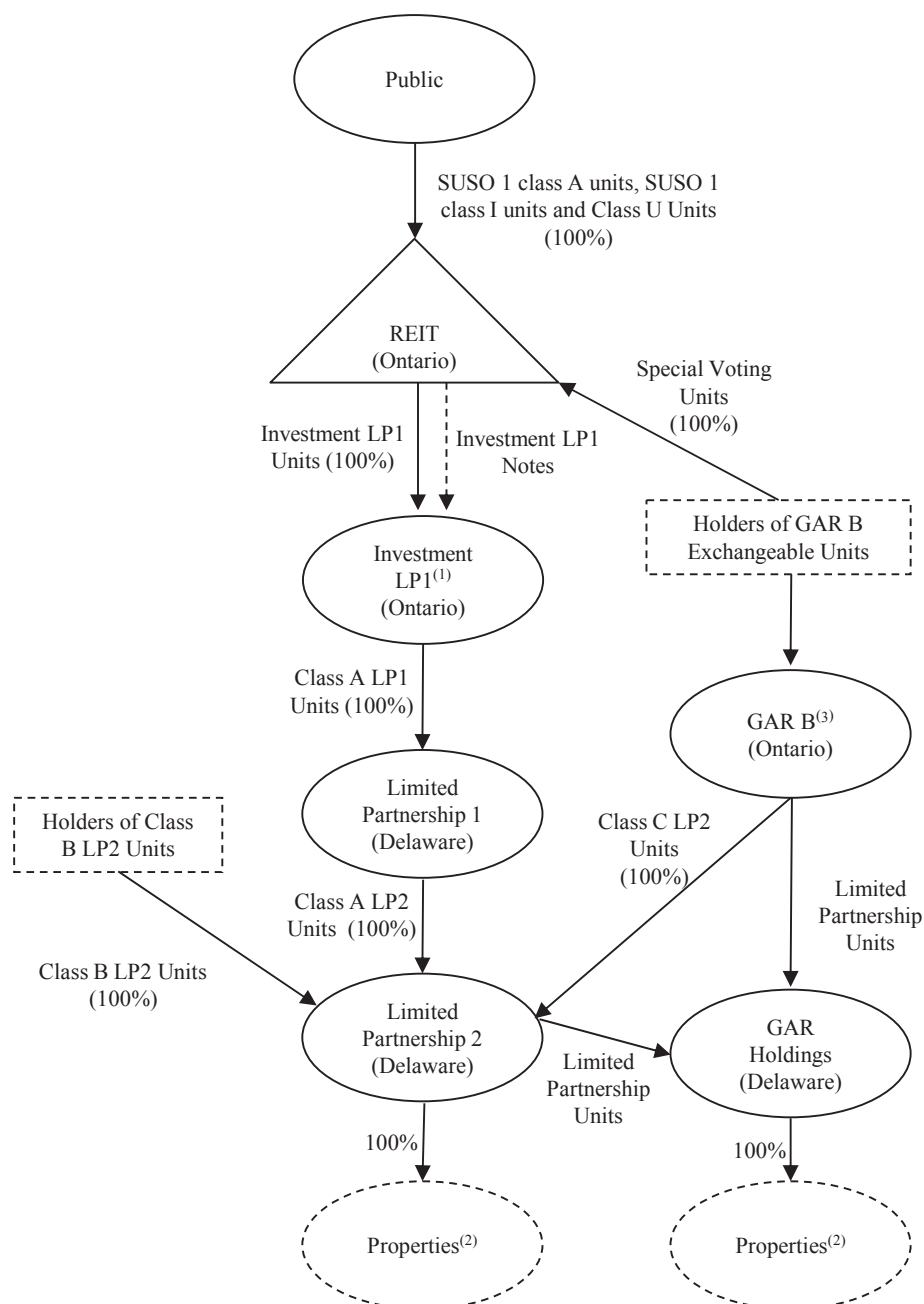
Fractional Units

No fractional REIT Units, Class B LP2 Units, GAR B Exchangeable Units or Special Voting Units will be issued and no cash will be paid in lieu thereof. If as a result of the Combination Transaction, a SUSO Unitholder becomes entitled to a fractional REIT Unit, such fraction will be rounded down to the nearest whole number.

Structure Following Completion of the Combination Transaction

Immediately following the implementation of the Combination Transaction and related transactions described in this Information Circular, each of the Properties will be held indirectly by the REIT. Pursuant to the REIT Declaration of Trust, the REIT Trustees, without any action or consent by the REIT Unitholders, will have the right to implement an internal reorganization of the assets of the REIT and/or any of the REIT’s subsidiaries (including, without limitation, forming additional trusts or limited partnerships to be subsidiaries of the REIT).

The following diagram illustrates the simplified structure of the REIT upon completion of the Combination Transaction:



Notes:

- (1) In addition, Investment LP1 owns a direct interest in Holding LP1.
- (2) The Properties are owned directly or indirectly through various holding entities.
- (3) GAR B will also own Class B LP2 Units. GAR B's ownership of GAR Holdings and Limited Partnership 2 will effectively represent its proportionate interest in the Properties.

Approvals Required for the Combination Transaction

GAR Unitholder Approval

The Combination Transaction is conditional upon receiving the approval of the GAR Unitholders. In connection therewith, Slate intends to mail an information package to each GAR Unitholder enclosing documentation describing the Combination Transaction and instructions regarding the approval process and the transfer of the units of each such GAR unitholder.

SUSO 1 Unitholder Approval

The SUSO 1 Meeting will be held on March 3, 2014 at 10:00 a.m. EST at Goodmans LLP, 333 Bay Street, Suite 3400, Toronto, Ontario M5H 2S7. At the SUSO 1 Meeting, SUSO 1 Unitholders will be asked to consider, and if thought advisable, pass the SUSO 1 Resolutions in the form attached hereto as Appendix A, Appendix B and Appendix C, with or without variation. To be approved, the SUSO 1 Combination Resolution must receive the affirmative vote of not less than two-thirds of the votes cast thereon by the holders of SUSO 1 class A units, SUSO 1 class I units and SUSO 1 class U units, each voting separately as a class. The SUSO 1 Trustee Resolution and SUSO 1 Rights Plan Resolution must each be approved by a majority of the SUSO 1 Unitholders, voting together. Each SUSO 1 Unitholder shall have the right to one vote for each SUSO 1 Unit held by such SUSO 1 Unitholder.

Each of the SUSO 1 Trustees and officers who is also a SUSO 1 Unitholder intends to vote all SUSO 1 Units, directly or indirectly, held or controlled by him or her in favour of the SUSO 1 Resolutions at the SUSO 1 Meeting. As at the date hereof, the trustees and officers of SUSO 1 beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of 515,000 SUSO 1 class I units, collectively representing an approximate 9.03% interest in SUSO 1.

SUSO 2 Unitholder Approval

The SUSO 2 Meeting will be held on March 3, 2014 at 10:30 a.m. EST at Goodmans LLP, 333 Bay Street, Suite 3400, Toronto, Ontario M5H 2S7. At the SUSO 2 Meeting, SUSO 2 Unitholders will be asked to consider, and if thought advisable, pass the SUSO 2 Resolution in the form attached hereto as Appendix D with or without variation. To be approved, the SUSO 2 Resolution must receive the affirmative vote of not less than two-thirds of the votes cast thereon by each of (i) the holders of SUSO 2 class A units, SUSO 2 class F units, SUSO 2 class I units and SUSO 2 class U units, each voting separately as a class, and (v) a majority of the votes attached to the SUSO 2 class I units voted by Disinterested Unitholders at the SUSO 2 Meeting pursuant to MI 61-101. Each SUSO 2 Unitholder shall have the right to one vote for each SUSO 2 Unit held by such SUSO 2 Unitholder.

Each of the SUSO 2 Trustees and officers who is also a SUSO 2 Unitholder intends to vote all SUSO 2 Units, directly or indirectly, held or controlled by him or her in favour of the SUSO 2 Resolution at the SUSO 2 Meeting. As at the date hereof, the trustees and officers of SUSO 2 beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of 365,000 SUSO 2 class I units, collectively representing an approximate 5.06% interest in SUSO 2.

TSX Approval

The Combination Transaction is conditional upon receiving the approval of the TSX for the listing of the Class U Units. Listing will be subject to the REIT fulfilling all of the requirements of the TSX.

Lender Consents

The Combination Transaction is conditional upon receiving the approval of certain lenders to GAR and the SUSO Entities regarding amendments to the Credit Facilities required in connection with the completion of the Combination Transaction.

Procedure for Exchange of SUSO 2 class I units

Due to the fact that SUSO 2 class I units are held in registered form, as opposed to the SUSO 2 class A units, SUSO 2 class F units and SUSO 2 class U units, which are held in beneficial form, holders of SUSO 2 class I units must complete and return the Letter of Transmittal, together with the certificate(s) representing their SUSO 2 class I units, to the Depositary at the office specified in the Letter of Transmittal, to redeem their SUSO 2 class I units in exchange for Class U Units under the Combination Transaction.

Any use of the mail to transmit a certificate for SUSO 2 class I units and the related Letter of Transmittal is at the risk of the SUSO 2 Unitholder. If these documents are mailed, it is recommended that registered mail, with return receipt requested, properly insured, be used.

Whether or not the holder of SUSO 2 class I units forwards the certificate representing their SUSO 2 class I units, upon completion of the Combination Transaction, the holders of SUSO 2 class I units will cease to be unitholders of SUSO 2 as of Closing.

Where a certificate for SUSO 2 class I units has been destroyed, lost or mislaid, the registered holder of that certificate should immediately contact the Depositary regarding the issuance of a replacement certificate upon the holder satisfying such requirements as may be imposed by SUSO 2 in connection with issuance of the replacement certificate.

It is recommended that the holder of SUSO 2 class I units complete, sign and return the Letter of Transmittal with their accompanying SUSO 2 class I unit certificate to the Depositary as soon as possible and preferably prior to 5:00 p.m. EST on the second last Business Day immediately preceding the date of the SUSO 2 Meeting.

Any certificate formerly representing SUSO 2 class I units that is not deposited with all other documents as required by the Combination Transaction on or before the sixth anniversary of the Closing will cease to represent a right or claim of any kind or nature, including the right of the holder of such SUSO 2 class I units to receive Class U Units.

Expenses of the Combination Transaction

The estimated out-of-pocket costs to be incurred by the SUSO Entities, GAR and the REIT and its affiliates relating to the Combination Transaction, including financial advisory, appraisal, accounting and legal fees and the preparation and printing of this Information Circular, are expected to aggregate approximately \$3.1 million.

Canadian Securities Law Matters

The REIT Units to be issued under the Combination Transaction will be issued in reliance on exemptions from prospectus and registration requirements of applicable Canadian securities laws and, following completion of the Combination Transaction, the REIT Units will be “freely tradeable” (other than as a result of any “control block” restrictions which may arise by virtue of the ownership thereof) under applicable Canadian securities laws of the provinces and territories of Canada.

THE REIT

Notice to Reader: Unless otherwise noted, the disclosure in this section has been prepared assuming that the Combination Transaction has been completed. The REIT will be the TSX-listed real estate investment trust (formerly SUSO 1) resulting from the completion of the Combination Transaction. In this Information Circular, references to the REIT include its subsidiaries where the context requires.

The REIT

The REIT is an unincorporated, open-ended investment trust under, and governed by, the laws of the Province of Ontario. The REIT will focus 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 initial properties (the “**Properties**”) of the REIT will consist of a portfolio of 29 grocery anchored retail commercial properties located in the United States.

The REIT's properties will be managed by Slate pursuant to an amended and restated management agreement (the "**Management Agreement**"). Slate is a Toronto-based commercial real estate investor and asset manager engaged in the identification, acquisition, ownership, operation and disposition of revenue-producing commercial real estate properties. Slate's principals, Blair Welch and Brady Welch, have experience identifying undervalued properties, acquiring such properties, enhancing value through refurbishment, repositioning and re-tenanting, and realizing value through diversified individual asset or portfolio sales. Slate is currently the manager of SUSO 1, SUSO 2 and GAR. See "*Management of the REIT*".

REIT Objectives

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

Investment Highlights

The REIT will offer REIT Unitholders:

- **Proven Manager with a Track Record of Maximizing Returns.** The REIT will be externally managed and operated by Slate's experienced team of real estate professionals. Slate has extensive experience managing real estate and completing complex transactions in Canada and the U.S. Since 2005, Slate has acquired over \$2.2 billion of commercial real estate assets across North America. See "*Management of the REIT*" and "*REIT Trustees and Executive Officers*". Slate has acted as asset manager for each of the Properties since their acquisition by the SUSO Entities or GAR, as applicable, and over this time has demonstrated a proven ability to manage, develop and finance commercial real estate properties. Following Closing, Slate's interests will be aligned with those of REIT Unitholders as a result of Slate's ownership of an approximate 10% interest in the REIT on a fully-diluted basis.
- **Stable Assets of Non-cyclical Grocery-Anchor Properties.** The portfolio consists of 29 grocery anchored retail properties in the U.S. that comprise a total GLA in excess of 3.5 million square feet. The properties were selectively acquired by the SUSO Entities and GAR with a focus on strong sub-market demographics and leading market positions within each sub-market. Grocery retailers operate in a defensive, consumer staple industry, which provides stability and attracts both consumers and other tenants to the properties.
- **Highly Diversified Portfolio: Geographically and by Tenant.** The REIT will own a large, established portfolio of geographically diversified grocery anchored properties across 14 states. This geographic diversification adds stability by reducing the REIT's vulnerability to economic fluctuations affecting any particular state and provides a platform for organic growth as the REIT expands in each targeted market. The Properties are all anchored by large, established grocery retailers who occupy GLA greater than or equal to 18,000 square feet (the "**Grocery Anchor Tenants**") including national brands like Wal-Mart (NYSE:WMT), Kroger (NYSE:KR), Winn Dixie and Publix. The Grocery Anchor Tenants are expected to account for approximately 45.4% of the Properties' GLA and 34.6% of the Properties' portfolio annualized in-place base rent as at December 31, 2013. The portfolio's strength is demonstrated by its current occupancy of approximately 97% and a well-distributed lease maturity profile with an average remaining lease term of 5.4 years. No more than approximately 15% of the leased GLA of the Properties will come up for renewal in any given year from 2014 to 2018.
- **Conservative AFFO Payout Ratio of 70% and Debt to GBV of 53%.** The REIT intends to pay annual cash distributions of U.S.\$0.72 per REIT Unit. Based on the forecasted AFFO of the Properties for the period ending December 31, 2014, the REIT expects to have an initial conservative AFFO payout ratio of approximately 70% and, based on the equity value per fully diluted unit at listing, an initial annual yield of approximately 5.3%. The conservative AFFO payout ratio and debt structure provides it with substantial free cash flow for acquisitions, development and redevelopment. The REIT's debt structure implies a debt-to-Gross Book Value of approximately 53.0%. This debt structure provides the REIT with flexibility going forward and a current strong Fixed Charge Coverage of 3.2x and a Debt Yield in excess of 13%.

- **Exceptional Growth Pipeline of Highly Accretive Acquisitions.** Based on Slate’s experience acquiring the Properties, Slate believes there is a substantial inventory of quality income-producing grocery anchored retail properties across the U.S. that can be acquired at a discount to both peak value and replacement cost. Slate will continue to focus its growth strategy on grocery anchored retail properties similar to the current portfolio that are located in non-gateway U.S. markets and have transaction values less than \$30 million. Slate believes there are fewer competitive bidders for this type of property as the assets are too small to attract large institutional investors yet too large for private investors, thereby increasing the ability of the REIT to acquire these assets at accretive prices. Further, Slate expects that continuing mortgage refinancing challenges faced by private investors will contribute to the supply of the targeted property offerings.

Growth Strategies

Internal Growth

The REIT’s internal growth strategy will include the following:

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

External Growth

The REIT will continue the current focus of GAR and the SUSO Entities on acquiring diversified revenue-producing commercial real estate properties with a focus on grocery anchored retail properties. The REIT’s external growth strategy will include the following:

- **Opportunity to Benefit from Relationship with Slate.** The REIT anticipates that its continuing relationship with Slate will provide opportunities to acquire additional investment properties. In particular, Slate is currently the manager of Slate U.S. Opportunity (No. 3) Realty Trust (“**SUSO 3**”), which has nearly identical investment objectives, operating guidelines and strategy as that of the REIT. Once SUSO 3’s funds have been fully invested, the REIT may have an opportunity to acquire SUSO 3 or its properties. Any acquisition of SUSO 3 or its properties would be subject to a number of conditions, and there can be no assurance that the REIT will acquire SUSO 3 or its properties. Slate has a strong track record of closing acquisitions and believes that it can grow the asset base of the REIT on an accretive basis (either through the purchase of SUSO 3, its properties or otherwise) in the near to medium term.
- **Identify Undervalued Properties.** Slate’s extensive relationships with a network of U.S.-based commercial real estate brokers allow it to identify undervalued properties, many of which may be “off-market” or not widely marketed for sale. With over 37,000 grocery stores in the United States, there exists significant opportunity for the REIT to continue its strategy of acquiring attractive revenue-producing commercial real estate properties anchored by grocery tenants. Slate’s familiarity with the Properties will allow it to identify complimentary acquisition opportunities that are aligned with the REIT’s investment criteria and accretive to cash flow. The REIT will seek to acquire properties: (i) located in secondary markets in the United States demonstrating sustainable population and employment statistics; (ii) located in well-developed sub-markets

with limited risk of new development; and (iii) with anchor tenants, which typically are the dominant retailer within the sub-market, with a proven track record of strong sales and profitability. Slate will continue to target secondary cities in the United States (as opposed to primary markets) where there is typically less competition for quality assets.

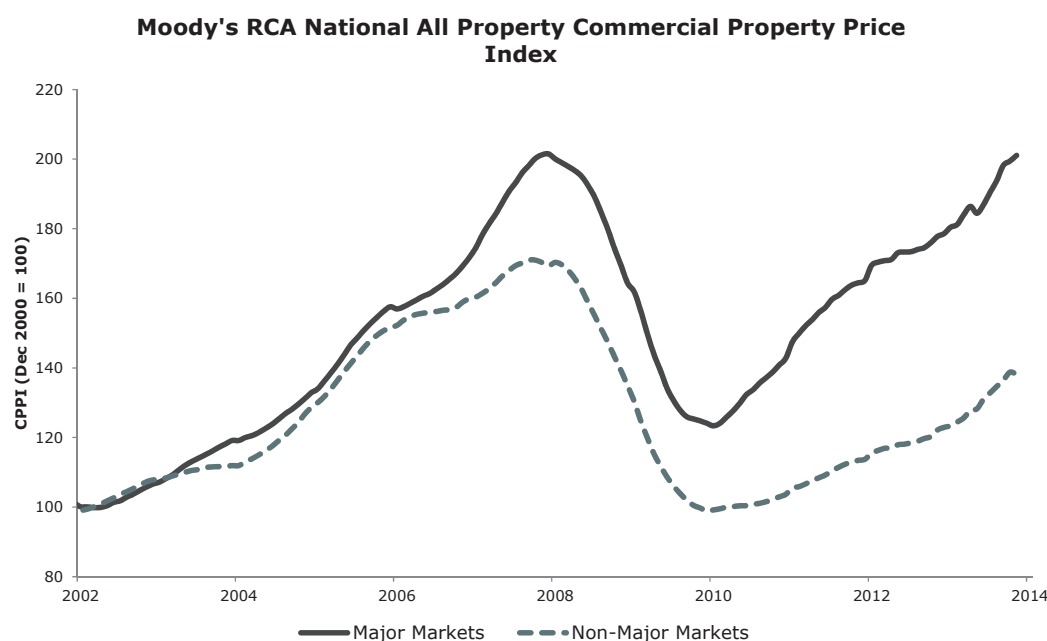
- **Apply Slate's Hands-On Asset Management Philosophy.** Even though the target assets are stable, income producing properties, Slate will assess each property to determine how to optimally refurbish, reposition and re-tenant the property. In a number of situations there exists an opportunity to reposition a property through modest and targeted capital projects and/or operational improvements. Slate will work closely with contractors to reduce operating costs and will oversee capital expenditure projects to ensure they are on budget and completed on time. In addition, Slate will (i) focus on rebuilding and strengthening tenant relationships with a view to gaining incremental business and extending stable tenant leases and (ii) outsource property management and other real estate property functions to lower the operating costs borne by the tenants. This cost reduction further improves tenant relationships and will increase the NOI of the properties.

Investment Strategy

Slate has identified markets in the United States where it believes market conditions have created attractive investment opportunities for revenue-producing commercial real estate properties. With economic recovery underway and improving real estate fundamentals, Slate believes that the timing is opportune for targeted value-based commercial real estate investment in the United States.

Slate has refined its approach to asset selection based on the following two criteria:

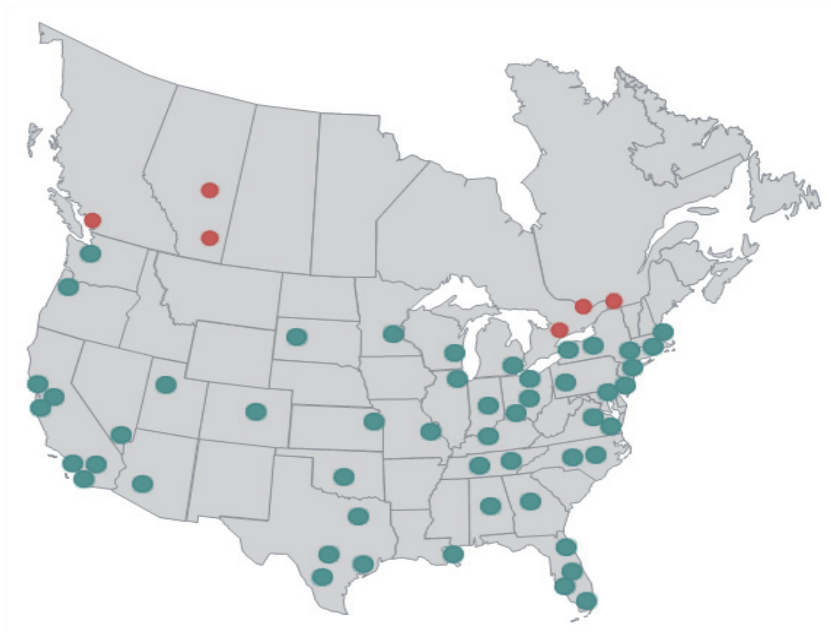
1. *Secondary Markets vs. Primary Markets* – Primary markets in the United States (New York, Los Angeles, Washington, etc.) continue to receive the most attention from investors. Slate will target secondary cities in the United States (Pittsburgh, Columbus, Charlotte, etc.) where there is typically less competition for quality assets. Secondary markets in the United States are much larger than primary Canadian markets. By way of example, the 50th most populous metropolitan statistical area (“MSA”) in the United States is Salt Lake City, Utah (1.12 million), roughly equal to Edmonton, Alberta (1.16 million) which is the 6th largest census metropolitan area (“CMA”) in Canada. Toronto would rank 8th in the United States by population.



Based on the most recent census data, there are currently 51 MSAs in the United States with a population of over one million. Such MSAs have a total population of 169,068,000. In Canada, only six metropolitan

areas have a population over one million, with such CMAs having a total population of 15,332,000. With respect to commercial real estate inventory, the 51 U.S. MSAs comprise 15.4 billion square feet of inventory compared to 1.9 billion square feet in the six Canadian markets.

Metropolitan Area of 1 Million or Greater Population, Canada (CMA) & U.S. (MSA)



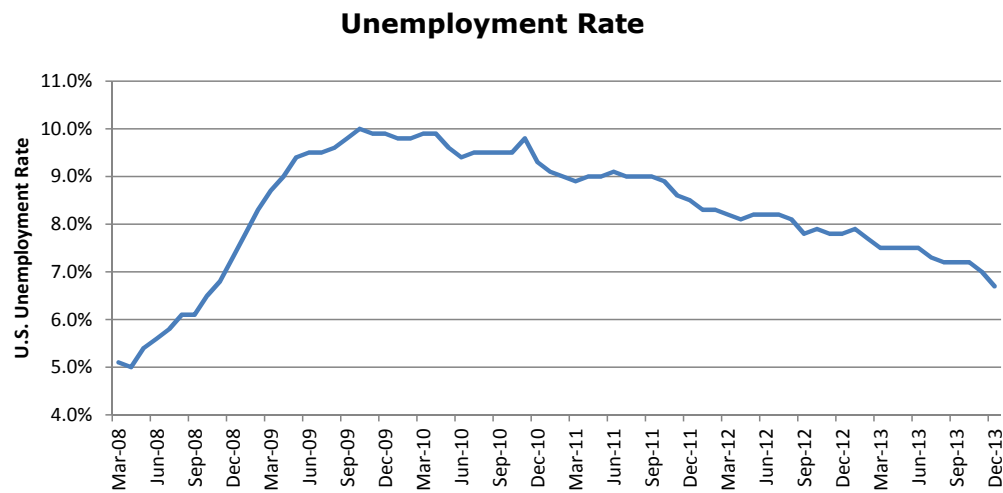
2. *Transaction Size* – Slate believes that an opportunity exists to acquire high-quality assets priced between \$2 million and \$30 million. Each such transaction would be expected to require approximately \$1 million to \$15 million of equity investment. Slate has opted to focus on transactions of this size since assets in this price range are generally too small to attract large institutional investors yet too large for private investors. Slate believes that this will result in fewer competitive bidders, thereby increasing the ability of the REIT to acquire real estate assets at attractive prices.

Market Overview

The REIT will provide investors with exposure to real estate located in the United States. The United States economy is the single largest national economy in the world, with a gross domestic product of \$16.8 trillion as of the third quarter of 2013 (*CIBC Economics*). While the United States suffered alongside the balance of the world economy during the 2008/2009 recession, the United States economy has since returned to a positive growth trajectory and United States real GDP growth is expected to be the highest of the G7 countries over the next three years (*International Monetary Fund*). Slate believes that the economic recovery in the United States will benefit owners of grocery anchored real estate and thus, investors in Slate Retail REIT.

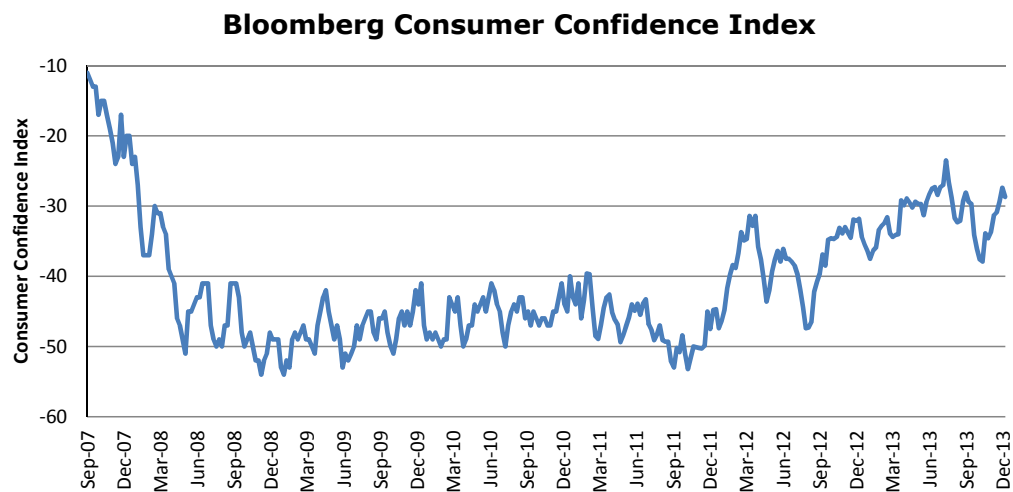
The unemployment rate has gradually decreased since the beginning of 2010 and is expected to continue trending downwards as the economy in the United States continues to strengthen.

The following chart depicts the unemployment rate in the United States since the economic downturn in 2008.



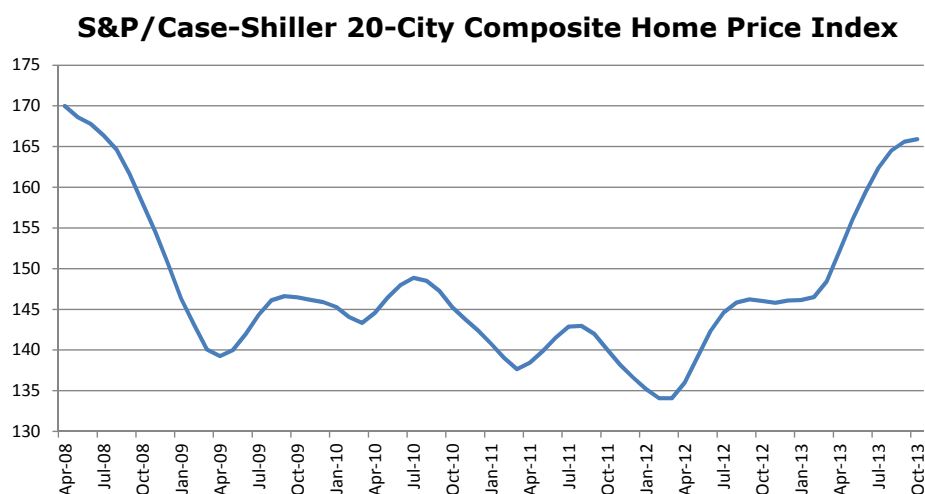
Source: Bureau of Labour Statistics (as at December 31, 2013)

The Bloomberg Consumer Comfort Index measures American's ratings of the national economy, the buying climate and their personal finances. Consumer confidence has gradually improved since the beginning of 2012.



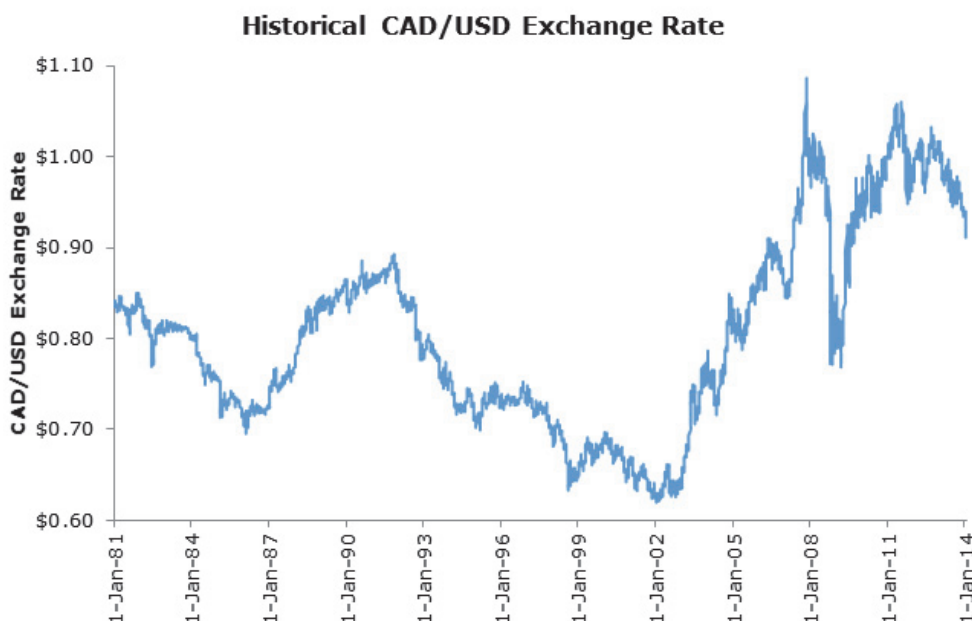
Source: Bloomberg (as at December 31, 2013)

The S&P/Case Shiller 20-City Composite Home Price Index measures residential real estate *prices* for 20 major MSA's in the United States. The index dropped significantly from 2008 to 2009 and continued to decline until early 2012. Since the first quarter of 2012, the index has shown continuous improvement. The index is currently at its highest level since the economic downturn in 2008.



Source: Bloomberg (as at November 30, 2013)

The following chart depicts the current buying opportunity provided in the weakening of the United States dollar in relation to the Canadian dollar. Since June 1980, the Canadian dollar has traded at an average 20% discount to the United States dollar. The Canadian dollar is currently trading at an approximate 10% discount to the United States dollar. Slate believes the opportunity to purchase mispriced commercial real estate in the United States is further enhanced by the current exchange rate and provides a hedging strategy for investors to invest in U.S. dollar denominated assets whose underlying value is not tied to the volatility of the stock market.



Source: Bloomberg (as at January 20, 2014)

The Retail Property Market in the U.S.

Since reaching its highest level in five years in June 2013, consumer confidence has declined amid growing concerns during the U.S. government shutdown and debt ceiling crisis. Despite this, the long-term trajectory of the U.S. economy is more promising going into 2014 (*Source: CBRE Global Research Q3 2013*).

The operating performance of retail property REITs has been solid, reflecting continued improvement in demand fundamentals amid a backdrop of no new supply growth (*Source: Wall Street Research, December 2013*). According to Green Street Advisors, the average strip center was hit especially hard in the downturn, and while higher quality properties have recovered, the average strip center has only recently begun to recover. Higher occupancy and the lack of supply growth should result in stronger fundamentals starting in 2014 for the middle-of-the-pack strip centers (*Source: Green Street Advisors, December 2013*).

Slate believes that grocery anchored retail properties represent a defensive asset class. Well-located community shopping centres offering daily-need products and services, such as supermarkets, drugstores, banks, liquor stores, fast food and coffee shops, have historically performed well during times of economic growth and distress.

THE PROPERTIES

Overview

The Properties consist of 29 grocery anchored retail properties that comprise a total GLA of 3,545,817 square feet. Each of the Properties are located within attractive secondary U.S. markets where Slate believes current market conditions have created attractive investment opportunities for revenue-producing commercial real estate properties.

The REIT will own a large, stabilized portfolio of diversified revenue-producing retail real estate properties throughout the United States, with a focus on grocery anchored retail properties. Management believes that the Properties, which are well-located, grocery anchored retail properties, represent a defensive asset class with limited downside in volatile markets. Properties with tenant bases that provide consumer staples and services such as grocery stores, drugstores, banks and fast food restaurants, afford investors with a diverse tenant base and limited exposure to more volatile specialty retail centres or big box retail outlets. The Properties have a current occupancy of approximately 97% and a well-distributed lease maturity profile with an average remaining lease term of 5.4 years and no more than approximately 15% of the leased GLA of the Properties coming up for renewal in any given year from 2014 to 2018.

The following table provides information regarding the Properties:

Property	Location	Year Built (Remodelled)	Total GLA Occupied (SF)	Occupancy ⁽¹⁾	Anchor(s)
Kennywood Shops	Pittsburgh, PA	1974 (1996)	194,823	99%	Giant Eagle
Field Club Commons	New Castle, PA	1972 (1997)	130,905	98%	Save-A-Lot
County Line Plaza	Philadelphia, PA	1997 (2006)	75,649	93%	Food Basics & Big Lots
Summit Ridge	Mount Pleasant, PA	1999	227,729	100%	Walmart
Errol Plaza	Orlando, FL	1986 (2011)	72,150	97%	Winn-Dixie
98 Palms	Destin, FL	2000	84,682	100%	Winn-Dixie
Uptown Station	Fort Walton Beach, FL	1963 (2008)	298,096	96%	Winn-Dixie
Oak Hill Plaza	Jacksonville, FL	1985	78,492	94%	Publix
Pinewood Plaza	Dayton, OH	1978 (2012)	88,700	92%	Kroger
Springboro Plaza	Dayton, OH	1992	154,034	100%	Kroger
Buckeye Plaza	Cleveland, OH	1989	141,975	100%	Giant Eagle
Triangle Food Lion	Charlotte, NC	1983 (2012)	41,439	100%	Food Lion
Fuquay Crossing	Fuquay-Varnia, NC	2002	124,773	96%	Kroger
Independence Square	Charlotte, NC	2000	190,361	97%	Walmart
Highland Square	Crossville, TN	1988 (2005)	179,243	95%	Kroger
St. Elmo Central	Chattanooga, TN	1995	74,978	99%	BI-LO
Westhaven Town Center	Franklin, TN	2008 (2010)	97,052	99%	Harris Teeter
East Brainerd Mall	Brainerd, MN	1967 (2009)	191,459	93%	Cub Foods
Phalen Retail Center	St Paul, MN	2008	73,678	100%	Cub Foods
North Pointe	Columbia, SC	1982 (1997)	64,255	100%	Publix
Gaston Marketplace	Gaston, SC	2004	44,133	92%	Food Lion
Bowling Green Plaza	Bowling Green, VA	1994	49,850	87%	Food Lion
Madison Plaza	Madison, VA	2003	49,607	93%	Food Lion
Cambridge Crossing	Troy, MI	2001	238,963	96%	Walmart
Alta Mesa Plaza	Fort Worth, TX	1980	167,961	99%	Kroger
Mitchellville Plaza	Mitchellville, MD	1991	145,402	95%	Food Lion
Cudahy Center	Milwaukee, WI	1987 (2009)	103,254	86%	Pick 'N Save
Douglas Commons	Douglasville, GA	1988 (2010)	97,337	98%	Kroger
Madison Center	Madison, AL	1997	64,837	96%	Publix
Total/Weighted Average			3,545,817	97%	

Notes:

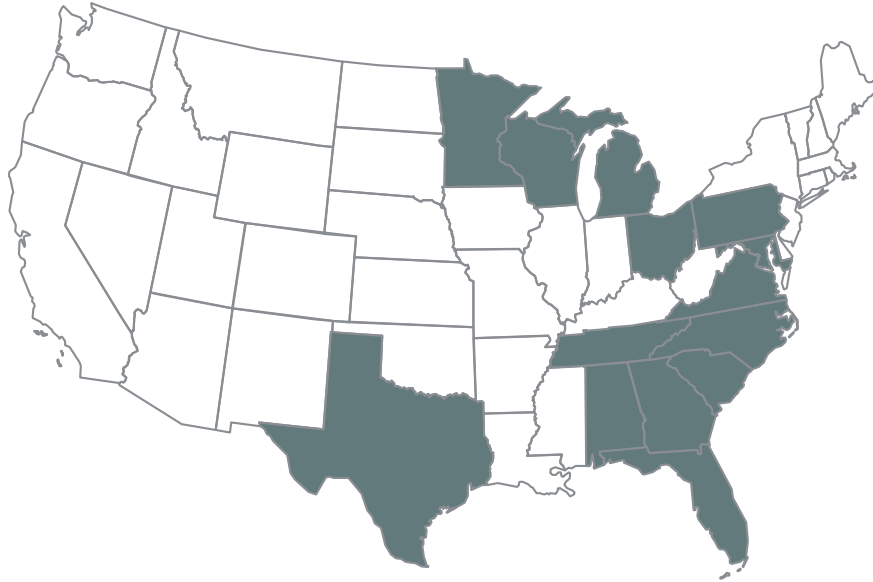
(1) Occupancy figures as of December 31, 2013.

Composition of the Properties

Geographic Composition

The Properties are located throughout the following 14 states (in order of total GLA): Pennsylvania, Florida, Ohio, North Carolina, Tennessee, Minnesota, Michigan, Texas, Maryland, South Carolina, Wisconsin, Virginia, Georgia and Alabama.

The following map shows the states within which the Properties are located:

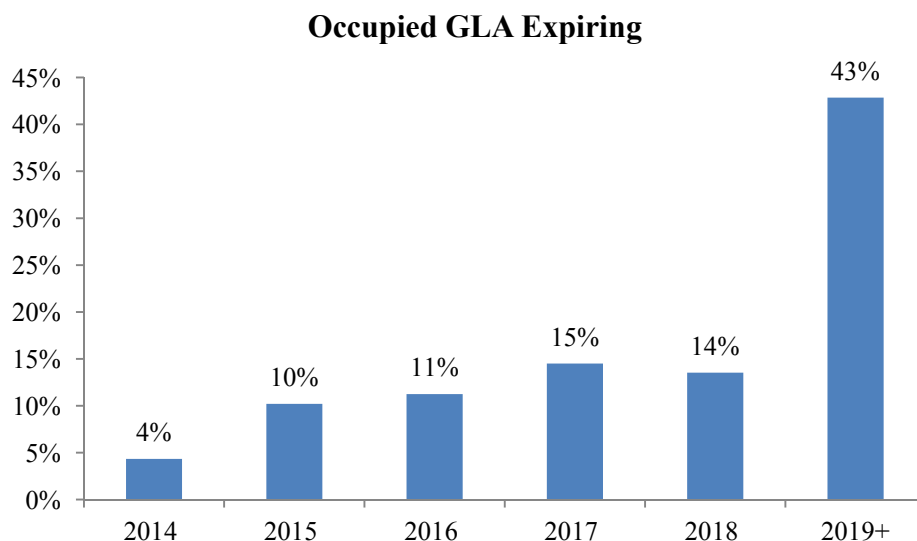


The following chart shows the number of properties located in each state, the total GLA occupied and total NOI per state, and the percentage of portfolio GLA and NOI located in each state:

State	Properties	GLA(SF)	NOI (US\$ millions)	% of Portfolio GLA	% Total NOI
Pennsylvania	4	629,106	\$4.1	18%	14%
Florida	4	533,420	\$5.0	15%	16%
Ohio	3	384,709	\$2.5	11%	8%
North Carolina	3	356,573	\$3.2	10%	10%
Tennessee	3	351,273	\$3.0	10%	11%
Minnesota	2	265,137	\$2.5	7%	8%
South Carolina	2	108,388	\$1.0	3%	3%
Virginia	2	99,457	\$0.7	3%	2%
Michigan	1	238,963	\$2.2	7%	7%
Texas	1	167,961	\$1.4	5%	5%
Maryland	1	145,402	\$2.7	4%	9%
Wisconsin	1	103,254	\$0.5	3%	2%
Georgia	1	97,337	\$1.0	3%	3%
Alabama	1	64,837	\$0.6	2%	2%
Total	29	3,545,817	\$30.4	100%	100%

Occupancy and Leasing

The following graph sets out the percentage of GLA of the Properties subject to lease expiries during the periods shown:



The Properties have an overall weighted occupancy of approximately 97% with an average remaining lease term of approximately 5.4 years. No more than 15% of the leased GLA expires in any given year from 2014 to 2018.

Tenant Mix

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

In addition to the Grocery Anchor Tenants, many tenants in the Properties are large national or international retailers with an established reputation (the “**Non-Grocery National Tenants**”). The 10 largest Non-Grocery National Tenants, when taken together, comprise 12.5% of the Properties’ GLA, have a weighted average lease term of 5.5 years and account for 12.5% of the Properties’ portfolio annualized in-place base rent as at December 31, 2013. Together, the Grocery Anchor Tenants and Non-Grocery National Tenants account for 69.8% of the Properties GLA and have a weighted average remaining lease term of 5.6 years.

The following table shows the nine largest Grocery Anchor Tenants which, when taken together, comprise 45.4% of the Properties’ GLA totalling 29 stores in total, and have a weighted average lease term of 6.1 years and account for 34.6% of the Properties’ portfolio annualized in-place base rent as at the date of this Information Circular:

Tenant	GLA (SF)	% of Portfolio GLA	Annualized In-Place Base Rent (US\$ millions)	% of Portfolio Annualized In-Place Base Rent	Number of Locations	Weighted Average Lease Term (Years) ⁽¹⁾
Walmart	389,589	11.0%	\$2.6	8.1%	3	7.4
Kroger	373,161	10.5%	\$2.0	6.4%	7	6.8
Winn Dixie	188,504	5.3%	\$1.5	4.7%	4	4.4
Food Lion	178,199	5.0%	\$1.2	3.8%	5	6.3
Supervalu	139,455	3.9%	\$1.3	4.2%	3	8.8
Publix	125,662	3.5%	\$0.9	2.9%	3	2.7
Giant Eagle	115,953	3.3%	\$0.9	2.8%	2	6.1
Roundys	62,865	1.8%	\$0.2	0.8%	1	2.8
Food Basics	36,075	1.0%	\$0.3	0.9%	1	2.2
Total/Weighted Average	1,609,463	45.4%	\$10.9	34.6%	29	6.1

Note:

(1) This figure is calculated as a weighted average remaining term (by GLA).

In addition to the Grocery Anchor Tenants listed above, many of tenants in the Properties are Non-Grocery National Tenants who have a large national or international presence and an established reputation. The following table shows the 10 largest Non-Grocery National Tenants which, when taken together, comprise 12.5% of the Properties' GLA, totalling 36 stores and have a weighted average lease term of 5.5 years and account for 12.5% of the Properties' portfolio annualized in-place base rent as at December 31, 2013.

Tenant	Total GLA Occupied (SF)	% of Portfolio GLA	Number of Locations	Weighted Average Lease Term (Years) ⁽¹⁾
K-Mart	91,266	2.6%	1	3.5
Ascensus	60,900	1.7%	1	7.8
LA Fitness	60,273	1.7%	1	8.2
Family Dollar	53,780	1.5%	6	3.4
Dollar Tree	39,921	1.1%	4	5.5
Rainbow	33,155	0.9%	5	3.2
Marshalls	30,000	0.8%	1	8.9
Dollar General	28,315	0.8%	3	5.7
Ross Dress for Less	25,600	0.7%	1	6.1
Subway	20,143	0.6%	13	3.4
Top 10 Non-Grocery National Tenants	443,363	12.5%	36	5.5
Other Non-Grocery National Tenants	421,728	11.9%	56	3.5
Total Non-Grocery National Tenants	865,081	24.4%	92	4.6
Grocery Anchor Tenants	1,609,463	45.4%	29	6.1
Grocery Anchor Tenants and Non-Grocery National Tenants	2,474,544	69.8%	121	5.6

Note:

(1) This figure is calculated as a weighted average remaining term (by GLA).

As of December 31, 2013, the nine largest Grocery Anchor Tenants and Non-Grocery National Tenants, when taken together comprise 69.8% of the Properties' GLA, totalling 121 stores and have a weighted average lease term of 5.6 years and account for 59.3% of the Properties' portfolio annualized in-place base rent.

Largest Tenants

The following is a description of the Properties' 10 largest tenants in terms of the Properties' GLA:

Wal-Mart

Headquartered in Bentonville, Arkansas and founded in 1945, Wal-Mart Stores Inc. ("**Wal-Mart**") is a multinational retail corporation that operates a chain of large discount retail stores. Wal-Mart operates 11,000 retail units under 69 banners throughout 27 countries. The company employs 2.2 million sales associates worldwide and has annual revenues of approximately U.S.\$466 billion. Wal-Mart is listed on the New York Stock Exchange (NYSE:WMT). Wal-Mart operates retail locations in the following Properties: Summit Ridge, Cambridge Crossing and Independence Square.

The Kroger Company

Based in Cincinnati, Ohio and founded in 1883, The Kroger Company ("**Kroger**") is an American retailer with 2,424 supermarkets and multi-department stores and 786 convenience stores located throughout 31 states. With 343,000 sales associates and U.S.\$96.8 billion in annual revenues, Kroger is one of the largest grocery store chains in the world. Kroger is listed on the New York Stock Exchange (NYSE:KR). Kroger operates retail locations under the Kroger and Harris Teeter brands in the following Properties: Pinewood Plaza, Springboro Plaza, Highland Square, Fuquay Crossing, Westhaven Town Center, Douglas Commons and Alta Mesa Plaza.

Winn Dixie / BI-LO

Based in Jacksonville, Florida and founded in 1925, Winn-Dixie Stores, Inc. ("**Winn-Dixie**") is an American supermarket chain operating in the Southeastern United States. Winn-Dixie is a subsidiary of BI-LO Holdings LLC ("**BI-LO**"). Together, Winn-Dixie and BI-LO boast 690 stores across eight states and generate U.S.\$8.6 billion in annual revenues operating primarily in Florida, Georgia, Alabama, Louisiana, Mississippi, South Carolina, North Carolina, and Tennessee. Winn-Dixie and BI-LO were merged in 2012 when Dallas-based investment firm Lone Star Funds acquired Winn-Dixie for approximately U.S.\$560 million. Winn Dixie and BI-LO operate retail locations in the following Properties: Errol Plaza, St. Elmo Central, 98 Palms and Upton Station.

The Delhaize Group

Headquartered in Anderlecht, Brussels, Belgium and founded in 1867, Etablissements Delhaize Freres et Cie le Lion SA ("**Delhaize**") is engaged in the operation of supermarkets in Belgium, the United States, Eastern and Southeastern Europe and Indonesia. With annual revenues of €22.7 billion and 157,910 sales associates, Delhaize operates 3,451 stores on three continents in 11 countries. In the United States, Delhaize operates under the Food Lion, Bottom Dollar Food and Hannaford brands. Delhaize is listed on the New York Stock Exchange (NYSE:DEG) and the NYSE Euronext (NYSE: DELB). Delhaize operates retail locations in the following Properties: Triangle Food Lion, Gaston Marketplace, Bowling Green Plaza, Madison Plaza and Mitchellville Plaza.

Supervalu

Headquartered in Eden Prairie, Minnesota and founded in 1926, Supervalu, Inc. ("**Supervalu**") is an American grocery retailer. The company serves customers across the United States through a network of approximately 3,420 stores composed of 1,900 independent stores serviced primarily by the Supervalu's food distribution business, 1,332 Save-A-Lot stores, of which 957 are operated by licensee owners, and 191 traditional retail grocery stores. With annual revenues of approximately U.S.\$17 billion and 35,000 employees nationwide, Supervalu is one of America's largest grocery wholesalers and retailers. Supervalu is listed on the New York Stock Exchange (NYSE:SVU). Supervalu operates retail locations in the following Properties: Field Club Commons (operating as Save-A-Lot, Supervalu's wholly-owned discount supermarket chain), East Brainerd Mall and Phalen Retail Center.

Publix

Headquartered in Lakeland, Florida and founded in 1930, Public Super Markets, Inc. (“**Publix**”) is the largest employee-owned supermarket chain in the United States and is engaged in the business of operating retail food supermarkets. With 1,078 store locations located throughout in Florida, Georgia, Alabama, South Carolina and Tennessee, Publix has annual sales of U.S.\$27.5 billion and employ 163,000 people. As one of the largest private companies in the United States and one of the 10 largest-volume supermarket chains in the United States, Publix operates retail locations in the following Properties: North Pointe, Madison Center and Oak Hill Plaza.

Giant Eagle

Based in O’Hara Township, Pennsylvania and founded in 1933, Giant Eagle, Inc. (“**Giant Eagle**”) is an American supermarket chain and grocer. With approximately U.S.\$9.3 billion in annual sales and 36,000 employees, Giant Eagle is the 27th largest privately held company on Forbes magazine’s largest private corporations list. The company operates 231 supermarkets and 172 fuel and convenience stores throughout Western Pennsylvania, Ohio, Northern Virginia and Maryland. Giant Eagle operates retail locations in the following Properties: Kennywood Shops and Buckeye Plaza.

K-Mart

Headquartered in Hoffman Estates, Illinois and founded in 1962, K-Mart Corporation (“**K-Mart**”) is the third largest discount store chain in the world with over 1,200 K-Mart located in 49 U.S. states, Guam, Puerto Rico and the U.S. Virgin Islands. As a wholly owned subsidiary of Sears Holdings Corporation, a leading integrated retailer with almost 2,500 full-line and specialty retail stores in the United States and Canada, K-Mart generates over U.S.\$15 billion in annual sales. K-Mart operates a retail location in Springboro Plaza.

Ascensus

Based in Dresher, Pennsylvania and founded over 30 years ago, Ascensus is the largest independent retirement plan services provider in the United States. Ascensus partners with financial institutions to offer tailored solutions to meet the needs of financial professionals, employers, and individuals, and provides recordkeeping and administrative services to over 43,000 retirement plans and administers over 1.5 million individual retirement accounts. Recognized as a top workplace, Ascensus is home to over 1,100 highly trained associates and one of the largest *Employee Retirement Income Security Act* consulting practices in the country. Ascensus operates a location in East Brainerd Mall.

Description of the Properties

Pennsylvania

Kennywood Shops

Kennywood Shops is a 194,823 square foot anchored retail plaza located at the address municipally known as 1200-1804 Hoffman Blvd., West Mifflin, Pennsylvania, 15122. The property was acquired in April 2011 as part of the GAR property portfolio. Originally built in 1974, remodelled in 1996 and significant capital improvements were completed in 2013. The center is situated on 25 acres of land in West Mifflin in Southwestern Pennsylvania and has an exclusive market share within a two-mile radius of the site. Kennywood Shops is 99% occupied and is anchored by Giant Eagle, Roses, a discount variety retailer, and Dollar Tree, a discount retailer.

Field Club Commons

Field Club Commons is a 130,905 square foot anchored retail plaza located at the address municipally known as 3300-3350 Wilmington Rd., New Castle, Pennsylvania, 16105. The property was acquired in April 2011 as part of the GAR property portfolio. Originally built in 1972 and remodelled in 1997, the center is situated on 23 acres of land in the main commercial thoroughfare of New Castle in Western Pennsylvania. Field Club Commons is 98% occupied and is anchored by Save-A-Lot, a discount supermarket chain wholly-owned by Supervalu, Ollies Bargain Outlet, a retailer of closeout, surplus and salvage merchandise and Peebles, a department store chain.

County Line Plaza

County Line Plaza is a 75,649 square foot anchored retail plaza located at the address municipally known as 15501 Bustleton Ave., Philadelphia, Pennsylvania, 19116. The property was acquired in September 2012 as part of the SUSO 1 property portfolio. Originally built in 1997 and remodelled in 2006, the centre is situated on eight acres of land in Philadelphia, Pennsylvania in a mature in-fill area with strong historical occupancy and significant national retail presence. County Line Plaza is 93% occupied and is anchored by Food Basics, a discount supermarket and Big Lots.

Summit Ridge

Summit Ridge is a 227,729 square foot anchored retail plaza located at the address municipally known as 2214 Summit Ridge Plaza, Mt. Pleasant, Pennsylvania, 15666. The property was acquired in October 2012 as part of the SUSO 1 property portfolio. Built in 1999, the centre is situated on 35 acres of land in Mount Pleasant in Southwestern Pennsylvania. Summit Ridge is 100% occupied and is anchored by Walmart Supercenter.

Florida

Errol Plaza

Errol Plaza is a 72,150 square foot anchored retail plaza located at the address municipally known as 1501-1577 West Orange Blossom Trail, Apopka, Florida, 32712. The property was acquired in July 2012 as part of the SUSO 1 property portfolio. Originally built in 1986 and remodelled in 2011, the centre is situated on eight acres of land in Apopka, Florida. Errol Plaza is 97% occupied and is anchored by a recently renovated Winn-Dixie.

98 Palms

98 Palms is a 84,682 square foot anchored retail plaza located at the address municipally known as 981 U.S. 98, Destin, Florida, 32541. The property was acquired in May 2013 as part of the SUSO 2 property portfolio. Built in 2000, the centre is situated on 14 acres of land in Destin, Florida, located in the Florida panhandle on Highway 98. 98 Palms is 100% occupied and is anchored by Winn-Dixie.

Uptown Station

Uptown Station is a 298,096 square foot anchored retail plaza located at the address municipally known as 99 Eglin Parkway Northeast, Fort Walton Beach, Florida, 32548. The property was acquired in May 2013 as part of the SUSO 2 property portfolio. Originally built in 1963 and remodelled in 2008, the centre is situated on 24 acres of land in Fort Walton Beach in the Florida panhandle. Uptown Station is 96% occupied and is anchored by Winn-Dixie, Ross Dress for Less, an American discount department store, and Dollar General, a discount retailer, along with numerous other national tenants.

Oak Hill Plaza

Oak Hill Plaza is a 78,492 square foot anchored shopping center located at the address municipally known as 7628 103rd Street, Jacksonville, Florida, 32210. The property was acquired in January 2014 as part of the SUSO 2 property portfolio. Built in 1985, the centre is situated on 11.6 acres of land in the Jacksonville, Florida metropolitan area. Oak Hill Plaza is 94% occupied and is anchored by a Publix.

Ohio

Pinewood Plaza

Pinewood Plaza is a 88,700 square foot anchored retail plaza located at the address municipally known as 1024 S Smithville Rd., Dayton, Ohio, 45403. The property was acquired in April 2011 as part of the GAR property portfolio. Originally built in 1978 and remodelled in 2012, the center is situated on eight acres of land in Dayton, Ohio, in an infill area north of the city core, adjacent to the I-675. Pinewood Plaza is 92% occupied and is anchored by Kroger.

Springboro Plaza

Springboro Plaza is a 154,034 square foot anchored retail plaza located at the address municipally known as 725 W Central Ave, Springboro, Ohio, 45066. The property was acquired in April 2011 as part of the GAR property portfolio. The asset is situated on 15 acres of land in Springboro, Ohio, a city situated between Cincinnati and Dayton in Southwest Ohio. Originally built in 1992, Springboro Plaza lies in close proximity to the newly expanded I-75 interchange which serves as the anchor of the I-75 gateway commercial district. Springboro Plaza 100% occupied and is anchored by Kroger and Kmart, a discount retail chain.

Buckeye Plaza

Buckeye Plaza is a 141,975 square foot anchored retail plaza located at the address municipally known as 11301 Buckeye Rd., Cleveland, Ohio, 44104. The property was acquired in April 2011 as part of the GAR property portfolio. The asset is situated on 10 acres of land in a densely populated infill location in Cleveland, Ohio and serves as a key retail destination for area residents. Buckeye Plaza is 100% occupied and is anchored by Giant Eagle and includes Family Dollar and Rainbow retail locations.

North Carolina

Triangle Food Lion

Triangle Food Lion is a 41,439 square foot standalone grocery store located at the address municipally known as 734 Cabarrus Ave. W, Concord, North Carolina, 28027. The property was acquired in August 2012 as part of the SUSO 1 property portfolio. Originally built in 1983 and remodelled in 2012, the centre is situated on four acres of land in Concord, North Carolina. Triangle Food Lion is 100% occupied by Food Lion.

Fuquay Crossing

Fuquay Crossing is a 124,773 square foot anchored retail plaza located at the address municipally known as 1371 E. Broad St., Fuquay-Varina, North Carolina, 27526. The property was acquired in November 2012 as part of the

SUSO 1 property portfolio. Built in 2002, the centre is situated on 15 acres of land in Fuquay-Varina, North Carolina, 14 miles southwest of Raleigh. Fuquay Crossing is 96% occupied and is anchored by Kroger.

Independence Square

Independence Square is a 190,361 square foot anchored retail plaza located at the address municipally known as 7323 East Independence Boulevard, Charlotte, North Carolina, 28227. The property was acquired in July 2013 as part of the SUSO 2 property portfolio. Built in 2000, the centre is situated on 14 acres of land in Charlotte, North Carolina, in a highly populated residential node with great visibility and signage along a major thru-way. Independence Square is 97% occupied and is anchored by Walmart Neighborhood Market.

Tennessee

Highland Square

Highland Square is a 179,243 square foot anchored retail plaza located at the address municipally known as 265 Highland Square, Crossville Tennessee, 38555. The property was acquired in July 2012 as part of the SUSO 1 property portfolio. Originally built in 1988 and remodelled in 2005, the centre is situated on 25 acres of land in Crossville, a city in central Tennessee. Highland Square is 95% occupied and is anchored by Kroger with Tractor Supply Co., a retailer of agriculture suppliers and work wear, and Dunham's Sporting Goods, a sporting goods retailer.

St. Elmo Central

St. Elmo Central is a 74,978 square foot anchored retail plaza located at the address municipally known as 3801 Tennessee Ave., Chattanooga, Tennessee, 37409. The property was acquired in August 2012 as part of the SUSO 1 property portfolio. Built in 1995, it is situated on 10 acres of land in a mature historic neighborhood in the south end of Chattanooga in Southeastern Tennessee. St. Elmo Central is 99% occupied and is anchored by BI-LO, CVS Pharmacy and Family Dollar, a discount retailer.

Westhaven Town Center

Westhaven Town Center is a 97,052 square foot anchored retail plaza located at the address municipally known as 1001 Westhaven Blvd., Franklin, Tennessee, 37064. The property was acquired in December 2012 as part of the SUSO 1 property portfolio. Originally built in 2008, the centre is situated on five acres of land in Franklin, Tennessee. Westhaven Town Center is 99% occupied and is anchored by Harris Teeter, a supermarket chain wholly-owned by Kroger.

Minnesota

East Brainerd Mall

East Brainerd Mall is a 191,459 square foot anchored retail plaza located at the address municipally known as 417 8th Avenue Northeast, Brainerd, Minnesota, 56401. The property was acquired in August 2013 as part of the SUSO 2 property portfolio. Originally built in 1967 and remodelled in 2009, the centre is situated on 18 acres of land in Brainerd, Minnesota, two hours north of Minneapolis in the Brainerd Lakes region. East Brainerd Mall is 93% occupied and is anchored by a subsidiary of Supervalu, Cub Foods, which is the dominant grocery store in the state of Minnesota, and Ascensus.

Phalen Retail Center

Phalen Retail Center is a 73,678 square foot anchored retail plaza located at the address municipally known as 1157 Clarence Street, Saint Paul, Minnesota, 55106. The property was acquired in August 2013 as part of the SUSO 2 property portfolio. Built in 2008, the centre is situated on seven acres of land in St. Paul, Minnesota. Phalen Retail Center is 100% occupied and is anchored by Cub Foods.

South Carolina

North Pointe

North Pointe is a 64,255 square foot anchored retail plaza located at the address municipally known as 10128 Two Notch Road, Columbia, South Carolina, 29223. The property was acquired in September 2012 as part of the SUSO 1 property portfolio. Originally built in 1982 and remodelled in 1997, the centre is situated on seven acres of land in a high traffic retail corridor of Columbia, a city located in central South Carolina. North Pointe is 100% occupied and is anchored by Publix.

Gaston Marketplace

Gaston Marketplace is a 44,133 square foot anchored retail plaza located at the address municipally known as 5216 U.S. 321, Gaston, South Carolina, 29053. The property was acquired in November 2012 as part of the SUSO 1 property portfolio. Built in 2004, the centre is situated on nine acres of land in Gaston in central South Carolina. Gaston Marketplace is 92% occupied and is anchored by Food Lion and Family Dollar, a discount retailer.

Virginia

Bowling Green Plaza

Bowling Green Plaza is a 49,850 square foot anchored retail plaza located at the address municipally known as 332 W. Broadus Ave., Bowling Green, Virginia, 22427. The property was acquired in December 2012 as part of the SUSO 1 property portfolio. Built in 1994, the centre is situated on six acres of land in Bowling Green in central Virginia. Bowling Green Plaza is 87% occupied and is anchored by a recently remodelled Food Lion and Family Dollar, a discount retailer.

Madison Plaza

Madison Plaza is a 49,607 square foot anchored retail plaza located at the address municipally known as 46 Madison Plaza Drive, Madison, Virginia, 22727. The property was acquired in December 2012 as part of the SUSO 1 property portfolio. Built in 2003, the Center is situated on 10 acres of land in Madison, Virginia. Madison Plaza is 93% occupied and is anchored by Food Lion and Family Dollar, a discount retailer.

Michigan

Cambridge Crossings

Cambridge Crossings is a 238,963 square foot anchored retail plaza located at the address municipally known as 1933-2037 W. Maple Rd., Troy, Michigan, 48084. The property was acquired in October 2012 as part of the SUSO 1 property portfolio. Built in 2001, the centre is situated on 24 acres of land in Troy in Eastern Michigan. Cambridge Crossings is 96% occupied and is anchored by Walmart, Marshalls department store and Dollar Tree, a discount retailer.

Texas

Alta Mesa Plaza

Alta Mesa Plaza is a 167,961 square foot anchored shopping center located at the address municipally known as 3510 Altamesa Boulevard, Fort Worth, Texas, 76133. The property was acquired in September 2013 as part of the SUSO 2 property portfolio. Built in 1980, the centre is situated on 15 acres of land in Fort Worth, Texas, the third fastest-growing MSA in the United States. Alta Mesa Plaza is 99% occupied and is anchored by a recently remodeled Kroger and LA Fitness, a health club.

Maryland

Mitchellville Plaza

Mitchellville Plaza is a 145,402 square foot anchored retail and medical offices plaza located at the address municipally known as 12100 Central Ave., Mitchellville, Maryland, 20721. The property was acquired in December 2012 as part of the SUSO 2 property portfolio. Built in 1991, the centre is situated on 15 acres of land in Mitchellville, Maryland, 20 miles east of Washington, D.C. Mitchellville Plaza is 95% occupied and is anchored by Food Lion.

Wisconsin

Cudahy Centre

Cudahy Centre is a 103,254 square foot anchored retail plaza located at the address municipally known as 5801-5885 South Packard Ave, Cudahy, Wisconsin, 53110. The property was acquired in April 2011 as part of the GAR property portfolio. Originally built in 1987 and remodelled in 2009, the center is situated on eight acres of land on the major commercial thoroughfare in South Milwaukee. Cudahy Centre is 86% occupied and is anchored by Pick ‘n Save, a grocery store owned by Roundys.

Georgia

Douglas Commons

Douglas Commons is a 97,337 square foot anchored neighborhood shopping center located at the address municipally known as 8471-8515 Hospital Drive, Douglasville, Georgia, 30134. The property was acquired in March 2013 as part of the SUSO 2 property portfolio. Originally built in 1988 and remodelled in 2010, the centre is situated on 10 acres of land in Douglasville, Georgia, within the Atlanta Metro Area and is the primary grocery-anchored shopping center in the area. Douglas Commons is 98% occupied and is anchored by Kroger.

Alabama

Madison Centre

Madison Centre is a 64,837 square foot anchored retail plaza located at the address municipally known as 8000 Madison Boulevard, Madison, Alabama, 35758. The property was acquired in May 2013 as part of the SUSO 2 property portfolio. Built in 1997, the centre is situated on nine acres of land in Madison, Alabama, seven miles west of downtown Huntsville, directly across I-565 from the United States Army Base (Redstone Arsenal), one of the major drivers of employment and housing growth in the Huntsville MSA. Madison Centre is 96% occupied and is anchored by Publix and Rite Aid, a drugstore chain.

ASSESSMENT AND VALUATION OF THE PROPERTIES

Independent Valuation

Slate retained CBRE Inc. (the “**Appraiser**”) to provide an independent estimate of the fair market value of each of the Properties (each an “**Appraisal**” and collectively the “**Appraisals**”). The Appraiser was not given any limiting instructions. The Appraisals have been prepared in conformity with the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP) and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. The purpose of the Appraisals is to estimate the market value of the Properties. The current economic definition of market value agreed upon by agencies that regulate federal financial institutions in the United States (and used in the Appraisals) is as follows: “The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby (i) buyer and seller are typically motivated, (ii) both parties are well informed or well advised, and acting in what they consider their own best interests, (iii) a

reasonable time is allowed for exposure in the open market, (iv) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto, and (v) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.” The Appraisals and the analyses, opinions and conclusions set forth therein are qualified by the assumptions, qualifications and limitations set forth in the Appraisals, some of which are set out herein. Copies of the Appraisals will be available on SEDAR at www.sedar.com.

Based on the Appraisals, the sum of the individual market values of the Properties was estimated to be U.S.\$386 million with an overall implied capitalization rate of 7.8%. The Appraiser used multiple approaches to determine the estimated aggregate market value of the Properties on a portfolio basis which, as of December 31, 2013, resulted in an estimated market value of U.S.\$435.0 million.

There are three generally-accepted approaches to developing an opinion of value: income capitalization, cost and sales comparison. In appraisal practice, an approach to value is included or omitted based on its applicability to the property type being valued and the quality and quantity of information available. The estimated market value of the Properties was determined by the Appraiser using the income capitalization and sales comparison approaches. These valuation methods are traditionally used by investors when acquiring properties similar to the Properties.

In determining the approximate market value of the Properties, the Appraiser relied on property specific operating and financial data provided by Slate. For each property, the Appraiser discussed with Slate the property’s history, current tenant status and future prospects, reviewed historical operating results and reviewed in detail management revenue and expense estimates as set forth in the operating budgets and historical statements. The Appraiser also reviewed the micro and macro market environments with respect to physical and economic factors relevant to the valuation process and conducted regional and/or local research with respect to applicable tax assessment data, zoning requirements, flood zone status, demographics, income and expenses data and comparable data. In addition, the Appraiser conducted a survey of comparable properties, reviewed and considered the impact of each of the Properties’ tenants, including all major, national or credit-worthy tenants, and visited the Properties to inspect each of the building interiors and exteriors, as well as the surrounding environs.

The cash flow used by the Appraiser may differ from the financial forecast prepared by the management of the REIT, as a result of various items such as market leasing assumptions and property management fees, including reimbursable expenses paid to Slate.

The Appraiser has assumed and relied upon the accuracy and completeness of all information supplied or otherwise made available to it by Slate, the SUSO Entities, and any other person and did not undertake any duty or responsibility to verify independently any such information. With respect to operating or financial forecasts and other information and data provided to or otherwise reviewed by or discussed with the Appraiser, the Appraiser has assumed that such forecasts and other information and data were reasonably prepared in good faith on bases reflecting the best currently available estimates and judgments of the management and boards of Slate and the SUSO Entities.

In appraising the Properties, the Appraiser has made numerous other assumptions with respect to industry performance, general business, economic and regulatory conditions and other matters, many of which are beyond the Appraiser’s control and the control of Slate and the SUSO Entities, as well as certain factual matters as set out in the Appraisals, and did not take into account engineering, environmental, zoning, planning or related issues. For example, the Appraiser assumed that title to the Properties is clear and marketable, that improvements were made in accordance with law, that no hazardous materials are present or were present previously, that no deed restrictions exist, and that no changes to zoning ordinances or regulations governing use, density or shape are pending or being considered. Furthermore, the Appraiser’s analysis, opinions and conclusions are necessarily based upon market, economic, financial and other circumstances and conditions existing prior to the valuations.

Caution should be exercised in the evaluation and use of appraisal results. An appraisal is an estimate of market value as of a specified date based upon assumptions and limiting conditions and any extraordinary assumptions specific to the relevant valuation. It is not a precise measure of value but is based on a subjective comparison of related activity taking place in the real estate market. The Appraisals are based on various assumptions of future expectations and, while the Appraiser’s internal forecasts of net operating income for the Properties are considered to be reasonable as of the valuation date, some of the assumptions may not materialize or may differ materially from

actual experience in the future. There can be no assurance that the actual value of the Properties will equal or exceed the value indicated in the Appraisals, and the actual sales price of the Properties would depend on values and circumstances existing at that time.

A publicly traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Accordingly, the Class U Units may trade at a premium or a discount to values implied by the Appraisals.

The intended use and user of the Appraisals are specifically identified in the Appraisals as agreed upon in the contract for services and/or reliance language found in the Appraisals. No other use or user of the Appraisals is permitted. Dissemination of the Appraisals to non-intended users does not extend reliance to any other person and the Appraiser will not be responsible for unauthorized use of the Appraisals, their conclusions or contents, used partially or in their entirety. Slate has agreed to indemnify the Appraiser against certain liabilities arising out of its engagement to provide the Appraisals.

Environmental Site Assessments

Each of the Properties was the subject of a phase I environmental site assessment report (collectively, the “**Phase I ESA Reports**”) prepared by an independent environmental consultant at the time of acquisition by SUSO 1, SUSO 2 or GAR, as applicable. The purpose of the Phase I ESA Reports was to assess whether evidence of potential or actual environmental contamination exists at the Properties. The Phase I ESA Reports were prepared in general accordance with industry practice for such assessments. Intrusive sampling and analysis were not part of these Phase I ESA Reports.

The Phase I ESA Reports for 26 of the Properties did not recommend further investigations. Although further investigations were not recommended, the Phase I ESA Reports for five of Properties identified environmental issues which required further actions. The Phase I ESA Reports for three of the Properties recommended environmental site assessments involving intrusive soil and/or groundwater sampling and analysis (collectively, the “**Phase II ESA Reports**”).

Properties Where Actions Were Taken

At Errol Plaza, the Phase I ESA Report identified that soil and groundwater had been impacted as a result of a dry-cleaning operation located on the Property. The Phase I ESA Report concluded that the appropriate state regulator had been informed. The independent environmental consultant advised that no further action was required by the state and did not recommend any remedial work. Environmental insurance has been obtained for this Property which includes coverage for claims for bodily harm and property damage.

At Phalen Retail Center, fill material of unknown origin had been placed on the site prior to its development. The appropriate regulatory agency has confirmed that no further action is required with respect to the soil. The use of the property has been restricted to industrial/commercial uses. Groundwater has not been evaluated. Environmental insurance has been obtained for this Property which includes coverage for claims for clean-up, bodily harm and property damage.

At Uptown Station, the Phase I ESA Report indicated that the former operation of a dry-cleaner on the Property had impacted soil and groundwater. The Report concluded that the risk of the Property owner being held responsible for investigation and clean-up appeared to be low. The Phase I ESA also indicated that an off-site gas station may have impacted the groundwater on the Property. Environmental insurance has been obtained for this Property which includes coverage for claims for clean-up, bodily harm and property damage.

At Independence Square, the Phase I ESA Report indicated that the former operation of a dry-cleaner on the Property had impacted soil and groundwater and that the appropriate regulator had advised that the dry-cleaning facility was nearing regulatory closure. Environmental insurance has been obtained for this Property which includes coverage for claims for clean-up, bodily harm and property damage. The Phase I ESA Report indicated that a portion of this Property may be within a flood plain.

At Oak Hill Plaza, the Phase I ESA Report indicated that the former operation of a dry-cleaner on the Property had impacted soil and groundwater. The Phase I ESA Report indicated that the dry-cleaning facility is enrolled in the regulatory clean-up program and assessment and clean-up activities will be conducted in accordance the guidelines and funding of the program. The Phase I ESA Report also indicated that an off-site gas station may have impacted the groundwater on the Property. Environmental insurance has been obtained for this Property which includes coverage for claims for clean-up, bodily harm and property damage.

Properties Where Phase II ESA Reports Were Recommended

At Mitchellville Plaza, the Phase I ESA Report indicated that the soil and groundwater had been impacted by a dry-cleaning operation on the Property. A previous phase II environmental report concluded that no further action was required based on the low concentrations, the absence of a direct exposure route to local groundwater, the lack of water wells in the vicinity and the fact that the dry-cleaning operation has ceased using the contaminating substances. The previous reports concluded that contamination would naturally degrade over time. However, groundwater standards have become more stringent. The 2001 groundwater sample would not be considered compliant. The Phase I ESA Report recommended further groundwater investigation. A phase II environmental site assessment will be commissioned and environmental insurance has been obtained for this Property which includes coverage for claims for bodily harm and property damage.

Phase II ESA Reports were carried out at two of the Properties. The purpose of these Phase II ESA Reports was to assess the issues of potential or actual environmental concern identified in the respective Phase I ESA Report. At one of the Properties, the soil and/or groundwater sampling and analysis identified potential groundwater impacts arising as a result of the former use of the neighbouring property as a land fill site. Environmental insurance has been obtained which includes coverage for claims for clean-up costs, bodily injury and property damage.

For those Properties at which a Phase II ESA was conducted, any recommended remediation work was completed by the SUSO Entities or GAR, as applicable.

Given the age of construction of some of the buildings, it is possible that some of the Properties contain asbestos containing materials. These materials are being managed in accordance with an asbestos operation and maintenance plan.

Slate is not aware of any non-compliance with environmental laws at any of the Properties that Slate believes would have a material adverse effect on the REIT. Slate is not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of the Properties that would materially adversely affect the REIT or the values of the Properties, taken as a whole, as determined by the Appraiser. The REIT and Slate, as asset manager, will implement policies and procedures to assess, manage and monitor environmental conditions at the Properties, and to manage exposure to potential liability. See *“Risk Factors — Risk Factors Related to the Business of the REIT — Environmental Matters”*.

Property Condition Assessments

Property condition assessment reports (“**PCA Reports**”) were prepared by independent building engineers in respect of each of the Properties upon their acquisition by the SUSO Entities or GAR, as applicable. Based on the PCA Reports, the Properties are generally in good condition. The REIT, as part of its annual asset review program, will monitor and prudently manage the appropriate level of repairs and maintenance and capital expenditures to ensure that the REIT’s portfolio remains well maintained, competitive and in good condition. The REIT will also expend capital on upgrades where appropriate, especially if management believes such spending will accelerate lease-up of vacant space and assist in the retention of expiring tenants.

DEBT STRATEGY

General

The REIT intends to use secured financing and senior secured financing as its primary source of debt capital. The REIT will rely on both fixed and floating interest rate debt and will maintain a flexible approach to the selection of appropriate debt terms to achieve a debt profile that takes into account market conditions as well as the REIT’s lease

maturity profile and cash flows. The REIT Declaration of Trust will provide that the REIT may not incur or assume any indebtedness if, after giving effect to the incurring or assumption of such indebtedness, the total indebtedness of the REIT would be more than 60% of Gross Book Value (or 65% of Gross Book Value including convertible debentures) and Slate intends to target a total indebtedness level of approximately 55% of Gross Book Value. The REIT's preference will be to have staggered debt maturities to limit re-financing exposure in any particular period and will use debt level indicators and cash flow measures to continuously monitor its ability to meet its financing obligations. Further, the REIT's preference will be to acquire unencumbered properties providing added flexibility to the REIT's capital structure and further enabling the REIT to actively manage its debt profile.

Current Debt Composition and Strategy

Following the completion of the Combination Transaction, Slate intends to maintain current debt in place in order to take advantage of the low interest rates and flexibility provided by the Credit Facilities.

The GAR Financing consists of the following financing transactions: (i) a mortgage secured by Cudahy Center in the principal amount of U.S.\$4.1 million with a term of 20 years and bearing interest at a rate of 5.25%, (ii) a second mortgage note secured by Cudahy Center in the principal amount of U.S.\$0.2 million maturing on May 1, 2016 and bearing interest at a rate of 6.00%, and (iii) a mortgage secured by Pinewood Plaza, Springboro Plaza, Field Club Commons, Kennywood Shops and Buckeye Plaza in the principal amount of U.S.\$28.9 million for a term of 10 years and bearing interest at a rate of 5.80%.

The SUSO 1 Credit Facility is a U.S.\$87.2 million credit facility which matures on September 13, 2015. The SUSO 1 Credit Facility has two one-year extension options and bears interest at a rate of LIBOR plus 300 basis points. SUSO 1 has entered into derivative transactions which effectively cap LIBOR at 4.0%. Based on current one month LIBOR rates of approximately 0.16%, the SUSO 1 Credit Facility is bearing interest at 3.16%. As of February 3, 2014, approximately U.S.\$87.2 was outstanding under the SUSO 1 Credit Facility. As of the date hereof, the SUSO 1 Credit Facility is closed and can no longer be drawn down.

The SUSO 2 Credit Facility is a U.S.\$111.6 million credit facility which matures on April 2, 2017. The SUSO 2 Credit Facility has a 12-month extension option and bears interest at a rate of LIBOR plus 265 basis points. SUSO 2 has entered into derivative transactions which effectively cap LIBOR at 4.0%. Assuming the closing of the Secured Revolving Facility and the Senior Secured Term Facility (each defined below), interest on the SUSO 2 Credit Facility will increase to LIBOR plus 300 basis points. Based on current one month LIBOR rates of approximately 0.16%, the SUSO 1 Credit Facility will be bearing interest at 3.16%. As of February 3, 2014, approximately U.S.\$111.6 was outstanding under the SUSO 2 Credit Facility. As of the date hereof, the SUSO 2 Credit Facility is closed and can no longer be drawn down.

On Closing, the REIT's total indebtedness will be approximately 53.0% of Gross Book Value.

Slate believes the benefits of the Credit Facilities include, but are not limited to: (i) low interest rates and payment obligations that will allow the REIT to maintain conservative pay-out ratios and high Fixed Charge Coverage, (ii) staggered maturity dates and extension rights, that mitigate refinancing risk to the REIT, and (iii) the ability to repay the outstanding principal at any time, giving the REIT the flexibility to enter into secured term-loans at fixed rates before the debt maturity if desired. Also, for so long as Slate pursues a strategy focused on floating rate debt, it intends that the REIT will maintain a conservative payout ratio that will ultimately accommodate a shift to a fixed term interest rate structure.

Credit Facilities

A syndicate of U.S. lenders led by one of the largest bank-based financial service companies in the United States has provided a term sheet pursuant to which the syndicate will provide, at Closing, (i) a \$30 million secured revolving facility (the "**Secured Revolving Facility**") to Limited Partnership 2, and (ii) a \$45 million senior secured term facility (the "**Senior Secured Term Facility**") and together with the Secured Revolving Facility, the "**REIT Credit Facilities**") to a subsidiary of Limited Partnership 2 to be determined prior to the first advance. The REIT intends to close the REIT Credit Facilities on or shortly following Closing.

Secured Revolving Facility

The Secured Revolving Facility will bear interest at a rate equal to LIBOR plus 300 basis points or the bank's base rate plus 200 basis points. Investment LP1 and the REIT will act as guarantors for the Secured Revolving Facility. Limited Partnership 2 will pay an unused fee equal to 50 basis points on the unused aggregate revolving commitment, paid quarterly in arrears. The Secured Revolving Facility will mature six months after Closing. The REIT will have one six month extension option so long as it provides 30 day notice, is not in default or subject to an event of default and upon payment of an extension fee in the amount of 50 basis points. The Secured Revolving Facility may be used by the REIT for the acquisition and maintenance of retail grocery anchored properties, a repurchase of up to \$7.5 million of the securities of the REIT, Investment LP1 and material subsidiaries of the REIT and for other general working capital purposes.

The ability of the REIT to borrow under the Secured Revolving Facility remains subject to the limitations on the ability of the REIT to incur indebtedness as set out in the REIT Declaration of Trust.

The Secured Revolving Facility will include conditions precedent, financial and non-financial covenants and events of default customary for a credit facility of this nature. In addition, the Secured Revolving Facility will include certain restrictions relating to the collateral pledged to secure the Secured Revolving Facility.

Senior Secured Term Facility

The Senior Secured Term Facility will bear interest at a rate equal to LIBOR plus 300 basis points or the bank's base rate plus 200 basis points. Each new subsidiary that owns a grocery-anchored retail asset the acquisition of which is funded by the Senior Secured Term Facility and each material subsidiary of the borrower will act as guarantors and Limited Partnership 2, Investment LP1 and the REIT will act as carve out guarantors. The Senior Secured Term Facility will be a delayed draw term loan that shall be funded within 12 months of closing. Any unused portion of the Senior Secured Term Facility would be terminated at that time. Amounts repaid must not be re-borrowed under the Senior Secured Term Facility.

The Senior Secured Term Facility will mature three years from Closing. The REIT will have one 12 month extension option so long as it provides 30 day notice, is not in default or subject to an event of default and upon payment of an extension fee in the amount of 20 basis points. The Senior Secured Term Facility will be used for the acquisition of grocery-anchored retail assets, capital expenditure for grocery-anchored retail assets and general corporate purposes.

The ability of the REIT to borrow under the Senior Secured Term Facility remains subject to the limitations on the ability of the REIT to incur indebtedness contained in the REIT Declaration of Trust. The Senior Secured Term Facility will include conditions precedent, financial and non-financial covenants and events of default customary for a credit facility of this nature.

SLATE OWNERSHIP

Following Closing, Slate and the principals of Slate collectively, will hold an aggregate of 876,415 Class B LP2 Units (which are exchangeable into 876,415 Class U Units), 304,814 GAR B Exchangeable Units (which are exchangeable into 304,814 Class U Units), 250,000 SUSO 1 class I Units (which are exchangeable into 263,852 Class U Units) and 103,351 Class U Units, representing an aggregate approximately 9.7% interest in the REIT on a fully-diluted basis. Each of Slate, Blair Welch and Brady Welch has agreed to a customary lock-up pursuant to which such holders will not sell or otherwise dispose of (i) GAR B Exchangeable Units for a period of 36 months following Closing, or (ii) Class B LP2 Units for a period of 12 months following Closing.

PRO FORMA CAPITALIZATION OF THE REIT

The following table sets forth the pro forma consolidated capitalization of the REIT as at September 30, 2013 after giving effect to the Combination Transaction (net of costs relating to the Combination Transaction) and use of proceeds therefrom. The table should be read in conjunction with the pro forma combined financial statements and notes of the REIT thereto contained in this Information Circular. See “*Index to the Financial Statements*”.

	As at September 30, 2013 (in thousands)	As at September 30, 2013 Adjusted (in thousands)
Debt	221,164	228,236
REIT Units	138,561	141,687
Exchangeable Units	-	25,145
Capital	25,947	-
Non-controlling interest	-	9,359
Total Capitalization	<u>385,672</u>	<u>404,427</u>

NON-IFRS RECONCILIATION

The following table reconciles forecasted net income to FFO and AFFO. See “Non-IFRS Measures” and “Financial Forecast”):

(000's)	Three month period ending				Twelve month period ending
	March, 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	December 31, 2014
	\$	\$	\$	\$	\$
Calculation of Forecast NOI					
Revenue	\$10,995	\$10,967	\$10,904	\$10,930	\$43,796
Straight-line rent adjustment	(136)	(124)	(138)	(126)	(524)
Property operating costs	(2,991)	(3,468)	(3,177)	(3,225)	(12,861)
Property tax normalization	223	(252)	38	(9)	-
NOI	8,091	7,123	7,627	7,570	30,411
Reconciliation of forecasted earnings to FFO & AFFO					
Net income and comprehensive income	1,457	1,010	1,208	1,190	4,865
Add / (deduct):					
Exchangeable unit distributions	410	410	410	410	1,640
Trust unit distributions	2,332	2,332	2,332	2,332	9,328
Property tax normalization	(223)	252	(38)	9	-
Deferred tax expense	951	891	918	916	3,676
FFO	4,927	4,895	4,830	4,857	19,509
FFO per Class U Unit⁽¹⁾	0.31	0.31	0.30	0.30	1.22
Add / (deduct):					
Net impact of mark to market adjustment on in-place debt	(17)	(17)	(17)	(17)	(68)
Straight-line rent adjustment	(136)	(124)	(138)	(126)	(524)
Tenant inducements and leasing commissions reserve	(526)	(526)	(526)	(526)	(2,104)
Capital expenditure reserve	(93)	(93)	(93)	(93)	(372)
AFFO	4,155	4,135	4,056	4,095	16,441
AFFO per Class U Unit⁽¹⁾	0.26	0.26	0.25	0.26	1.03

Note:

- (1) Calculated on a fully-diluted basis assuming the conversion of all SUSO 1 class A units and SUSO 1 class I units into Class U Units at their respective conversion ratios and the redemption of all outstanding Class B LP2 Units and GAR B Exchangeable Units for Class U Units.

FINANCIAL FORECAST

The following financial forecast was prepared by management of the REIT, using assumptions with an effective date of January 10, 2014, and was approved by the REIT Trustees. Pursuant to applicable securities policies, the REIT is required to update the forecast during the forecast period by identifying any material changes from the forecast resulting from events that have occurred since it was issued and by comparing such forecast with audited annual actual results and unaudited interim actual results for the periods covered. The results of this comparison will be included in Management's Discussion and Analysis of Financial Condition and Results of Operations that will accompany the annual or interim financial statements of the REIT for the relevant periods.

The financial forecast has been prepared in accordance with Parts 4A and 4B of National Instrument 51-102 – *Continuous Disclosure Obligations* and has been prepared in accordance with the accounting policies that the REIT expects to use to prepare its historical financial statements for the period covered by the forecast. Those financial statements will be prepared in accordance with IFRS. The forecast has been prepared using assumptions that reflect management's intended courses of action for the REIT for the periods covered, given management's judgment as to the most probable set of economic conditions. The forecast has been prepared after giving effect to the Combination Transaction and the other transactions contemplated in this Information Circular to be completed before or concurrently with Combination Transaction. The forecast assumes the Closing occurred on December 31, 2013.

The assumptions used in the preparation of a forecast, although considered reasonable by management at the time of preparation, may not materialize as forecast and unanticipated events and circumstances may occur subsequent to the date of the forecast. Accordingly, there is a significant risk that actual results achieved for the forecast period will vary from the forecast results and that such variations may be material. There is no representation by the REIT that actual results achieved during the forecast period will be the same in whole or in part as those forecast. Important factors that could cause actual results to vary materially from the forecast include those disclosed under "*Risk Factors*". See "*Forward-Looking Statements*".

The financial forecast should be read in conjunction with the unaudited pro forma consolidated financial statements of the REIT and the audited financial statements of the REIT. See "*Index to Financial Statements*".

Independent Auditor's Report on Consolidated Financial Forecast

To the Board of Trustees of Slate U.S. Opportunity (No. 1) Realty Trust and Slate U.S. Opportunity (No. 2) Realty Trust:

The accompanying consolidated financial forecast of Slate Retail REIT consisting of the consolidated statements of forecasted net income and comprehensive income for each of the three-month periods ending March 31, 2014, June 30, 2014, September 30, 2014 and December 31, 2014 and the twelve month period ending December 31, 2014 has been prepared by management of Slate Properties Inc., on behalf of Slate Retail REIT, using assumptions with an effective date of January 10, 2014. We have examined the support provided by management for the assumptions, and the preparation and presentation of this consolidated financial forecast. Our examination was made in accordance with the applicable Assurance and Related Service Guideline set out in the Chartered Professional Accountants Canada Handbook – Assurance. We have no responsibility to update this report for events and circumstances occurring after the date of our report.

In our opinion:

- as at the date of this report, the assumptions developed by management are suitably supported and consistent with the plans of Slate Retail REIT and provide a reasonable basis for the consolidated financial forecast;
- this consolidated financial forecast reflects such assumptions; and
- the consolidated financial forecast complies with the presentation and disclosure standards for future oriented financial information set out in Part V of the Chartered Professional Accountants Canada Handbook – Accounting.

Since this consolidated financial forecast is based on assumptions regarding future events, actual results will vary from the information presented and the variations may be material. Accordingly, we express no opinion as to whether this financial forecast will be achieved.

(signed) Deloitte LLP
Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
Toronto, Canada
February 3, 2014

SLATE RETAIL REIT
CONSOLIDATED STATEMENTS OF FORECASTED NET INCOME
AND COMPREHENSIVE INCOME
(in thousands of United States dollars)

(000's)	Three month periods ending				Twelve month period ending
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	December 31, 2014
	\$	\$	\$	\$	\$
Revenue	10,995	10,967	10,904	10,930	43,796
Property operating expenses	2,991	3,468	3,177	3,225	12,861
Net property income	8,004	7,499	7,727	7,705	30,935
General and administrative	770	770	770	770	3,080
Interest and other financing charges:					
Interest	2,084	2,086	2,089	2,087	8,346
Exchangeable unit distributions	410	410	410	410	1,640
REIT unit distributions	2,332	2,332	2,332	2,332	9,328
Net income before income taxes	2,408	1,901	2,126	2,106	8,541
Income tax expense:					
Current	-	-	-	-	-
Deferred	951	891	918	916	3,676
Net income and comprehensive income	1,457	1,010	1,208	1,190	4,865
Attributable to:					
Unitholders of the REIT	1,216	792	980	963	3,951
Non-controlling interest	241	218	228	227	914

SLATE RETAIL REIT
NOTES TO THE CONSOLIDATED STATEMENTS OF
FORECASTED NET INCOME AND COMPREHENSIVE INCOME
Three month periods ending March 31, 2014, June 30, 2014, September 30, 2014 and December 31, 2014 and
the twelve month period ending December 31, 2014
(in thousands of United States dollars)

1. PURPOSE OF THE CONSOLIDATED FINANCIAL FORECAST

The consolidated financial forecast has been prepared by management of Slate Properties Inc. ("Slate Properties") on behalf of Slate Retail REIT (the "REIT") for use by the unitholders of Slate U.S. Opportunity (No. 1) Realty Trust ("SUSO 1") and Slate U.S. Opportunity (No. 2) Realty Trust ("SUSO 2") and the limited partners of U.S. Grocery Anchored Retail (1A), (1B) and (1C) Limited Partnerships ("GAR A", "GAR B" and "GAR C", respectively and collectively "GAR") in their evaluation of the proposed combination transaction (the "Combination Transaction") pursuant to which (i) SUSO 1 will effectively acquire, directly or indirectly, substantially all of the assets of SUSO 2 and GAR in consideration for class U units of SUSO 1 or securities that are redeemable or exchangeable into class U units of SUSO 1, (ii) the class U units of SUSO 1 will be listed on the Toronto Stock Exchange (the "TSX") and (iii) SUSO 1 will change its name to "Slate Retail REIT". Slate Properties will continue as the manager of the REIT and on completion of the Combination Transaction, the general partner interests in Slate U.S. Opportunity (No. 1) Holding L.P. (the principal holding subsidiary of SUSO 1), Slate U.S. Opportunity (No. 2) Holding L.P. (the principal holding subsidiary of SUSO 2) and GAR US Portfolio LP (the principal holding subsidiary of GAR) will be crystallized and exchanged for securities of a subsidiary of the REIT that will be economically equivalent to the class U units of the REIT (subject to certain adjustments) and redeemable for cash or class U units of the REIT.

2. NATURE AND DESCRIPTION OF THE REIT

The REIT is an unincorporated, open-ended investment trust under, and governed by, the laws of the Province of Ontario. The REIT will focus 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. On completion of the Combined Transaction, the properties of the REIT (the "Properties") will consist of a portfolio of 29 grocery anchored retail commercial properties located in the United States. The principal, registered and head office of the REIT is 200 Front Street West, Suite 2400, Toronto, ON, M5V 3K2.

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

3. BASIS OF PRESENTATION

The consolidated financial forecast consists of consolidated statements of forecasted net income and comprehensive income of the REIT for the three month periods ending March 31, 2014, June 30, 2014, September 30, 2014 and December 31, 2014 and the twelve month period ending December 31, 2014. The consolidated financial forecast has been prepared using assumptions with an effective date of January 10, 2014. The consolidated financial forecast reflects the assumptions described in Note 5.

The consolidated financial forecast has been prepared using assumptions that reflect the REIT's intended course of action for the periods presented, given management's judgment as to the most probable set of economic conditions. The consolidated financial forecast will be compared with the actual reported results for the consolidated financial forecast periods and any significant differences will be disclosed. The actual results achieved during the consolidated financial forecast periods may vary from the forecasted results, and these variations may be material.

Amounts are in thousands of United States dollars unless otherwise stated. Unit amounts are also in thousands, except for references to unit conversions which are described one-for-one.

SLATE RETAIL REIT
NOTES TO THE CONSOLIDATED STATEMENTS OF
FORECASTED NET INCOME AND COMPREHENSIVE INCOME
Three month periods ending March 31, 2014, June 30, 2014, September 30, 2014 and December 31, 2014 and the twelve
month period ending December 31, 2014
(in thousands of United States dollars) (continued)

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial forecast has been prepared in accordance with the significant accounting policies described below which are the accounting policies that are expected to be applied by the REIT for the forecast period and are consistent with the measurement and presentation principles of International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”).

(a) Basis of consolidation

The consolidated financial forecast includes the forecasted accounts of the REIT and the other entities that the REIT controls in accordance with IFRS 10, *Consolidated Financial Statements*. Control requires exposure or rights to variable returns and the ability to affect those returns through power over an investee. All forecasted intercompany transactions and balances have been eliminated on consolidation.

(b) Investment properties

The REIT accounts for its investment properties in accordance with IAS 40 *Investment Property* (“IAS 40”). For acquired investment properties that meet the definition of a business, the acquisition is accounted for as a business combination. Acquisitions of investment properties that do not meet the definition of a business are initially measured at cost including directly attributable expenses. Subsequent to acquisition, investment properties are carried at fair value, which is determined based on available market evidence at the statement of financial position date including, among other things, rental revenue from current leases and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental revenue from future leases less future cash outflows in respect of capital expenditures. Gains and losses arising from changes in fair value are recognized in net income in the period of change.

The carrying value of investment properties includes the impact of straight-line rental revenue, tenant inducements and deferred leasing costs since these amounts are incorporated in the determination of the fair value of income-producing properties.

When an investment property is disposed of, the gain or loss is determined as the difference between the net disposal proceeds and the carrying amount of the property and is recognized in net income in the period of disposal.

(c) Business combinations

The REIT accounts for investment property acquisitions as a business combination if the particular assets and set of activities acquired can be operated and managed as a business in its current state. The REIT applies the acquisition method to account for business combinations. The consideration transferred for a business combination is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the REIT. The total consideration includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired as well as liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The REIT recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognized amounts of the acquiree’s identifiable net assets.

Acquisition related costs are expensed as incurred.

Any contingent consideration is recognized at fair value at the acquisition date. Subsequent changes to the fair value of contingent consideration is recognized as a liability in accordance with IAS 39, *Financial Instruments: Recognition and Measurement* (“IAS 39”) primarily in net income or, in certain circumstances, as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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month period ending December 31, 2014
(in thousands of United States dollars) (continued)

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the identifiable net assets acquired. If the consideration is lower than the fair value of the net *assets* acquired, the difference is recognized in net income.

(d) Revenue recognition

The REIT has retained substantially all of the risks and benefits of ownership of its investment properties and therefore accounts for leases with its tenants as operating leases. Revenue recognition under a lease commences when the tenant has a right to use the leased asset. Generally, this occurs on the lease inception date or, where the REIT is required to make additions to the property in the form of tenant improvements that enhance the value of the property, upon substantial completion of those improvements. The total amount of contractual rent to be received from operating leases is recognized on a straight-line basis over the term of the lease; a straight-line rent receivable, which is included in the carrying amount of investment property, is recorded for the difference between the rental revenue recorded and the contractual amount received.

(e) Expenses

Property expenses and general and administrative expenses are recognized in income in the period in which they are incurred.

(f) Income taxes

A subsidiary of the REIT, Slate U.S. Opportunity (No. 1) Investment L.P. (“Investment LP”), that holds the REIT’s investments made an election pursuant to the United States Internal Revenue Code of 1986, as amended, to be classified as a corporation for U.S. federal income tax purposes effective on the date of its formation. Consequently, Investment LP is considered a “foreign corporation” for U.S. federal income tax purposes. The REIT measures deferred tax liabilities of its subsidiary, Investment LP, by applying the appropriate tax rate to temporary differences between the carrying amounts of assets and liabilities, and their respective tax basis. The appropriate tax rate is determined by reference to the rates that are expected to apply to the year and the jurisdiction in which the assets are expected to be realized or the liabilities settled. Deferred tax assets are recorded for all deductible temporary differences, carry forwards of unused tax credits and unused tax losses, to the extent that it is probable that deductions, tax credits and tax losses can be utilized. For the determination of deferred tax assets and liabilities where investment property is measured using the fair value model, the presumption is that the carrying amount of an investment property is recovered through sale, as opposed to presuming that the economic benefits of the investment property will be substantially consumed through use over time. The REIT qualifies as a “mutual fund trust” under the Income Tax Act (Canada) and plans to distribute or designate all taxable earnings to Unitholders and, under current legislation, the obligation to pay tax rests with each Unitholder. Accordingly, no current or deferred tax provision is recognized on the REIT’s income at the REIT level in addition to deferred tax amounts recorded in respect of Investment LP on consolidation.

(g) Limited Partnership 2 Exchangeable Units

The Limited Partnership 2 Exchangeable Units (as defined below), have been issued from a subsidiary of the REIT, and are redeemable for cash or Class U Units of the REIT (as defined below), at the option of the REIT and, therefore, are classified as financial liabilities under IAS 32. The Limited Partnership 2 Exchangeable Units are designated as fair value through profit or loss financial liabilities and are measured at fair value at each reporting period with any changes in fair value recognized in profit or loss. The distributions paid on the Limited Partnership 2 Exchangeable Units will be recorded in interest expense and other financing charges in net income and comprehensive income in the period in which they become payable.

(h) REIT Units

The REIT will have class A units, class I units and class U units issued and outstanding (collectively, the “REIT Units”). As an open-ended investment trust, Unitholders of each class of units of the REIT are able to require the REIT to redeem at any time or from time to time at the demand of the Unitholder all or any

SLATE RETAIL REIT
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part of the REIT Units held by the Unitholder in an amount equal to redemption price, as specified by the REIT's declaration of trust. This redemption is to be provided in cash, subject to certain limitations. If a redemption is not satisfied in cash, the redemption price is to be paid by notes of the REIT, or other property of the REIT. Accordingly, the REIT Units contain a contractual agreement to deliver cash or another financial liability to the Unitholders of the REIT: the REIT Units have been classified as a liability and measured at fair value. No change in fair value of the REIT Units has been forecasted as such change is not determinable.

(i) Financial instruments

Financial instruments are classified as one of the following: (i) held-to-maturity, (ii) loans and receivables, (iii) fair value through profit or loss ("FVTPL"), (iv) available-for-sale, or (v) other financial liabilities. Financial assets and liabilities classified as FVTPL are measured at fair value with gains and losses recognized in the consolidated statements of forecasted net earnings and comprehensive income. Financial instruments classified as held-to-maturity, loans and receivables or other financial liabilities are measured at amortized cost, using the effective interest method. Available-for-sale financial instruments are measured at fair value and any unrealized gains and losses will be recognized in other comprehensive income.

The REIT has made the following classifications:

Cash	Loans and receivables
Accounts receivable	Loans and receivables
Trade payables and other liabilities	Other financial liabilities
Debt	Other financial liabilities
Limited Partnership 2 Exchangeable Units	FVTPL
REIT Units	FVTPL

Transaction costs other than those related to financial instruments classified as fair value through profit or loss, which are expensed as incurred, are capitalized to the carrying amount of the instrument and amortized using the effective interest method. These costs include interest, amortization of discounts or premiums relating to borrowings, fees and commissions paid to agents, brokers and advisers and transfer taxes and duties that are incurred in connection with the arrangement of borrowings.

(j) Sources of estimation

The preparation of the consolidated financial forecast requires management to make assumptions and estimates that affect the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. The key assumptions used in this consolidated financial forecast relate to revenue and expenses as outlined in Note 5.

(k) Adoption of new accounting policies

For purposes of this consolidated financial forecast the REIT has applied IFRIC 21 *Levies* ("IFRIC 21"). The impact to the consolidated financial forecast of applying IFRIC 21 has been to recognize property tax expenses in the period in which the obligating event is expected to occur. Prior to the adoption of IFRIC 21 a liability for property taxes and the related property expense was recognized evenly over the year to which it related. The impact of the adoption of IFRIC 21 to property tax expense, which is included within property operating costs, on the consolidated statements of forecasted net income and comprehensive income was not material. The REIT will first apply IFRIC 21 retrospectively in its historical 2013 interim and annual consolidated financial statements.

5. SIGNIFICANT ASSUMPTIONS

The assumptions used in the preparation of the consolidated financial forecast, although considered reasonable by management, require significant judgments to be made about future events, which may not materialize as forecast. It is not possible to forecast unanticipated events and circumstances.

SLATE RETAIL REIT
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month period ending December 31, 2014
(in thousands of United States dollars) (continued)

(a) Combination Transaction

The consolidated financial forecast assumes that on December 31, 2013, immediately prior to the beginning of the forecast period, SUSO 1, SUSO 2 and GAR will complete the Combination Transaction (“Closing”) and that the Class U units of the REIT will be listed on the TSX. The actual closing date of the Combination Transaction (“Closing Date”) will differ and is dependent of the time required to implement the Combination Transaction.

Provided that the Combination Transaction is approved by the SUSO 1 Unitholders, SUSO 2 Unitholders and the Unitholders of GAR (“GAR Unitholders”), the following steps will occur in connection with the implementation of the Combination Transaction:

- The SUSO 1 Declaration of Trust will be amended to, among other things, change the name of SUSO 1 to Slate Retail REIT and to grant holders of SUSO 1 class A units and SUSO 1 class I units the right to convert all or any portion of their SUSO 1 class A units and SUSO 1 class I units (the “Conversion Rights”) into SUSO 1 class U units which will be listed on the TSX (the “Class U Units”).
- The SUSO 2 Declaration of Trust will be amended to, among other things, add a right for SUSO 2 to redeem the SUSO 2 Units by delivering Class U Units to SUSO 2 Unitholders.
- SUSO 1 will acquire all of the assets of SUSO 2 in consideration for Class U Units. SUSO 2 will redeem all SUSO 2 Units (except for any units acquired by SUSO 1) by delivering Class U Units to SUSO 2 Unitholders.
- In consideration for their units in GAR, the limited partners of GAR A and GAR C will receive, at their election, either Class U Units or units of Slate Retail Two L.P. (“Limited Partnership 2”), a subsidiary of the REIT.
- In consideration for their units in GAR, the limited partners of GAR B will receive, at their election, either Class U Units or exchangeable limited partnership units of GAR B (“GAR B Exchangeable Units”). Each GAR B Exchangeable Unit will be redeemable for one Class U Unit. Limited partners of GAR B will be issued one Special Voting Unit for each GAR B Exchangeable Unit held. The consolidated financial forecast assumes that all limited partners of GAR B will elect to receive GAR B Exchangeable Units. To the extent that the limited partners of GAR B elect to receive Class U Units as opposed to GAR B Exchangeable Units then the REIT will hold an interest in GAR B equal to those GAR B Unitholders who have elected to receive Class U Units. The REIT’s interest in GAR B will be accounted for as an associate following the equity method of accounting or as a consolidated subsidiary, depending on the extent of its relative interest in GAR B.
- The indirect holders of the general partner interests of SUSO 1, SUSO 2 and GAR will transfer their interests to Limited Partnership 2, a subsidiary of the REIT, in consideration for Class B units of Limited Partnership 2 (“Limited Partnership 2 Exchangeable Units”) which are redeemable for cash or Class U Units, as determined by the REIT.
- SUSO 1, SUSO 2 and GAR will effect a reorganization to rationalize the resulting structure.
- The REIT and Slate Properties will enter into an amended and restated management agreement.

SUSO 2 and GAR Unitholders will receive the following consideration:

- Each SUSO 2 class A unit will be redeemed for 0.9812 Class U Units;
- Each SUSO 2 class F unit will be redeemed for 1.0123 Class U Units;
- Each SUSO 2 class I unit will be redeemed for 1.0335 Class U Units;
- Each SUSO 2 class U unit will be redeemed for 0.9793 Class U Units;
- Holders of GAR A or GAR C units will receive, at their election, either Class U Units or Limited Partnership 2 Exchangeable Units; and
- Holders of GAR B units will receive, at their election, either Class U Units or GAR B Exchangeable Units. Holders of GAR B Exchangeable Units will be issued one Special Voting Unit for each GAR B Exchangeable Unit held.

In aggregate, SUSO 2 Unitholders, as a group, will receive 7,200 Class U Units. Unitholders of GAR, as a group, will receive Class U Units and/or GAR B Exchangeable Units or Limited Partnership 2 Exchangeable Units, which on an exchanged basis will be equivalent to 2,025 Class U Units.

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Costs relating to the completion of Combination Transaction are expected to be \$3,072 and will be applied as a charge against net income in the period in which they occur. No transaction costs have been recorded in the consolidated financial forecast as all costs related to undertaking the Combination Transaction will be incurred prior to the consummation thereof, which for purposes of preparing this consolidated financial forecast has been assumed to be December 31, 2013.

(b) Acquisition of the Properties

On completion of the Combination Transaction, the REIT will own the combined net assets of SUSO 1, SUSO 2 and GAR. The Combination Transaction will be accounted for as a business combination in accordance with the REIT's policy as described in Note 4(c). SUSO 2 has been identified as the acquirer for accounting purposes as the Unitholders of SUSO 2 will collectively hold a controlling interest in the REIT immediately following the completion of the Combination Transaction.

The identifiable net assets acquired are as follows:

	SUSO 1	GAR	Total
	\$	\$	\$
Investment properties	164,940	62,447	227,387
Other net assets	4,599	285	4,884
Debt	(87,230)	(31,870)	(119,100)
Non-controlling interest held by GAR B	-	(10,097)	(10,097)
Net assets acquired	82,309	20,765	103,074

The purchase price will be satisfied as follows:

	SUSO 1	GAR	Total
	\$	\$	\$
REIT Units	77,701	-	77,701
Limited Partnership 2 Exchangeable Units	4,608	20,765	25,373
	82,309	20,765	103,074

(c) Revenue

Forecast property revenue is based on rents from existing leases as well as expected income from the renewal of leases. No assumption has been made related to new leasing of vacant units as the occupancy levels of the REIT are considered stabilized. Forecasted renewal leasing is assumed to occur at market rates. For the twelve-months ending December 31, 2014, \$392 of base rent revenue is related to leases assumed to renew.

Revenue during the forecast period is comprised of the following:

	Three month periods ending				Twelve month period ending
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	December 31, 2014
	\$	\$	\$	\$	\$
Base rent	8,191	8,174	8,124	8,151	32,640
Straight-line adjustment	136	124	138	126	524
	8,327	8,298	8,262	8,277	33,164
Recoveries	2,604	2,605	2,578	2,589	10,376
Other	64	64	64	64	256
Property revenue	10,995	10,967	10,904	10,930	43,796

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Future minimum rental commitments on non-cancellable tenant operating leases are as follows:

	<u>\$</u>
Not later than 1 year	32,248
Later than 1 year and not longer than 5 years	93,678
Later than 5 years	46,605
	<u>172,531</u>

(d) Property expenses

Property expenses have been forecasted with reference to the operating plans and budgets. The consolidated financial forecast reflects historical data adjusted for changes in costs due to inflation and market factors and anticipated changes in realty tax rates and property assessments, management's estimates, and other market trends. The major components of property expenses consist of realty taxes, utilities, repairs and maintenance, insurance, salaries and wages and property management fees. Property management fees are paid to a third party property manager as various percentages of gross revenues and monthly minimum amounts.

(e) General and administrative

General and administrative expenses comprise those costs relating to (i) the day-to-day administration of the REIT and include legal fees, trustee fees, annual report costs, transfer agent fees, insurance premiums, capital taxes, tax compliance, audit and other public company costs; and (ii) fees payable to Slate Properties under the Services Agreement (as defined below).

Slate Properties will provide the REIT with asset management services, similar to the role played by Slate Properties in the management of SUSO 1, SUSO 2 and GAR. The services to be performed by Slate Properties (the "Asset Management Services") are described in the Management Information Circular with respect to the Combination Transaction and will be provided pursuant to a services agreement (the "Services Agreement"). The Services Agreement will require the REIT to pay the following fees to Slate Properties for its Asset Management Services:

- an annual asset management fee calculated and payable on a quarterly basis, equal to 0.40% of Gross Book Value of the REIT, as to be defined by the Services Agreement;
- an acquisition fee equal to 0.75% of the gross purchase price paid for each new property (or interest in a property), including the price, due diligence costs, closing costs, legal fees and additional capital costs, payable on completion of the purchase of each property (or interest in a property); provided that no acquisition fee will be payable on the acquisition of the Properties pursuant to the Combination Transaction or with respect to acquisitions from Slate Properties or entities managed by Slate Properties; and
- an annual incentive fee, calculated in arrears, in an aggregate amount equal to 15% of the REIT's funds from operation per Class U Unit (calculated assuming the conversion of all SUSO 1 class A units and SUSO 1 class I units into Class U Units at their respective conversion ratios and the redemption of all outstanding Class B LP2 Units and GAR B Exchangeable Units for Class U Units) as derived from the annual financial statements of the REIT in excess of \$1.28 (the "Hurdle Amount") and subject to ordinary course adjustments for certain transactions affecting the Class U Units and increasing annually by 50% of the increase in the United States consumer price index.

Included in general and administrative expense in the forecast period is \$1,740 to be paid by the REIT to Slate Properties for the annual asset management fee. No acquisition fee has been included in the consolidated financial forecast as no acquisitions have been forecast. Similarly, no annual incentive fee has been included in the consolidated financial forecast as during the forecast period the REIT is not forecast to exceed the Hurdle Amount.

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(f) Debt

On completion of the Combination Transaction, the REIT is expected to maintain its current debt in place. The following is a summary of the debt to be held by the REIT immediately following the completion of the Combination Transaction.

	Coupon⁽¹⁾	Effective Rate⁽²⁾	Principal	Carrying Amount
	%	%	\$	\$
SUSO 1 credit facility	L+300 bps	3.16%	87,230	87,230
SUSO 2 credit facility	L+300 bps	3.16%	111,592	108,831
Cudahy Centre first mortgage	5.25%	6.17%	3,722	3,495
Cudahy Centre second mortgage	6.00%	3.55%	200	211
GAR mortgage	5.80%	5.34%	27,948	28,852
Total			230,692	228,619

(1) “L” means the one-month U.S. London Interbank Offering Rate (“LIBOR”) and “bps” means basis points.

(2) The effective rate for the SUSO 2 credit facility includes the impact of unamortized financing costs not yet recorded in interest expense under the effective interest rate method. The remaining debt includes mark-to-market adjustments on assumption of such debt by SUSO 2 (see Note 5(b)). Both the SUSO 1 and SUSO 2 credit facilities have assumed 1-month LIBOR is 0.16, the rate as of January 10, 2014, the effective date of this consolidated financial forecast.

The Cudahy Center first and second mortgages mature on April 1, 2031 and May 1, 2016, respectively. The GAR mortgage is secured by Pinewood Plaza, Springboro Plaza, Field Club Commons, Kennywood Shops and Buckeye Plaza and matures on April 30, 2021. The SUSO 1 credit facility matures on September 13, 2015 and has two one-year extension options. The SUSO 2 credit facility matures on April 2, 2017 and has a one-year extension option. Both the SUSO 1 and SUSO 2 credit facilities are closed and can no longer be drawn down.

(g) Secured Revolving Facility and Senior Secured Term Facility

A syndicate of U.S. lenders in the United States has provided a term sheet pursuant to which the syndicate will provide, at Closing, (i) a \$30 million secured revolving facility (the “Secured Revolving Facility”), and (ii) a \$45 million senior secured term facility (the “Senior Secured Term Facility”).

The Secured Revolving Facility will bear interest at a rate equal to LIBOR plus 300 basis points or the bank’s base rate plus 200 basis points. The REIT will pay an unused fee of 50 basis points on the unused aggregate revolving commitment, paid quarterly in arrears. The Secured Revolving Facility will mature six months after Closing. The REIT will have one six month extension option so long as it provides 30 day notice, is not in default or subject to an event of default and upon payment of an extension fee in the amount of 50 basis points. The Secured Revolving Facility will be used by the REIT for the acquisition and maintenance of retail grocery anchored properties, a repurchase of up to \$7.5 million of the securities of the REIT and for other general working capital purposes.

The Senior Secured Term Facility will bear interest at a rate equal to LIBOR plus 300 basis points or the bank’s base rate plus 200 basis points. The Senior Secured Term Facility will be a delayed draw term loan that shall be funded within 12 months of Closing. Any unused portion of the Senior Secured Term Facility would be terminated at that time. Amounts repaid must not be re-borrowed under the Senior Secured Term Facility.

The Senior Secured Term Facility will mature three years after the Closing. The REIT will have one 12 month extension option so long as it provides 30 day notice, is not in default or subject to an event of default and upon payment of an extension fee in the amount of 20 basis points. The Senior Secured Term Facility will be used for the acquisition of grocery-anchored retail assets, capital expenditure for grocery-anchored retail assets and general corporate purposes.

The ability of the REIT to borrow under the Senior Secured Term Facility remains subject to the limitations on the ability of the REIT to incur indebtedness contained in the REIT Declaration of Trust. The Senior

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Secured Term Facility will include conditions precedent, financial and non-financial covenants and events of default customary for a credit facility of this nature.

The consolidated financial forecast assumes that no drawings are made on the Secured Revolving Facility or the Senior Secured Term Facility.

(h) Limited Partnership 2 Exchangeable Units

As described in Note 5(a) certain of the consideration to be provided to unitholders of SUSO 2 and limited partners of GAR are Limited Partnership 2 Exchangeable Units. Limited Partnership 2 Exchangeable Units are redeemable into cash or Class U Units of the REIT, as determined by the REIT. No redemptions have been forecast. On completion of the Combination Transaction, there is expected to be 2,201 Limited Partnership 2 Exchangeable Units outstanding, excluding any such units held by the REIT or its subsidiaries.

(i) Interest and other finance charges

Interest and other finance charges are based on the expected terms of the agreements expected to be put in place on Closing.

In accordance with the significant accounting policies described in Note 4, the Limited Partnership 2 Exchangeable Units and REIT Units are presented as financial liabilities under IFRS. Accordingly, forecasted distributions expected to be made to Unitholders of the Exchangeable Units and REIT Units have been presented as a financing cost in the consolidated financial forecast.

Interest and other financing charges is comprised of the following:

	Three months ending				Twelve month period ending
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	December 31, 2014
	\$	\$	\$	\$	\$
Cash interest	2,026	2,028	2,031	2,029	8,114
Stand-by charges ⁽¹⁾	75	75	75	75	300
Discounts, costs and mark-to- market adjustments	(17)	(17)	(17)	(17)	(68)
	2,084	2,086	2,089	2,087	8,346
Exchangeable Unit distributions	410	410	410	410	1,640
REIT Unit distributions	2,332	2,332	2,332	2,332	9,328
Interest and other financing charges	4,826	4,828	4,831	4,829	19,314

(1) Stand-by charges relate to the undrawn portions of the Secured Revolving Facility or the Senior Secured Term Facility.

(j) Income taxes

The REIT expects to qualify as a mutual fund trust for Canadian income tax purposes. The REIT intends to distribute all of its taxable income to Unitholders and is entitled to deduct such distributions for Canadian income tax purposes. Accordingly, no provision for current income taxes payable is required, except for amounts incurred in Investment LP.

Investment LP made an election to be classified as a corporation for U.S. federal tax purposes. Investment LP is subject to U.S. federal and state income taxation on its allocable shares in Slate Retail Limited Partnership 1 ("Limited Partnership 1") a subsidiary of the REIT, Limited Partnership 2 and GAR US Portfolio LP, as the case may be, and any subsidiary limited partnership thereof. Thus, Investment LP will be subject to U.S. federal income taxation on its allocable share of rental income derived directly or indirectly through such subsidiary limited partnerships, on a net basis taking into account allowable deductions. Investment LP is subject to a combined federal and state income tax rate of approximately 38%. Current taxes in Investment LP have been reduced to nil. To the extent U.S. taxes are paid by Investment LP such amounts will be creditable against an investor's Canadian federal income tax liability to the extent permitted by Canadian tax law.

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Deferred income tax expense is related to the reversal and origination of temporary differences, the REIT expects to have a deferred tax expense of \$3,676 primarily related to the U.S. tax depreciation claimed.

(k) Fair value adjustments on investment property

The consolidated financial forecast does not reflect any change in the fair value of the REIT's investment properties as any such change is impacted by many variables that cannot be forecasted.

(l) REIT Units

Immediately following completion of the Combination Transaction REIT Units are expected to be as follows:

	<u>Class U</u>	<u>Class A</u>	<u>Class I</u>
Authorized for issue	Unlimited	Unlimited	Unlimited
Issued and outstanding	8,498	3,702	703

Each REIT Unit will confer the right to one vote at any meeting of REIT Unitholders. The REIT is also authorized to issue an unlimited number of special voting units ("Special Voting Units"). Special Voting Units are only issued in tandem with the issuance of securities redeemable for or exchangeable into REIT Units. The Special Voting Units do not have any economic entitlement in the REIT with respect to distributions but provide the holder with the same voting rights in the REIT as a holder of REIT Units. Special Voting Units may only be issued in connection with or in relation to redeemable or exchangeable securities for the purpose of providing voting rights with respect to the REIT to the holders of such securities.

Each REIT Unit entitles the holder to the same rights and obligations as a REIT Unitholder and no REIT Unitholder is entitled to any privilege, priority or preference in relation to any other holder of REIT Units, subject to the proportionate entitlement of the holders of class A units, class I units and class U units of the REIT to participate in distributions made by the REIT including distributions of net income, net realized capital gains or other amounts and, in the event of termination or winding-up of the REIT, in the net assets of the REIT remaining after satisfaction of all liabilities, based on their respective conversion ratios for Class U Units. REIT Units will be fully paid and non-assessable when issued and are transferable.

SUSO 1 class A and class I unitholders will continue to own their existing units. Class A and class I unitholders will have the right to convert all or any portion of their units into Class U Units. The following conversion rates will apply:

- Each SUSO 1 class A unit will be convertible into 1.0078 Class U Units; and
- Each SUSO 1 class I unit will be convertible into 1.0554 Class U Units.

On completion of the Combination Transaction, the REIT Declaration of Trust will grant holders of class A units and class I units of the REIT the right to convert all or any portion of their class A units and class I units of the REIT, at any time (the "Conversion Date"), into Class U Units by giving written notice to the REIT. On the applicable Conversion Date the REIT will deliver to the class A unitholder or class I unitholder the applicable number of Class U Units to convert for each class A unit or class I unit converted by such unitholder.

If all of the GAR B Exchangeable Units, Limited Partnership 2 Exchangeable Units, class A units of the REIT and class I units of the REIT were redeemed or exchanged for Class U Units, as applicable, there would be in aggregate approximately 16,000 Class U Units outstanding.

REIT Units are redeemable at any time on demand by the holders thereof upon delivery to the REIT of a duly completed and properly executed notice requesting redemption in a form reasonably acceptable to the trustees of the REIT, together with written instructions as to the number of REIT Units to be redeemed. Upon receipt of the redemption notice by the REIT, all rights to and under the REIT Units tendered for

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redemption shall be surrendered and the holder thereof will be entitled to receive a price per REIT Unit. The price per REIT Unit payable upon redemption will differ for each class of REIT Units and will be based on the proportionate interest that such REIT Unit is of the total redemption value of the REIT Units (the "Redemption Value"), calculated as follows:

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

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

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

If any of the conditions in the two paragraphs above preclude the payment of the redemption price in cash (and the REIT Board does not, in its sole discretion, waive such limitation in respect of all REIT Units tendered for redemption in any particular calendar quarter), the redemption price shall be paid and satisfied by way of an in specie distribution of property of the REIT and/or unsecured subordinated notes of the REIT, as determined by the REIT Trustees in their sole discretion.

(m) Non-controlling interest and GAR B exchangeable units

As described in Note 5(a) the financial forecast assumes that all GAR B Unitholders will elect to receive GAR B Exchangeable Units. To the extent that GAR B Unitholders elect to receive REIT Units as opposed to GAR B Exchangeable Units then the REIT will hold an interest in GAR B equal to the interests of those GAR B Unitholders who have elected to receive REIT Units. The REIT's interest in GAR B will be accounted as an equity investment or as a consolidated subsidiary, depending on the extent of its relative interest in GAR B. Accordingly, for purposes of the consolidated financial forecast GAR B's ownership in the net assets of the REIT is a non-controlling interest. The REIT will account for the GAR B Exchangeable Units as a derivative which will be measured at fair value with changes in fair value recognized in net income in the period of the change. No change in fair value of the derivative has been forecast in the consolidated financial forecast as such change is dependent of the change in value of the REIT Units.

The GAR B exchangeable units are accompanied by an equivalent number of Special Voting Units. The GAR B Exchangeable Units on an exchanged basis are equivalent to 828 Class U Units.

(n) Acquisitions, developments and sales of investment property

This consolidated financial forecast does not reflect any potential sales of properties, major redevelopments of properties or further acquisitions of properties, other than the acquisitions of the properties owned by SUSO 1, SUSO 2 and GAR as of the effective date of this consolidated financial forecast. However, it is possible that the REIT will make purchases and sales of properties during the forecast period.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In the event the Combination Transaction is completed, certain of the SUSO Entities will become wholly-owned Subsidiaries of the REIT and all of their assets and liabilities, either directly or indirectly, will be distributed to and assumed by the REIT. Following completion of the Combination Transaction, the business of the SUSO Entities will continue to be carried on through the REIT and the REIT's financial position, risks and outlook will be substantially the same as those outlined in the SUSO 1 MD&A and the SUSO 2 MD&A incorporated by reference herein. Since the Combination Transaction contemplates a change of control for accounting purposes, whereby SUSO 2 will be deemed to have acquired SUSO 1 and GAR as a result of the holders of SUSO 2 owning a controlling interest in the combined entity upon completion of the Combination Transaction, the financial statements of the REIT will be the continuation of the consolidated financial statements of SUSO 2. As a result of the Combination Transaction, the consolidated pro forma financial statements of the REIT will reflect the assets and liabilities of the SUSO Entities at the respective carrying amounts except for certain deferred income taxes which will reflect the impact on the change in tax status. Any change in deferred income tax balance will be charged to income tax expense at Closing. Such changes related to deferred income taxes may be material. See "*Pro Forma Financial Statements of Slate Retail REIT*" attached to this Information Circular.

Readers are encouraged to review the SUSO 1 MD&A and the SUSO 2 MD&A which have been filed on SEDAR at www.sedar.com and are incorporated by reference in this Information Circular.

MANAGEMENT OF THE REIT

Slate

The REIT's properties will be managed by Slate. Slate is a Toronto-based commercial real estate investor and asset manager. Slate's founding partners have extensive experience managing complex real estate transactions in domestic and international markets. Since 2005, Slate has acquired over \$2.2 billion of commercial real estate assets across North America. Slate is currently the manager of SUSO 1, SUSO 2 and GAR.

In addition to managing properties owned by the SUSO Entities and GAR, Slate is also involved in the management and ownership of other commercial real estate businesses, including a Canadian office portfolio consisting of 23 properties. Since completing the initial public offerings of SUSO 1 and SUSO 2 in April 2012 and November 2012, respectively, Slate has grown from a team of nine people to a team of 23 people, with dedicated acquisition, leasing, construction management and financial reporting teams for both its U.S. retail and Canadian office businesses.

Management Agreement

Services

Pursuant to the Management Agreement, and similar to the role played by Slate in the management of SUSO 1, SUSO 2 and GAR, Slate will provide the REIT and its subsidiaries with the strategic, advisory, asset management, administrative, property management, leasing, construction management and administrative services (the "**Asset Management Services**") necessary to manage the day-to-day operations of the REIT and its properties. Slate will also provide in-house legal services to the REIT. Slate believes the provision of in-house legal services will benefit the REIT through, among other things, improved internal controls and consistency in processes and documentation, lower external legal costs, enhanced responsiveness and more efficient transaction execution. In providing the Asset Management Services, Slate will exercise the degree of care, diligence, judgment and skill that would be exercised by a professional, prudent and competent person who is experienced in providing services substantially similar to the Asset Management Services.

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

The personnel engaged by Slate will not be employees of the REIT. Slate will provide such administrative, executive and management personnel as may be reasonably necessary to perform its obligations by using its own employees (and being responsible for all employment matters with respect to such employees). Without limiting the

generality of the foregoing, Slate will initially provide the services of each of Blair Welch, as Chief Executive Officer, and Brady Welch, as Chief Financial Officer, to the REIT. In the event that any employee of Slate ceases to provide services to the REIT as a result of death, disability, resignation or termination, Slate will replace such individual with another employee with similar qualifications and experience, provided that in the case of Blair Welch or Brady Welch, the replacement will be made only after consultation with the Independent Trustees.

Management Fees

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

- a) an annual asset management fee (the “**Asset Management Fee**”) calculated and payable on a quarterly basis, equal to 0.40% of Gross Book Value of the REIT;
- b) an acquisition fee (the “**Acquisition Fee**”) equal to 0.75% of the gross purchase price paid for each new property (or interest in a property), including the price, due diligence costs, closing costs, legal fees and additional capital costs, payable on completion of the purchase of each property (or interest in a property); provided that no acquisition fee will be payable on the acquisition of the Properties pursuant to the Combination Transaction or with respect to acquisitions from Slate or entities managed by Slate; and
- c) an annual incentive fee (the “**Incentive Fee**” and, together with the Asset Management Fee and the Acquisition Fee, the “**Management Fees**”), calculated in arrears, in an aggregate amount equal to 15% of the REIT’s funds from operation per Class U Unit (calculated assuming the conversion of all SUSO 1 class A units and SUSO 1 class I units into Class U Units at their respective conversion ratios and the redemption of all outstanding Class B LP2 Units and GAR B Exchangeable Units for Class U Units) as derived from the annual financial statements of the REIT in excess of U.S.\$1.28, subject to ordinary course adjustments for certain transactions affecting the Class U Units and increasing annually by 50% of the increase in the United States consumer price index.

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

Expenses

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

Term of the Management Agreement

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

Termination of the Management Agreement

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

The REIT will also have the right to terminate the Management Agreement in the event that both of Blair Welch and Brady Welch are no longer associated with Slate (“**Loss of Key Men**”), provided that the Independent Trustees reasonably determine that the Loss of Key Men is detrimental to Slate’s performance of its obligations to the REIT. Slate is required to provide the Independent Trustees with advance notice of any proposed Loss of Key Men as and when Slate becomes aware of it. This provision shall not apply following the REIT achieving an equity market capitalization of \$750 million.

Should the REIT wish to terminate the Management Agreement upon a Loss of Key Men, the REIT will (i) provide Slate with written notice of such termination, (ii) pay to Slate, immediately upon the date of notification of termination, any unpaid amounts then owing to Slate, and (iii) reimburse Slate for all Termination Costs (as defined below).

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

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

Slate will have the right to terminate the Management Agreement upon the occurrence of:

- (a) an event of insolvency of the REIT, within the meaning of the Management Agreement,
- (b) a material breach by the REIT under the Management Agreement, if such material breach is not cured within 30 days after receipt by the REIT of written notice from Slate with respect thereto unless the REIT has commenced rectification of such material breach within such 30 day period and thereafter promptly, diligently and continuously proceeds with the rectification of such breach

(each a “**REIT Event of Default**”).

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

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

of the termination of the Management Agreement for any reason whatsoever, the REIT or such affiliate shall be responsible for any and all severance and termination costs and payments paid or payable by Slate to such employee.

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

Change of Control Payment

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

Non-Competition Restrictions

During the term of the Management Agreement, Slate and its officers and directors are not to, directly or indirectly, individually or in partnership or jointly or in conjunction with any person(s): (i) other than SUSO 3, create or manage or act as promoter of another real estate investment trust focused on the ownership of retail properties in the United States (the “**Restricted Investments**”); (ii) other than investments by SUSO 3, invest in, purchase or finance the purchase of any assets which constitute Restricted Investments and meet the investment criteria of the REIT, unless such investment opportunity has first been offered to the REIT (on no less favourable terms) and the REIT has declined to purchase such assets; or (iii) solicit tenants, suppliers, employees, consultants, advisers, partners, trustees, directors, officers or agents away from the REIT or its properties, or otherwise interfere with relationships that the REIT has with such persons.

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

Non-Solicitation

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

License of the Slate Name

The Slate name will be licensed to the REIT by Slate under a non-exclusive, royalty-free license agreement (the “**License Agreement**”) entered into at or prior to Closing. By using the “Slate” brand, the REIT will have the benefit of the goodwill and recognition associated with the “Slate” name in the real estate sector. The REIT will be

entitled to terminate the License Agreement at any time without charge. Slate may terminate the license at any time on 30 days' written notice following the date on which (i) the REIT is provided written notice of its failure to comply with the License Agreement, provided that the REIT has the right to cure any such failure not later than 10 days after receiving notice of such failure, or (ii) the Management Agreement is terminated.

REIT TRUSTEES AND EXECUTIVE OFFICERS

Governance and REIT Board

The REIT Declaration of Trust will provide that, subject to certain conditions, the REIT Trustees will have absolute and exclusive power, control and authority over the REIT's assets and operations, as if the REIT Trustees were the sole and absolute legal and beneficial owners of the REIT's assets. The governance practices, investment guidelines and operating policies of the REIT will be overseen by the REIT Board consisting of a minimum of one and a maximum of nine Trustees, a majority of whom will be Canadian residents. The REIT must, at all times after the Combination Transaction, have a majority of REIT Trustees who are independent within the meaning of National Instrument 58-201 — *Corporate Governance Guidelines* ("NI 58-201") provided, however, that if at any time a majority of the REIT Trustees are not independent because of the death, resignation, bankruptcy, adjudicated incompetence, removal or change in circumstance of any REIT Trustee who was an Independent Trustee, this requirement shall not be applicable for a period of 60 days thereafter, during which time the remaining REIT Trustees shall appoint a sufficient number of REIT Trustees who qualify as "independent" to comply with this requirement.

As of Closing, the REIT Board will be comprised of six REIT Trustees. In the near term, the REIT intends to recruit and appoint one additional REIT Trustee who will be an Independent Trustee and will have substantial experience with public companies and in the real estate sector. Until such time as the additional REIT Trustee is appointed, Brady Welch will serve as interim chairman of the REIT. Upon the appointment of the additional REIT Trustee, the REIT Board will select from amongst their members a chairman of the REIT Board (the "**Chairman**") who will be an Independent Trustee.

In the event that at any time the Chairman is not an Independent Trustee, a lead trustee (the "**Lead Trustee**") will be appointed from among the Independent Trustees. The Lead Trustee will act as an effective leader of the REIT Board in respect of matters required to be considered by the Independent Trustees, and will ensure that the REIT Board's agenda will enable it to successfully carry out its duties. Notwithstanding the foregoing, the REIT Board will not be required to appoint a Lead Trustee while Brady Welch serves as interim Chairman. However, if after 90 days from Closing, a Chairman who is also an Independent Trustee has not been selected, the REIT Board will appoint a Lead Trustee.

Pursuant to NI 58-201, an Independent Trustee is one who is free from any direct or indirect relationship which could, in the view of the REIT Board, be reasonably expected to interfere with a REIT Trustee's independent judgment. The REIT has determined that Samuel Altman, Patrick Flatley, Peter Tesché and Colum Bastable will be independent under these standards. Blair Welch and Brady Welch, as executive officers of Slate, are not independent under these standards.

The mandate of the REIT's Board will be one of stewardship and oversight of the REIT and its business. In fulfilling its mandate, the REIT Board will adopt a written charter setting out its responsibility, among other things, for (i) participating in the development of and approving a strategic plan for the REIT, (ii) supervising the activities and managing the investments and affairs of the REIT, (iii) approving major decisions regarding the REIT, including all acquisitions with a purchase price greater than \$30 million (iv) defining the roles and responsibilities of management, (v) reviewing and approving the business and investment objectives to be met by management, (vi) assessing the performance of and overseeing management, (vii) reviewing the REIT's debt strategy, (viii) identifying and managing risk exposure, (ix) ensuring the integrity and adequacy of the REIT's internal controls and management information systems, (x) succession planning, (xi) establishing committees of the REIT Board, where required or prudent, and defining their mandate, (xii) maintaining records and providing reports to REIT Unitholders, (xiii) ensuring effective and adequate communication with REIT Unitholders, other stakeholders and the public, (xiv) determining the amount and timing of distributions to REIT Unitholders, and (xv) acting for, voting on behalf of and representing the REIT as a holder of limited partnership units of Investment LP1.

The REIT Board will adopt a written position description for the Chairman of the REIT Board which will set out the Chairman's key responsibilities, including duties relating to setting REIT Board meeting agendas, chairing REIT Board and REIT Unitholder meetings, REIT Trustee development and communicating with REIT Unitholders and regulators. The REIT Board will also adopt a written position description for each of the committee chairs which will set out each of the committee chair's key responsibilities, including duties relating to setting committee meeting agendas, chairing committee meetings and working with the respective committee and management to ensure, to the greatest extent possible, the effective functioning of the committee. These descriptions will be considered by the REIT Board for approval annually.

The REIT will adopt a written code of conduct (the "**Code of Conduct**") that applies to all REIT Trustees, officers, and management of the REIT and its Subsidiaries. The objective of the Code of Conduct is to provide guidelines for maintaining the integrity, reputation, honesty, objectivity and impartiality of the REIT and its Subsidiaries. The Code of Conduct addresses conflicts of interest, protecting the REIT's assets, confidentiality, fair dealing with security holders, competitors and employees, insider trading, compliance with laws and reporting any illegal or unethical behaviour. As part of the Code of Conduct, any person subject to the Code of Conduct is required to avoid or fully disclose interests or relationships that are harmful or detrimental to the REIT's best interests or that may give rise to real, potential or the appearance of conflicts of interest. The REIT Board will have the ultimate responsibility for the stewardship of the Code of Conduct. The Code of Conduct will also be filed with the Canadian securities regulatory authorities on the SEDAR website at www.sedar.com.

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

Other than the REIT Trustees nominated by Slate as described below, the nominees for election of the REIT Trustees will be determined by the Compensation, Governance and Nominating Committee in accordance with the provisions of the REIT Declaration of Trust and will be included in the proxy related materials to be sent to REIT Unitholders prior to each annual meeting of REIT Unitholders. REIT Trustees will be elected at each annual meeting of REIT Unitholders to hold office for a term expiring at the close of the next annual meeting. The REIT's first annual meeting will be held on or before June 30, 2015, in accordance with the REIT Declaration of Trust.

The REIT Unitholders or the REIT Trustees will be entitled to change the number of REIT Trustees comprising the REIT Board. A quorum of the REIT Trustees, being the majority of the REIT Trustees then holding office (provided a majority of the REIT Trustees comprising such quorum are residents of Canada), will be permitted to fill a vacancy in the REIT Trustees, except a vacancy resulting from an increase in the number of REIT Trustees or from a failure of the REIT Unitholders to elect the required number of REIT Trustees. In the absence of a quorum of REIT Trustees, or if the vacancy has arisen from an increase in the number of REIT Trustees other than in accordance with the provision regarding the appointment of REIT Trustees in the REIT Declaration of Trust or from a failure of the REIT Unitholders to elect the required number of REIT Trustees, the REIT Trustees will promptly call a special meeting of the REIT Unitholders to fill the vacancy. If the REIT Trustees fail to call that meeting or if there is no REIT Trustee then in office, any REIT Unitholder will be entitled to call such meeting. Except as otherwise provided in the REIT Declaration of Trust, the REIT Trustees may, between annual meetings of REIT Unitholders, appoint one or more additional REIT Trustees to serve until the next annual meeting of REIT Unitholders, provided that the number of additional REIT Trustees so appointed will not at any time exceed one-third of the number of REIT Trustees who held such office at the conclusion of the immediately preceding annual meeting of REIT Unitholders. Any REIT Trustee may resign upon 30 days' written notice to the REIT, unless such resignation would cause the number of remaining REIT Trustees to be less than a quorum, and may be removed by an ordinary resolution passed by a majority of the votes cast at a meeting of REIT Unitholders.

The following table sets forth the name, municipality, state/province and country of residence, positions held with the REIT and principal occupation of the REIT Trustees assuming the election of Colum Bastable at the SUSO 1 Meeting:

Name and Municipality of Residence	Position with the REIT	Principal Occupation
Samuel Altman ⁽¹⁾⁽³⁾⁽⁵⁾ <i>Montreal, Quebec, Canada</i>	Independent Trustee	President of Joddes Limited
Colum Bastable ⁽¹⁾⁽³⁾⁽⁴⁾⁽⁷⁾ <i>Toronto, Ontario, Canada</i>	Independent Trustee	Chairman of Cushman & Wakefield Inc.
Patrick Flatley ⁽⁵⁾ <i>Etobicoke, Ontario, Canada</i>	Independent Trustee	Senior Vice President, Fidelity National Title Insurance Co.
Peter Tesché ⁽¹⁾⁽²⁾⁽³⁾⁽⁵⁾ <i>Fort Lauderdale, Florida, United States</i>	Independent Trustee	Principal, P.T. Lloyd Associates LLC Director, Capital Markets, Pensam Capital, LLC
Blair Welch ⁽⁵⁾⁽⁶⁾ <i>Ancaster, Ontario, Canada</i>	Trustee	Executive Officer of Slate Properties Inc.
Brady Welch <i>Burlington, Ontario, Canada</i>	Interim Chairman & Trustee	Executive Officer of Slate Properties Inc.

Notes:

- (1) Member of the Compensation, Governance and Nominating Committee.
- (2) Chair of the Compensation, Governance and Nominating Committee.
- (3) Member of the Audit Committee.
- (4) Chair of the Audit Committee.
- (5) Member of the Investment Committee.
- (6) Chair of the Investment Committee.
- (7) If elected pursuant to the SUSO 1 Trustee Resolution at the SUSO 1 Meeting.

The following table sets forth the name, municipality, province and country of residence and positions held with the REIT of each executive officer of the REIT and certain executive officers of Slate who will be working closely with the REIT:

Name and Municipality of Residence	Office with the REIT
Blair Welch <i>Ancaster, Ontario, Canada</i>	Chief Executive Officer
Brady Welch..... <i>Burlington, Ontario, Canada</i>	Chief Financial Officer
Ramsey Ali..... <i>Burlington, Ontario, Canada</i>	Corporate Secretary General Counsel of Slate Properties Inc.
Lisa Rowe..... <i>Vaughan, Ontario, Canada</i>	Senior Vice President, Slate Properties Inc.

Immediately after the closing of the Combination Transaction, the REIT Trustees and executive officers of the REIT, as a group, are expected to beneficially own, directly or indirectly, or exercise control or direction over a minimum of approximately 990,189 Class B LP2 Units, 304,814 GAR B Exchangeable Units, 377,231 Class U Units and 515,000 class I units of the REIT (which are exchangeable into 543,535 Class U Units), representing an approximate 13.8% effective interest in the REIT (on a fully diluted basis).

Biographical Information Regarding Trustees and Executive Officers

Samuel Altman, Independent Trustee. Mr. Altman is the President of Joddes Limited, a Canadian-based investment company with major positions in several healthcare companies. Through this role, he is familiar with the U.S. tax (both corporate and personal) and securities regulatory environment, and, in particular, cross border issues. Mr. Altman is also a trustee of SUSO 1, SUSO 2 and SUSO 3 and an Adjunct Partner with Signet Healthcare

Partners. Prior to joining Signet Healthcare Partners, from 2003 to 2005, Mr. Altman was President and Chief Executive Officer of Pendopharm Inc., a Montreal-based OTC and pharmaceutical contract manufacturer, and was an independent consultant where he served and advised healthcare, and industrial marketing clients on strategy, corporate development and mergers and acquisitions. From 1993 to 1996, Mr. Altman led corporate strategy and investment for Scott's Hospitality Inc. as Senior Vice President, Corporate Development. From 1987 to 1993, Mr. Altman was a management consultant at McKinsey and Company where he helped develop a real estate strategy for a leading Canadian retail chain and advised several U.S. based department store chains and mass merchants and, more generally, advised industrial and retail marketing clients across North America, Mexico and Europe. Mr. Altman received his J.D. (law) from Queen's University, Kingston, Canada and his MBA from Johnson Graduate School of Management at Cornell University. He is a CFA charter holder and is a member of the Law Society of Upper Canada. Since 2006, Mr. Altman has invested in five U.S. focused real estate private equity funds, including a significant investment in GAR, SUSO 1, SUSO 2 and SUSO 3. In addition, Mr. Altman has managed a substantial (institutional level) U.S. based investment portfolio.

Colum Bastable, Independent Trustee. Mr. Bastable serves as Chairman of the Canadian operations for Cushman & Wakefield Ltd., one of the largest privately held commercial real estate services firm in the world. Mr. Bastable joined Royal LePage Limited in 1976 as Vice President of Finance. In 1981, he became Chief Financial Officer and in 1987 became Executive Vice President responsible for all of Royal LePage's commercial operations. In 1993, Mr. Bastable was appointed President and Chief Executive Officer of Royal LePage Limited and Managing Partner, Commercial Real Estate Services of Brascan Corp. In 2005, he became President and Chief Executive Officer of Cushman & Wakefield LePage Ltd. Mr. Bastable is currently on the board of directors of Toronto-Hydro Electric System Limited, serves as chair of its Human Resources & Compensation Committee and is chairman of Toronto Hydro Electric System Limited. He also serves as a member of the board of trustees, member of the audit committee and member and chair of the governance and nominating committee of Brookfield Canada Office Properties Real Estate Investment Trust. Mr. Bastable is a member of the independent review committee of Brandes Investment Partners Inc., a large privately held mutual fund management firm headquartered in San Diego, California. In 2007 Mr. Bastable was appointed as Chairman of McMaster University's Board of Governors after having served from 1998 to 2005 as a Member of the Board of Governors and 2005 to 2007 as Vice-Chairman of the Board of Governors. Mr. Bastable was born, raised and educated in Dublin, Ireland. He is a chartered accountant and has been honored as a Fellow of the Institute Chartered Accountants in Ireland.

Patrick Flatley, Independent Trustee. Mr. Flatley is a Senior Vice President of New York-based Fidelity National Title Insurance Co. where he represents the interests of Canadian commercial real estate owners and operators completing cross border transactions. In this role Mr. Flatley has completed over 75 commercial title insurance policies in the U.S. for clients including Brookfield Properties, Cadillac Fairview, the Canada Pension Plan and Oxford Properties. In addition, Mr. Flatley is a trustee of SUSO 1, SUSO 2 and SUSO 3 and, since 1998, has been a Partner of KenAidan Realty, a Toronto-based real estate developer. As a Founding Partner of Great American Bagel Enterprise, Mr. Flatley has sourced and secured retail locations for the company in various U.S. locations, including Chicago, Illinois; Naples, Florida; and Seattle, Washington. Great American Bagel Enterprise when combined with its Canadian counterpart, has 125 retail locations across North America. Prior to his career in the commercial real estate business, Mr. Flatley was a professional hockey player, whose NHL career spanned 14 seasons and 780 games, including four seasons as Captain of the New York Islanders. Mr. Flatley continues his involvement in professional hockey, working with the NHL, NHLPA, and MSG Networks in recent years.

Peter Tesché, Independent Trustee. Mr. Tesché is principal of P.T. Lloyd Associates LLC, a real estate capital markets advisory firm and serves as Director of Capital Markets for Pensam Capital LLC. He coordinates placement of new loan and equity investments with both existing as well as an expanding list of new investment partners of real estate asset management firms including Pensam Capital. In his role, Mr. Tesché spends considerable time meeting with investors in the United States and in Canada. Mr. Tesché is also a trustee of SUSO 1, SUSO 2 and SUSO 3. Until May 2000, he was Managing Director at Deutsche Bank Canada, the successor to the Canadian subsidiary of Bankers Trust Company where he had been for 18 years prior to the June 1999 merger of the two institutions. Mr. Tesché created and ran a real estate merchant and investment banking function for the bank in Canada. Between 2000 and 2009 while based in Toronto, he acted as principal in his own corporate finance advisory firm, where Mr. Tesché raised capital in a variety of industries including financial services and real estate investment. Previously, Mr. Tesché held senior management positions with financial institutions in the U.S., Mexico and Brazil. Mr. Tesché received his B.A. from Allegheny College and attended the Graduate School of Business at

the University of Pittsburgh. He is a CFA charter holder and an active member of the CFA Society of South Florida. He is also a past member of the Urban Land Institute (ULI).

Blair Welch, Trustee and Chief Executive Officer. Mr. Welch has over 18 years of experience in the real estate industry in North America and Asia and serves as chief executive officer and as a trustee of SUSO 1, SUSO 2 and SUSO 3. Prior to co-founding Slate in 2004, Mr. Welch worked with First National Financial Corporation from 2002 until 2005 where he was responsible for developing a successful Canadian commercial mortgage-backed securities program and obtaining its rating as Master and Special Servicer. Prior to that, from 2001 to 2002, Mr. Welch was employed as a consultant by the General Motors Acceptance Corporation Commercial Mortgage to underwrite commercial assets for securitization. Initially based out of Atlanta, Georgia, and with a mandate to focus on assets across the U.S., Mr. Welch engaged property appraisers, environmental consultants and structural engineers underwriting retail, office, industrial, multi-family and hospitality assets. Mr. Welch also worked with General Motors Acceptance Corporation Commercial Mortgage in Toronto to assist with their Canadian commercial mortgage-backed securities program. Prior to that period, from 1997 to 2000, Mr. Welch was a Vice President and original member of New York-based Fortress Investment Group, spending time in Tokyo and Toronto, where he was responsible for originating office, retail, industrial and hospitality investment opportunities throughout both the U.S. and Canada. Mr. Welch began his career in the corporate finance group of Bankers Trust in New York and Toronto from 1996 to 1997, where he identified acquisition opportunities, oversaw due diligence, supervised property managers and leasing professionals, analyzed and approved capital expenditures and helped raise debt and equity capital for a variety of U.S. real estate clients. Mr. Welch also worked with Brazos Advisors (now Lonestar), participating in direct investment, securitization and corporate debt transactions in the U.S. and Canada. Mr. Welch holds a B.Com. from the University of British Columbia.

Brady Welch, Trustee and Chief Financial Officer. Mr. Welch has over 18 years of experience in the real estate industry in North America and Europe across a variety of asset classes, including office, industrial, multi-family and retail and serves as chief financial officer and a trustee of SUSO 1, SUSO 2 and SUSO 3. He has spent the majority of his career managing real estate portfolios for large U.S. private equity firms. Prior to co-founding Slate in 2004, he held senior management positions with Fortress Investment Group from 1998 to 2005, including acting as a Vice-President and Managing Director, where he was responsible for overseeing all direct investments in commercial real estate in the U.S. In this capacity, Mr. Welch identified acquisition opportunities, underwrote asset values, oversaw due diligence, negotiated purchase and sale agreements, selected lenders and negotiated financing terms, supervised property managers and third party leasing professionals, approved large leasing contracts, approved capital expenditures, prepared annual operating budgets, provided updates on operating performance and developed and executed asset disposition strategies. During his eight year tenure at Fortress, Mr. Welch was involved in a significant number of real estate investments across retail, office, industrial, multi-family and hospitality asset classes. From 1997 until 1998, Mr. Welch managed the joint venture investments of Truscan (the former real estate arm of Canada Trust) in Class A office towers in Canada's five major urban markets. Mr. Welch began his career in the mid-1990s with Brazos Advisors (now Lonestar), participating in the acquisition and work-out of Canadian distressed real estate loan pools from insurance companies and financial institutions. Mr. Welch holds a B.Com. from Mount Allison University.

Ramsey Ali, Corporate Secretary and General Counsel, Slate Properties Inc. Mr. Ali is responsible for providing counsel on corporate and transaction structuring, deal execution and asset management at Slate. Mr. Ali has broad experience in real estate acquisition, disposition and development having been involved in over \$1 billion of real estate transactions while in private practice at Goodmans LLP. Mr. Ali also gained considerable experience with joint ventures, private equity transactions, leasing and real estate financing. Prior to joining Slate, Mr. Ali spent five years as General Counsel of Forum Equity Partners, a leading Canadian infrastructure and real estate investment and development firm, where he managed the structuring, negotiation and arrangement of over \$1.5 billion dollars in committed project financing and millions more in real estate construction and/or mortgage financing. Mr. Ali's experience includes evaluation and underwriting of investments, legal and tax structuring of special purpose entities and management of legal and financial advisors. Mr. Ali graduated with distinction from the University of Guelph with a Bachelor of Commerce, Management Economics and Finance, and received a Juris Doctor from the University of Toronto, Faculty of Law. He is a member of the Law Society of Upper Canada and the Canadian Bar Association.

Lisa Rowe, Senior Vice-President, Slate Properties Inc. Ms. Rowe joined Slate in 2013 after spending 12 years at Deloitte LLP as a Senior Tax Manager where she focused on real estate, asset management and mergers and

acquisitions. While at Deloitte LLP, Ms. Rowe advised Canadian and foreign based multinationals and private equity investors on corporate and international tax matters including mergers and acquisitions, corporate reorganizations, tax accounting, and general tax matters across a broad range of industries including asset management and real estate. Ms. Rowe was responsible for managing significant merger and acquisitions engagements involving over \$1 Billion of transactions. Ms. Rowe has advised on tax due diligence and acquisition structuring for a wide range of Canadian public and private corporations, including but not limited to, the review of legal agreements, tax modeling, structure documents and due diligence reports. Ms. Rowe has worked extensively with various public mutual fund trusts and has consulted on fund structuring, tax compliance, distribution policies and fund mergers and reorganizations. At Slate, Ms. Rowe is responsible for all aspects of financial and tax reporting, tax planning, treasury, and investor relations. Ms. Rowe also provides advice on corporate structure and financing for both new acquisitions and existing investments. Ms. Rowe is a Chartered Professional Accountant, Chartered Accountant. She holds a B.B.A. from the Schulich School of Business at York University.

Committees of the REIT Board

The REIT Board will establish three committees: the Audit Committee, the Compensation, Governance and Nominating Committee and the Investment Committee (each as defined below). All members of the Audit Committee and Compensation, Governance and Nominating Committee will be persons determined by the REIT to be Independent Trustees, except for temporary periods where a sufficient number of Independent Trustees are not available to form the committee and then only until such time as a new Independent Trustee is appointed. The Investment Committee will be comprised of two persons determined by the REIT to be Independent Trustees and the Chairman.

Audit Committee

The audit committee of the REIT (the “**Audit Committee**”) will consist of at least three REIT Trustees, all of whom will be persons determined by the REIT to be Independent Trustees that are “financially literate” and “independent” for purposes of audit committee membership within the meaning of National Instrument 52-110 — *Audit Committees*. Immediately after Closing, the Audit Committee will be composed of Colum Bastable, Samuel Altman and Peter Tesché, with Colum Bastable acting as chair of the Audit Committee. All members of the Audit Committee have been determined to be independent. Each of the Audit Committee members has an understanding of the accounting principles used to prepare the REIT’s financial statements, experience preparing, auditing, analyzing or evaluating comparable financial statements and experience as to the general application of relevant accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting. For the education and experience of each member of the Audit Committee relevant to the performance of his or her duties as a member of the Audit Committee, see “*REIT Trustees and Executive Officers— Governance and REIT Board*”.

It is expected that the Audit Committee’s responsibilities will include: (i) reviewing the REIT’s procedures for internal control with the REIT’s auditors and Chief Financial Officer, (ii) reviewing and approving the engagement of the auditors, (iii) reviewing annual and quarterly financial statements and all other material continuous disclosure documents, including the REIT’s annual information form and management’s discussion and analysis, (iv) assessing the REIT’s financial and accounting personnel, (v) assessing the REIT’s accounting policies, (vi) reviewing the REIT’s risk management procedures, and (vii) reviewing any significant transactions outside the REIT’s ordinary course of business and any pending litigation involving the REIT.

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

The REIT Board will adopt a written charter for the Audit Committee, which sets out the Audit Committee’s responsibility in reviewing the financial statements of the REIT and public disclosure documents containing financial information and reporting on such review to the REIT Board, review of the REIT’s public disclosure documents that contain financial information, oversight of the work and review of the independence of the external auditors and reviewing, evaluating and approving the internal control procedures that are implemented and maintained by management.

Compensation, Governance and Nominating Committee

The compensation, governance and nominating committee of the REIT (the “**Compensation, Governance and Nominating Committee**”) will be comprised of at least three REIT Trustees, all of whom will be persons determined by the REIT to be Independent Trustees, and will be charged with reviewing, overseeing and evaluating the compensation, governance and nominating policies of the REIT. Immediately after Closing, the Compensation, Governance and Nominating Committee will be composed of Peter Tesché, Samuel Altman and Colum Bastable, with Peter Tesché acting as chair of this committee. All members of the Compensation, Governance and Nominating Committee have been determined by the REIT to be independent.

The REIT Board will adopt a written charter for the Compensation, Governance and Nominating Committee setting out its responsibilities for: (i) assessing the effectiveness of the REIT Board, each of its committees and individual REIT Trustees, (ii) overseeing the recruitment and selection of candidates as REIT Trustees, (iii) organizing an orientation and education program for new REIT Trustees, (iv) considering and approving proposals by the REIT Trustees to engage outside advisers on behalf of the REIT Board as a whole or on behalf of the Independent Trustees, (v) reviewing and making recommendations to the REIT Board concerning any change in the number of REIT Trustees composing the REIT Board, (vi) considering questions of management succession, (vii) administering any unit option or purchase plan of the REIT, and any other compensation incentive programs, (viii) assessing the performance of management of the REIT, (ix) reviewing and approving the compensation of executive management to the extent the senior officers are employed directly by the REIT, (x) reviewing and making recommendations to the REIT Board concerning the level and nature of the compensation payable to REIT Trustees, and (xi) overseeing the Management Agreement.

Investment Committee

The investment committee of the REIT (the “**Investment Committee**”) will be comprised of at least three Trustees, consisting of two persons determined by the REIT to be Independent Trustees and Blair Welch. Immediately after Closing, the Investment Committee will be composed of Blair Welch, who will act as interim chair, Sam Altman, Peter Tesché and Patrick Flatley. Samuel Altman, Peter Tesché and Patrick Flatley have been determined by the REIT to be Independent Trustees.

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

Remuneration of Trustees

Each REIT Trustee who is not also a member of management of the REIT will receive from the REIT an annual retainer initially in the amount of U.S.\$30,000 per year, plus a fee of U.S.\$1,500 for each day on which the REIT Trustee attends either a REIT Board or committee meeting in person or by telephone. The Chairman will receive an additional annual retainer of U.S.\$40,000, the chair of the Audit Committee will receive an additional annual retainer of U.S.\$15,000 and the chairs of each of the Compensation, Governance and Nominating Committee and Investment Committee will receive an additional annual retainer of U.S.\$5,000. Each REIT Trustee will also be reimbursed for reasonable travel and other expenses properly incurred by him or her in attending meetings of the REIT Board or any committee meeting.

Deferred Unit Plan for REIT Trustees

The REIT intends to adopt a deferred unit plan (the “**Deferred Unit Plan**”) at Closing to provide REIT Trustees with the opportunity to acquire deferred Class U Units (the “**Deferred Class U Units**”) in order to allow them to participate in the long-term success of the REIT and to promote a greater alignment of interests between REIT Trustees and REIT Unitholders. Deferred Class U Units represent a right to receive REIT Units on ceasing to be any of a REIT Trustee or employee of the REIT or an officer, employee, director or trustee of any of its affiliates.

REIT Trustees who are neither full nor part-time employees or officers of the REIT or Slate or any of their Subsidiaries are eligible to participate in the Deferred Unit Plan pursuant to which they may elect to receive all or part of their annual retainer, meeting fees and additional compensation (including travel fees), which are paid quarterly, in Deferred Class U Units. Elections are irrevocable for the period in respect of which they are made. Deferred Class U Units will not entitle a REIT Trustee to any voting or other REIT Unitholder rights.

Deferred Class U Units will be credited quarterly to each participating REIT Trustee’s account and will be determined by dividing the amount the REIT Trustee elects to receive in Deferred Class U Units by the volume weighted average trading price of a Class U Unit on the TSX for the five trading days prior to the date on which the Deferred Class U Units are credited. Additional Deferred Class U Units will be automatically credited to a REIT Trustee’s account under the Deferred Unit Plan when the REIT pays a distribution to REIT Unitholders. The additional Deferred Class U Units to be credited will be calculated by multiplying the number of Deferred Class U Units in the REIT Trustee’s account at the time such distribution is paid by the amount of the distribution, and dividing that amount by the volume weighted average trading price of a Class U Unit on the TSX for the five trading days prior to the day the distribution is paid.

When a REIT Trustee ceases to be a member of the REIT Board and is not an officer, employee, director or trustee of any affiliate of the REIT, the former REIT Trustee will receive Class U Units issued by the REIT for the number of Deferred Class U Units credited to his or her account, including any distributions paid by the REIT on the Class U Units that have accrued in the form of Deferred Class U Units or, at his or her election, the cash equivalent thereof. Class U Units (or where the REIT Trustee so elects, cash) will be issued to the former REIT Trustee, subject to any applicable statutory source deductions.

The maximum number of Class U Units issuable pursuant to the Deferred Unit Plan will, in the aggregate, not exceed 5% of the total number of issued and outstanding REIT Units of the REIT, on a fully-diluted basis, at the time of Closing.

Unit Ownership Guidelines for REIT Trustees

To ensure that REIT Trustees’ interests are aligned with those of the REIT Unitholders, to demonstrate that REIT Trustees are financially committed to the REIT through personal unit ownership and to promote the REIT’s commitment to sound corporate governance, each REIT Trustee (other than a REIT Trustee who is an employee of the REIT or Slate or any of their Subsidiaries) will be required to accumulate at least three times the value of the base annual REIT Trustee retainer, which as of Closing will equate to \$90,000 in REIT Units or Deferred Class U Units, or a combination thereof, by the fifth anniversary of the later of (i) Closing and (ii) becoming a REIT Trustee (the “**Unit Ownership Guidelines**”). For purposes of the Unit Ownership Guidelines, securities will be valued using the greater of their market value or book value.

A REIT Trustee who does not meet the Unit Ownership Guidelines upon his or her election or appointment to the REIT Board will be required to receive at least 50% of the annual REIT Trustee retainer in Deferred Class U Units or to purchase REIT Units equal in value to at least 50% of the annual REIT Trustee retainer, at his or her discretion. If a REIT Trustee has accumulated the required equity amount under the Unit Ownership Guidelines, he or she will receive the entire annual retainer in cash or Deferred Class U Units, or any combination thereof, as specified by the REIT Trustee.

REIT Trustees’ Hedging Policy

REIT Trustees will be prohibited from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a

decrease in the market value of equity securities granted as compensation or held, directly or indirectly, by the REIT Trustees.

Independent Trustee Matters

In addition to requiring the approval of a majority of the REIT Trustees, the following matters will require the approval of at least a majority of the Independent Trustees of the REIT:

- (a) making any material change to the Management Agreement (including any termination of such agreement);
- (b) entering into any agreement or transaction in which any Related Party has a material interest or making a material change to any such agreement or transaction;
- (c) approving or enforcing any agreement entered into by the REIT with a Related Party;
- (d) permitting any of the REIT's Subsidiaries to acquire any real or other property in which a Related Party has an interest or to sell any interest in any real or other property to a Related Party; and
- (e) making or prosecuting any claim by or against any Related Party.

Conflicts of Interest

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

In the near term, the REIT intends to recruit and appoint one additional REIT Trustee who will be an Independent Trustee and will have substantial experience with public companies and in the real estate sector. Until such time as the additional REIT Trustee is appointed, Brady Welch will serve as interim Chairman. Upon the appointment of the additional REIT Trustee, the REIT Board will select from amongst its members the Chairman who will be an Independent Trustee. In the event that at any time the Chairman is not an Independent Trustee, a Lead Trustee will be appointed from among the Independent Trustees. The Lead Trustee will act as an effective leader of the REIT Board in respect of matters required to be considered by the Independent Trustees, and will ensure that the REIT Board's agenda will enable it to successfully carry out its duties. Notwithstanding the foregoing, the REIT Board will not be required to appoint a Lead Trustee while Brady Welch serves as interim Chairman.

Trustees' and Officers' Liability Insurance

The REIT carries trustees' and officers' liability insurance. Under this insurance coverage, the REIT will be reimbursed for insured claims where payments have been made under indemnity provisions on behalf of its REIT Trustees and officers contained in the REIT Declaration of Trust, subject to a deductible for each loss, which will be

paid by the REIT. Individual REIT Trustees and officers will also be reimbursed for insured claims arising during the performance of their duties for which they are not indemnified by the REIT. Excluded from insurance coverage are illegal acts, acts which result in personal profit and certain other acts. The REIT Declaration of Trust provides for the indemnification in certain circumstances of REIT Trustees and officers from and against liability and costs in respect of any action or suit against them in respect of the execution of their duties of office. In addition, the REIT will enter into indemnity agreements with each of its REIT Trustees and officers.

INVESTMENT GUIDELINES AND OPERATING POLICIES

Investment Guidelines

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

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

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

Operating Policies

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

- (a) the REIT shall not purchase or sell currency or interest rate futures contracts otherwise than for hedging purposes where, for this purpose, the term “hedging” has the meaning given by National Instrument 81-102 – *Mutual Funds* adopted by the Canadian Securities Administrators, as replaced or amended from time to time and, in all events, subject to paragraph (b) of “*Investment Guidelines and Operating Policies – Investment Guidelines*” described above;
- (b) (i) any written instrument creating an obligation which is or includes the granting by the REIT of a mortgage; and (ii) to the extent the REIT Trustees determine to be practicable and consistent with their fiduciary duties to act in the best interest of the REIT Unitholders, any written instrument which is, in the judgment of the REIT Trustees, a material obligation, shall contain a provision, or be subject to an acknowledgement to the effect, that the obligation being created is not personally binding upon, and that resort must not be had to, nor will recourse or satisfaction be sought from, by lawsuit or otherwise the private property of any of the REIT Trustees, REIT Unitholders, annuitants or beneficiaries under a plan of which a REIT Unitholder acts as a trustee or carrier, or officers, employees or agents of the REIT, but that only property of the REIT or a specific portion thereof is bound; the REIT, however, is not required, but must use all reasonable efforts, to comply with this requirement in respect of obligations assumed by the REIT upon the acquisition of real property;
- (c) title to each real property shall be held by and registered in the name of the REIT, the REIT Trustees or a person wholly-owned, directly or indirectly, by the REIT or jointly-owned, directly or indirectly, by the REIT, with joint venturers or by any other persons in such manner as the REIT Trustees consider appropriate, taking into account advice of legal counsel; provided that, where land tenure will not provide fee simple title, the REIT, the REIT Trustees or a corporation or other entity wholly-owned, directly or indirectly, by the REIT or jointly owned, directly or indirectly, by the REIT or such person as the REIT Trustees consider appropriate shall hold a land lease as appropriate under the land tenure system in the relevant jurisdiction;
- (d) the REIT shall not incur or assume any Indebtedness (as defined below) if, after giving effect to the incurrence or assumption of such Indebtedness, the total Indebtedness of the REIT would be more than 60% of Gross Book Value (or 65% of Gross Book Value including convertible Indebtedness);
- (e) the REIT shall not directly or indirectly guarantee any Indebtedness or liabilities of any person unless such guarantee: (i) is given in connection with or incidental to an investment that is

otherwise permitted by the REIT's investment guidelines and operating policies; and (ii) (A) would not disqualify the REIT as a "mutual fund trust" within the meaning of the Tax Act, and (B) would not result in the REIT losing any status under the Tax Act that is otherwise beneficial to the REIT and its REIT Unitholders;

- (f) the REIT shall directly or indirectly obtain and maintain at all times property insurance coverage in respect of potential liabilities of the REIT and the accidental loss of value of the assets of the REIT from risks, in amounts, with such insurers, and on such terms as the REIT Trustees consider appropriate, taking into account all relevant factors, including the practice of owners of comparable properties;
- (g) the REIT shall have obtained an appraisal of each real property that it intends to acquire and an engineering survey with respect to the physical condition thereof, in each case, by an independent and experienced consultant, unless the requirement for such an appraisal or engineering survey is waived by the Investment Committee; and
- (h) the REIT shall either (i) obtain a Phase I environmental site assessment; or (ii) be entitled to rely on a Phase I environmental site assessment dated no earlier than 12 months prior to receipt by the REIT, of each real property to be acquired by it and, if the Phase I environmental site assessment report recommends that a further environmental site assessment be conducted, the REIT shall have conducted such further environmental site assessments, in each case by an independent and experienced environmental consultant.

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

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

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

provided that (i) an obligation will constitute indebtedness only to the extent that it would appear as a liability on the consolidated statement of financial position of the REIT in accordance with IFRS, (ii) obligations referred to in clauses (a) through (c) exclude accounts payable, distributions payable to REIT Unitholders, accrued liabilities arising in the ordinary course of business which are not overdue or which are being contested in good faith, deferred revenues, intangible liabilities, deferred income taxes, tenant deposits and indebtedness with respect to the unpaid balance of installment receipts where such indebtedness has a term not in excess of 12 months, (iii) REIT Units or exchangeable securities issued by subsidiaries of the REIT shall not constitute indebtedness notwithstanding the classification of such securities as debt under IFRS, and (iv) convertible debentures will constitute indebtedness to the extent of the principal amount thereof outstanding.

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

Amendments to Investment Guidelines and Operating Policies

Pursuant to the REIT Declaration of Trust, the investment guidelines set forth under “*Investment Guidelines and Operating Policies – Investment Guidelines*” and the operating policies set forth in sub-paragraphs (a), (b) and (e) under “*Investment Guidelines and Operating Policies – Operating Policies*” may be amended only with the approval of not less than two-thirds of the votes cast at a meeting of REIT Unitholders called for such purposes (or a written resolution signed by REIT Unitholders representing at least two-thirds of the outstanding REIT Units). The remaining operating policies may be amended with the approval of a majority of the votes cast at a meeting of REIT Unitholders called for such purposes (or a written resolution signed by REIT Unitholders representing at least a majority of the outstanding REIT Units).

Regulatory Conflict

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

REIT DECLARATION OF TRUST AND DESCRIPTION OF REIT UNITS

General

The REIT is an unincorporated, open-ended investment trust under, and governed by, the laws of the Province of Ontario. Although the REIT is expected to qualify on Closing as a “mutual fund trust” as defined in the Tax Act, the REIT will not be a “mutual fund” as defined by applicable securities legislation.

The REIT Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of such act or any other legislation. The REIT Units are not shares in the REIT and, although the protections, rights and remedies set out in the Declaration of Trust are similar to those provided under the CBCA, REIT Unitholders do not have statutory rights of shareholders of a corporation including, for example, “dissent rights” in respect of certain corporate transactions and fundamental changes, the right to apply to a court to order the liquidation or dissolution of the REIT, or the right to bring “oppression” or “derivative” actions. Furthermore, the REIT is not a trust company and accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

Authorized Capital and Outstanding Securities

The REIT Declaration of Trust will authorize the issuance of an unlimited number of four classes of units, namely “class A trust units”, “class I trust units”, “class U trust units” and “special voting units”. Special Voting Units are only issued in tandem with the issuance of securities redeemable or exchangeable into Class U Units. As at the date hereof, SUSO 1, the predecessor to the REIT, has a total of 3,701,778 SUSO 1 class A units, 703,000 SUSO 1 class I units and 1,298,222 SUSO 1 class U units outstanding. Issued and outstanding REIT Units and Special Voting Units may be subdivided or consolidated from time to time by the REIT Trustees without notice to or the approval of the REIT Unitholders. The REIT Declaration of Trust provides that the REIT Trustees, in their sole and absolute discretion, may require all outstanding class A units and class I units to convert into Class U Units if the number of class A units and class I units of the REIT outstanding at any time represents less than 10% of the number of SUSO 1 class A units and SUSO 1 class I units issued on closing of SUSO 1’s initial public offering in April 2012.

REIT Units

Each REIT Unit entitles the holder to the same rights and obligations as a REIT Unitholder and no REIT Unitholder is entitled to any privilege, priority or preference in relation to any other holder of REIT Units, subject to the proportionate entitlement of the holders of class A units, class I units and class U units of the REIT to participate in distributions made by the REIT including distributions of net realized capital gains or income, if any, and to receive

proceeds on a redemption of REIT Units and/or upon termination of the REIT, based on their respective conversion ratios for Class U Units.

On the redemption of REIT Units, the REIT may in its sole discretion, designate payable to redeeming REIT Unitholders, as part of the redemption price, any capital gains realized by, and income of, the REIT in the taxation year in which the redemption occurred. On termination or liquidation of the REIT, the REIT Unitholders of record are entitled to receive on a proportionate basis based on the respective conversion ratio for Class U Units, all of the assets of the REIT remaining after payment of all debts, liabilities and liquidation expenses of the REIT.

Special Voting Units

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

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

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

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

Conversion Rights

If the Combination Transaction is implemented, holders of SUSO 1 class A units and SUSO 1 class I units will retain such units. The REIT Declaration of Trust will grant holders of SUSO 1 class A units and SUSO 1 class I units the right to convert all or any portion of their SUSO 1 class A units and SUSO 1 class I units, at any time (the “**Conversion Date**”), into Class U Units by giving written notice (the “**Conversion Notice**”) to the REIT’s transfer agent in accordance with the provisions of the REIT Declaration of Trust. On the first Business Day following a Conversion Date, the REIT will issue the applicable number of Class U Units and the class A unitholder or class I unitholder will be entered on the books of the REIT as the holder of the Class U Units.

In the event that there is a change in the number of class A units, class I units or Class U Units outstanding as a result of a subdivision, distribution, consolidation or similar change (a “**Reorganization**”), the applicable number of Class U Units issuable on conversion of class A units or class I units will be adjusted to reflect such Reorganization.

A class A unitholder who wishes to exercise their Conversion Right should contact their broker, dealer, bank, trust company or other nominee through which their class A units are held in order to request a conversion. A class I unitholder who wishes to exercise their Conversion Right is required to deliver to the REIT’s transfer agent, at its principal office in Toronto, a Conversion Notice which shall state that the class I unitholder is requiring the REIT to convert all or a portion of their class I units. The form of Conversion Notice is attached as a schedule to the REIT Declaration of Trust.

On the Conversion Date specified in the Conversion Notice the REIT will issue or cause to be issued the number of Class U Units deliverable upon receipt of all required documents and instruments of transfer as required pursuant to

the REIT Declaration of Trust. At any time prior to the Conversion Date, the class A unitholder or class I unitholder shall be entitled to withdraw its request to exercise the Conversion Rights upon written notice to the REIT.

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

The REIT Declaration of Trust provides that the REIT Trustees, in their sole and absolute discretion, may require all outstanding class A units and class I units to convert into Class U Units if the number of class A units and class I units of the REIT outstanding at any time represents less than 10% of the number of SUSO 1 class A units and SUSO 1 class I units issued on closing of SUSO 1's initial public offering in April 2012.

Meetings of Unitholders

The REIT Declaration of Trust provides that meetings of REIT Unitholders will be required to be called and held in various circumstances, including: (i) for the appointment, election or removal of REIT Trustees, (ii) the appointment or removal of the auditors of the REIT, (iii) the approval of amendments to the REIT Declaration of Trust (except as described below under "*REIT Declaration of Trust and Description of REIT Units – Amendments to REIT Declaration of Trust*"), (iv) the sale or transfer of the assets of the REIT as an entirety or substantially as an entirety (other than as part of an internal reorganization of the assets of the REIT approved by the REIT Trustees), (v) the termination of the REIT, and (vi) for the transaction of any other business as the REIT Trustees may determine or as may be properly brought before the meeting. Meetings of REIT Unitholders will be called and held annually, commencing in 2015, for the election of the REIT Trustees and the appointment of the auditors of the REIT. All meetings of REIT Unitholders must be held in Canada.

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

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

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

Advance Notice Provision

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

Except as otherwise provided in the REIT Declaration of Trust, only persons who are nominated by REIT Unitholders in accordance with the Advance Notice Provision shall be eligible for election as REIT Trustees. Nominations of persons for election to the REIT Board may be made for any annual meeting of REIT Unitholders, or for any special meeting of REIT Unitholders if one of the purposes for which the special meeting was called was

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

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

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

To be in proper written form, a Nominating REIT Unitholder’s notice to the REIT Trustees must set forth: (i) as to each person whom the Nominating REIT Unitholder proposes to nominate for election as a REIT Trustee: (A) the name, age, business address and residential address of the person, (B) the principal occupation or employment of the person, (C) the class or series and number of REIT Units or Special Voting Units which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of REIT Unitholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, and (D) any other information relating to the person that would be required to be disclosed in a dissident’s proxy circular in connection with solicitations of proxies for election of REIT Trustees pursuant to applicable Securities Laws (as defined in the REIT Declaration of Trust), and (ii) as to the Nominating REIT Unitholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating REIT Unitholder has a right to vote any Units and any other information relating to such Nominating REIT Unitholder that would be required to be made in a dissident’s proxy circular in connection with solicitations of proxies for election of REIT Trustees pursuant to applicable Securities Laws. The REIT may require any proposed nominee to furnish such other information as may reasonably be required by the REIT to determine the eligibility of such proposed nominee to serve as an independent REIT Trustee or that could be material to a reasonable REIT Unitholder’s understanding of the independence, or lack thereof, of such proposed nominee.

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

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

Redemption Right

A REIT Unitholder holding REIT Units wishing to redeem the whole or any part of his or her Units (a “**Redemption**”) may deliver a notice of such desire (the “**Redemption Notice**”) to the REIT at any time. Upon receipt by the REIT of the Redemption Notice, the REIT Unitholder shall thereafter cease to have any rights with respect to the REIT Units tendered for redemption (other than to receive the redemption payment therefor) including the right to receive any distributions thereon that are declared payable to the REIT Unitholders of record on a date

that is subsequent to the date of receipt by the REIT of the Redemption Notice. REIT Units shall be considered to be tendered for redemption on the date that the REIT has, to the satisfaction of the REIT Board, received the Redemption Notice and further documents or evidence the REIT may reasonably require with respect to the identity, capacity or authority of the person giving such notice.

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

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

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

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

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

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

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

Purchases of Units by the REIT

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

Take-Over Bids

The REIT Declaration of Trust contains provisions to the effect that if a take-over bid or issuer bid is made for REIT Units within the meaning of the *Securities Act* (Ontario) (the “**OSA**”) and not less than 90% of the REIT Units (other than REIT Units held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the REIT Units held by

REIT Unitholders who do not accept the offer either, at the election of each REIT Unitholder, on the terms offered by the offeror or at the fair value of such REIT Unitholder's REIT Units determined in accordance with the procedures set out in the REIT Declaration of Trust.

The Declaration of Trust provides that in the event that a non-exempt take-over bid is made for REIT Units, unless the take-over bid is structured to permit holders of SUSO 1 class A units, SUSO 1 class I units, Class B LP1 Units, Class B LP2 Units and GAR B Exchangeable Units (the "**Exchangeable Securities**") to both exchange or redeem and tender conditional on take-up, then, from and after the first take-up of REIT Units under the said take-over bid (provided that not less than 25% of the REIT Units other than REIT Units held at the date of the take-over bid by the offeror or associates or affiliates of the offeror are so taken up) the terms and conditions of the Exchangeable Securities will be amended such that the exchange or redemption ratio shall be varied to equal 110% of the conversion, redemption or exchange ratio then in effect (such that on conversion, redemption, exercise or exchange the holder shall receive 1.1 Class U Units for each Class U Unit that the holder would otherwise have received). Notwithstanding any adjustment on completion of an exclusionary offer as described above, the distribution rights attaching to the Exchangeable Securities will also not be adjusted until the conversion, redemption or exchange right is actually exercised.

The REIT Declaration of Trust provides that a holder of class A units or class I units of the REIT may not transfer their class A units or class I units to a third party unless either of the following apply: (i) assuming all class A units and class I units were converted into Class U Units and the holder was transferring class U units, the transfer would not require the person acquiring such securities to make an offer to the registered holders of Class U Units to acquire Class U Units on the same terms and conditions under applicable securities laws; or (ii) the person acquiring such class A units or class I units submits an identical and contemporaneous offer for Class U Units to the registered holders thereof (having regard to timing, price, proportion of securities sought to be acquired and any other conditions thereto), and acquires such class A units or class I units along with a proportionate number of Class U Units actually tendered to such identical offer.

Issuance of Units

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

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

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

Non-Certificated Inventory System

Other than pursuant to certain exceptions, registration of interests in and transfers of REIT Units held through CDS, or its nominee, will be made electronically through the non-certificated inventory system of CDS. On Closing, the REIT, via its transfer agent, will electronically deliver the REIT Units registered to CDS or its nominee. REIT Units held in CDS must be purchased, transferred and surrendered for redemption through a CDS participant, which

includes securities brokers and dealers, banks and trust companies. All rights of REIT Unitholders who hold REIT Units in CDS must be exercised through, and all payments or other property to which such REIT Unitholders are entitled will be made or delivered by CDS, or the CDS participant through which the REIT Unitholder holds such REIT Units. A REIT Unitholder participating in the NCI system will not be entitled to a certificate or other instrument from the REIT or the REIT's transfer agent evidencing that person's interest in or ownership of REIT Units, nor, to the extent applicable, will such REIT Unitholder be shown on the records maintained by CDS, except through an agent who is a CDS participant.

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

Limitation on Non-Resident Ownership

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

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

Information and Reports

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

Amendments to the REIT Declaration of Trust

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

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

- (a) an exchange or reclassification of all or part of the REIT Units;
- (b) the addition, change or removal of the rights, privileges, restrictions or conditions attached to the REIT Units;
- (c) the sale or transfer of the assets of the REIT as an entirety or substantially as an entirety (other than as part of an internal reorganization of the assets of the REIT approved by the REIT Trustees and not prejudicial to REIT Unitholders);
- (d) the termination of the REIT (other than as part of an internal reorganization of the assets of the REIT approved by the REIT Trustees and not prejudicial to REIT Unitholders);
- (e) the combination, amalgamation or arrangement of any of the REIT or its subsidiaries with any other entity (other than as part of an internal reorganization of the assets of the REIT approved by the REIT Trustees and not prejudicial to REIT Unitholders); and

- (f) except as described herein, the amendment of the investment guidelines and operating policies of the REIT. See *“Investment Guidelines and Operating Policies – Amendments to Investment Guidelines and Operating Policies”*.

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

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

Rights of REIT Unitholders

The rights of the REIT Unitholders and the attributes of the REIT Units will be established and governed by the REIT Declaration of Trust which is substantially similar to the SUSO 1 Declaration of Trust and the SUSO 2 Declaration of Trust. Although the REIT Declaration of Trust will confer upon a REIT Unitholder many of the same protections, rights and remedies as an investor would have as a shareholder of a corporation governed by the CBCA, significant differences exist, some of which are described below.

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

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

UNITHOLDERS’ RIGHTS PLAN

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

The Rights Plan will utilize the mechanism of a “Permitted Bid” (as described below) to protect REIT Unitholders by requiring all potential bidders to comply with the conditions specified in the Permitted Bid provisions or risk being subject to the dilutive features of the Rights Plan. Generally, to qualify as a permitted bid (“**Permitted Bid**”), a bid must be made to all REIT Unitholders (including securities convertible or redeemable into REIT Units) and holders of “Equivalent Securities” (as defined below), if any, by way of take-over bid circular and must be open for at least 60 days after the bid is made. If more than 50% of the REIT Units held by “Independent Unitholders” (as defined below) are deposited or tendered to the bid and not withdrawn, the bidder may take up and pay for such REIT Units and associated Equivalent Securities, if any. The take-over bid must then be extended for a further period of at least ten business days on the same terms to allow those REIT Unitholders who did not initially tender REIT Units and associated Equivalent Securities, if any, to tender to the take-over bid if they so choose. Thus, there is no coercion to tender during the initial 60-day period because the bid must be open for acceptance for at least ten business days after the expiry of the initial tender period. The Rights Plan is designed to make it impractical for any person to acquire more than 20% of the outstanding REIT Units without the approval of the REIT Trustees except pursuant to the Permitted Bid procedures or pursuant to certain other exempt transactions outlined below.

Management believes that the Rights Plan taken as a whole should not be an unreasonable obstacle to a serious bidder willing to make a bona fide and financially fair offer open to all REIT Unitholders. The provisions of the Rights Plan relating to portfolio managers are designed to prevent the triggering of the Rights Plan by virtue of the customary activities of such persons. See “*Unitholders’ Rights Plan - Portfolio Managers*” below. The Rights Plan will be subject to re-confirmation by unitholders and Independent Unitholders every three years and terminate upon

the termination of the first annual meeting of the unitholders following the third anniversary of Closing, unless terminated earlier.

Issue of Rights

Following Closing, one Right will be issued and attach to each outstanding Class U Unit, 1.0078 Rights will be issued and attach to each outstanding class A unit of the REIT and 1.0554 Rights will be issued and attach to each outstanding class I Unit of the REIT. One Right will also attach to any subsequently issued Class U Units. The Rights are not exercisable prior to the Separation Time (as defined below).

Rights Exercise Privilege

The Rights will separate from the REIT Units to which they are attached and will become exercisable (the “**Separation Time**”) at the close of business on the 10th business day after the earlier of (A) the first date of public announcement by the REIT or any Acquiring Person (as defined below) of facts indicating that a person has become an Acquiring Person, and (B) the date of the commencement of, or first public announcement of, the intent of any person (other than the REIT or any subsidiary of the REIT) to commence, a take-over bid (other than a Permitted Bid or “Competing Permitted Bid” (as described below)), or the date on which a Permitted Bid or Competing Permitted Bid ceases to qualify as such, or, in either case, such later date as may be determined by the REIT Trustees.

The acquisition by an Acquiring Person, including persons acting jointly or in concert, of 20% or more of the REIT Units, other than by way of a Permitted Bid in certain circumstances, is referred to as a “flip-in event” (a “**Flip-In Event**”). Any Rights held by an Acquiring Person on or after the earlier of the Separation Time or the first date of public announcement by the REIT or by an Acquiring Person that an Acquiring Person has become such, will become void upon the occurrence of a Flip-in Event. Ten business days after the occurrence of the Flip-in Event, the Rights (other than those held by the Acquiring Person) will permit the holder to purchase, for example, REIT Units with a total market value of \$200, on payment of \$100 (i.e., at a 50% discount).

The issue of the Rights is not initially dilutive. Upon a Flip-in Event occurring and the Rights separating from the attached REIT Units, reported earnings per REIT Unit on a fully diluted or non-diluted basis may be affected. Holders of Rights who do not exercise their Rights upon the occurrence of a Flip-in Event may suffer substantial dilution.

Acquiring Person

An acquiring person (an “**Acquiring Person**”) is any person who beneficially owns 20% or more of all REIT Units (including securities convertible, exchangeable or redeemable into REIT Units). An Acquiring Person does not, however, include: (a) the REIT or any Subsidiary of the REIT; (b) any person who owns, directly or indirectly, 20% or more of the REIT Units on Closing (a “**Grandfathered Person**”), provided, however, that this exception shall not be, and shall cease to be, applicable to a Grandfathered Person in the event that such Grandfathered Person shall, after the Closing, other than pursuant to certain exempt transactions, (i) cease to beneficially own 10% or more of the outstanding REIT Units (including securities convertible, exchangeable or redeemable into REIT Units) or (ii) become the owner, directly or indirectly, of REIT Units that increases its percentage ownership interest in the REIT to an amount that exceeds its percentage ownership interest in the REIT on Closing plus an additional 1.0%, or (c) any person who becomes the beneficial owner of 20% or more of the REIT Units (including securities convertible or redeemable into REIT Units) as a result of certain exempt transactions.

Exempt transactions include: (a) specified acquisitions (including pursuant to the DRIP) or redemptions of REIT Units; (b) acquisitions pursuant to a Permitted Bid (which may include a Competing Permitted Bid), as described below; or (c) acquisitions of REIT Units in exchange for additional properties being acquired by the REIT.

Certificates and Transferability

Prior to the Separation Time, Rights will not be evidenced by certificates. Rights will not be transferable separately from the attached REIT Units. From and after the Separation Time, registration of interests in and transfer of the Rights will only be made electronically via CDS, subject to certain exceptions.

Permitted Bid Requirements

The requirements of a Permitted Bid include the following: (a) the take-over bid must be made by way of a take-over bid circular, (b) the take-over bid must be made to all holders of REIT Units (and securities convertible into REIT Units) and holders of securities redeemable or exchangeable for REIT Units, including securities attached to Special Voting Units (“**Equivalent Securities**”), if any, other than the bidder, (c) the take-over bid must not permit REIT Units and Equivalent Securities tendered pursuant to the take-over bid to be taken up prior to the expiry of a period of not less than 60 days from the date of the bid and then only if at such time more than 50% of the REIT Units held by REIT Unitholders other than the bidder, Grandfathered Persons, their respective affiliates and persons acting jointly or in concert with the bidder or a Grandfathered Person (the “**Independent Unitholders**”) have been tendered pursuant to the take-over bid and not withdrawn, and (d) if more than 50% of the REIT Units held by Independent Unitholders are tendered to the takeover bid within the 60-day period, the bidder must make a public announcement of that fact and the take-over bid must remain open for deposits of REIT Units and Equivalent Securities for at least an additional 10 business days from the date of such public announcement.

The Rights Plan allows a competing Permitted Bid (a “**Competing Permitted Bid**”) to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all the requirements of a Permitted Bid except that, provided it is outstanding for a minimum period of 35 days (or such minimum period prescribed by law in the Province of Ontario), it may expire on the same date as the earliest date for take-up specified in a Permitted Bid.

Waiver and Redemption

The REIT Trustees acting in good faith may determine, with the prior consent of the REIT Unitholders, or the holders of Rights, as the case may be, at any time prior to the occurrence of a Flip-in Event, to redeem all, but not less than all, of the outstanding Rights at a redemption price of \$0.00001 per Right, subject to appropriate anti-dilution adjustments.

The REIT Trustees acting in good faith may determine, with the prior consent of the REIT Unitholders, or the holders of Rights, as the case may be, at any time prior to the occurrence of a Flip-in Event that may occur by reason of an acquisition of REIT Units otherwise than pursuant to a take-over bid made by means of a take-over bid circular to all holders of record of REIT Units and Equivalent Securities, to waive the application of the Flip-in Event provisions to such Flip-in Event.

The REIT Trustees acting in good faith may determine, at any time prior to the occurrence of a Flip-in Event that may occur by reason of a take-over bid made by take-over bid circular sent to all holders of record of REIT Units and Equivalent Securities, to waive the application of the Flip-in Event provisions to such Flip-in Event, provided that if the REIT Trustees do so, they shall be deemed to have waived the application of the Flip-in Event provisions to any other Flip-in Event occurring by reason of any take-over bid made by take-over bid circular to all holders of record of REIT Units and Equivalent Securities which is made prior to the expiry of any take-over bid (as the same may be extended from time to time) in respect of which such waiver is, or is deemed to have been, granted.

Redemption of Rights on Withdrawal or Termination of Bid

Where a take-over bid that is not a Permitted Bid is withdrawn or otherwise terminated after the Separation Time and prior to the occurrence of a Flip-in Event, provided that the provisions of the Rights Plan are deemed to continue to apply as if the Separation Time had not occurred, the REIT Trustees acting in good faith may elect to redeem all the outstanding Rights at the applicable redemption price. Upon such redemption, the REIT is deemed to have issued replacement Rights to all holders of its then outstanding REIT Units.

Waiver of Inadvertent Flip-in Event

The REIT Trustees acting in good faith may, prior to the close of business on the tenth Business Day after a person has become an Acquiring Person, waive the application of the Rights Plan to an inadvertent Flip-in Event, on the condition that such person reduces its beneficial ownership of REIT Units such that it is not an Acquiring Person within 14 days of the determination of the REIT Trustees.

Portfolio Managers

The provisions of the Rights Plan relating to portfolio managers are designed to prevent the occurrence of a Flip-in Event solely by virtue of the customary activities of such managers, including trust companies and other persons, where a substantial portion of the ordinary business of such person is the management of funds for unaffiliated investors, so long as any such person does not propose to make a take-over bid either alone or jointly with others.

Supplement and Amendments

The REIT Trustees may, prior to the time for re-confirmation of the Rights Plan, supplement, amend, vary, rescind or delete any of the provisions of the plan in order to make any changes which the REIT Trustees acting in good faith deem necessary or desirable, without the approval of any holders of Rights or REIT Units, only if such supplement, amendment, rescission or deletion would not materially adversely affect the interests of holders of Rights. Any such change must be submitted for approval by REIT Unitholders at the next meeting of REIT Unitholders or, if made after the Separation Time, any such change must be submitted for approval by the holders of Rights at a meeting to be called by a date immediately following the next meeting of REIT Unitholders, and will only continue in effect if such approval is obtained. The REIT Trustees may also supplement or amend the Rights Plan to correct any clerical or typographical error or as required to maintain the validity of the Rights Plan as a result of change in applicable legislation, rules or regulations.

Notwithstanding any provision of the Rights Plan, certain amendment made by the REIT to the Rights Plan by supplement or otherwise shall be subject to the prior approval of any governmental or regulatory authority having jurisdiction over the REIT.

Eligibility for Investment

The issue of Rights will not affect the status under the Tax Act of the REIT Units as “qualified investments” (as defined in the Tax Act) for Plans. See “*Eligibility for Investment*”.

Regulatory Approvals

Any obligation of the REIT or action or event contemplated by the Rights Plan shall be subject to the receipt of any requisite approval or consent from any applicable governmental or regulatory authority having jurisdiction over the REIT.

General

Until a Right is exercised, the holder thereof, as such, will have no rights as a REIT Unitholder.

SLATE U.S. OPPORTUNITY (NO. 1) INVESTMENT L.P.

Slate U.S. Opportunity (No. 1) Investment L.P. (“**Investment LP1**”) has been established for the purposes of issuing limited partnership units and subordinated unsecured promissory notes of Investment LP1 (the “**Investment LP1 Notes**”) and indirectly owning and leasing a diversified portfolio of quality revenue-producing commercial real estate properties in the U.S. with a focus on anchored retail properties (or interests in such properties). It is intended that the properties indirectly owned by Investment LP1 will be owned by separate underlying limited partnerships established and owned by Investment LP1 or subsidiaries thereof.

SLATE RETAIL GENERAL PARTNER

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

SLATE RETAIL ONE L.P.

General

Slate Retail One L.P. (“**Limited Partnership 1**”) will be a Delaware limited partnership governed by the Slate Retail One L.P. Partnership Agreement (the “**LP1 Partnership Agreement**”) and the laws of the State of Delaware. On Closing, the general partner of Limited Partnership 1 will be the General Partner, and the sole limited partner will be Investment LP1 (which will own all of the Class A LP1 Units) (the “**LP1 Limited Partner**”).

Partnership Units

Upon Closing, Limited Partnership 1 will have outstanding Class A LP1 Units, all of which will be held by Investment LP1. The LP1 Partnership Agreement also authorizes the issuance of Class B LP1 Units; however, no Class B LP1 Units will be issued and outstanding on Closing. The General Partner will have a 0.01% general partner interest in Limited Partnership 1.

The Class B LP1 Units will, in all material respects, be economically equivalent to the Class U Units on a per unit basis, subject to adjustment in respect of U.S. corporate income taxes paid by the REIT and/or certain subsidiaries of the REIT. The Class B LP1 Units will not be entitled to vote on matters to be voted on by REIT Unitholders. Pursuant to the LP1 Partnership Agreement, the Class B LP1 Units will be redeemable from time to time by the holder thereof for cash or, at the option of the General Partner, Class U Units (on a one-for-one basis, subject to customary anti-dilution adjustments). On Closing there will be no Class B LP1 Units issued and outstanding. Transfers of Class A LP1 Units and Class B LP1 Units are generally not permitted subject to limited exceptions, including (i) pursuant to the redemption of the Class B LP1 Units, (ii) transfers from a legal entity to an affiliate, subsidiary or successor in interest of such entity, and (iii) with the approval of the General Partner.

Redemption Rights

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

Operation

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

Distributions

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

Allocations of Net Income and Net Loss

The LP1 Partnership Agreement will provide that, prior to issuance of any Class B LP1 Units, the taxable income of Limited Partnership 1 will be allocated to Limited Partnership 1 and the General Partner in accordance with their respective partnership interests in Limited Partnership 1. Losses of Limited Partnership 1 will be allocated under a similar methodology. If Class B LP1 Units are issued in the future, the allocations among the LP1 Limited Partners

will change to reflect the issuance of these additional partnership interests. For a general discussion of how the taxable income of Limited Partnership 1 is determined for U.S. federal income tax purposes, see “*Certain U.S. Federal Income Tax Considerations*”.

Liability of the REIT and that of the Limited Partners

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

The Partnership will operate in a manner to ensure, to the greatest extent possible, the limited liability of the LP1 Limited Partner. The LP1 Limited Partner may lose its limited liability in certain circumstances. If the limited liability of any LP1 Limited Partner is lost by reason of the negligence of the General Partner in performing its duties and obligations under the LP1 Agreement, the General Partner will indemnify the applicable LP1 Limited Partner against all claims arising from assertions that its liabilities are not limited as intended by the Limited Partnership Agreement. The General Partner has no significant assets or financial resources other than their de minimis distribution entitlements from Limited Partnership 1 and Limited Partnership 2. Accordingly, this indemnity may only be of nominal value.

Tax Matters

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

SLATE RETAIL TWO L.P.

General

Slate Retail Two L.P. (“**Limited Partnership 2**”) will be a Delaware limited partnership governed by the Slate Retail Limited Partnership 2 Partnership Agreement (“**LP2 Partnership Agreement**”) and the laws of the State of Delaware. On Closing, the general partner of Limited Partnership 2 will be the General Partner and the limited partners will be Limited Partnership 1 (which will own all of the Class A LP2 Units), the holders of Class B LP2 Units and GAR B (which will own all of the Class C LP2 Units (collectively, the “**LP2 Limited Partners**” and, individually, a “**LP2 Limited Partner**”).

Partnership Units

Upon Closing, Limited Partnership 2 will have outstanding Class A LP2 Units, all of which will be held by Limited Partnership 1, Class B LP2 Units, all of which will be held by certain former GAR Unitholders and the indirect holders of the general partner interests in the Holding Partnerships and Class C LP2 Units, all of which will be held by GAR B. The General Partner will have a 0.01% general partner interest in Limited Partnership 2.

The Class B LP2 Units will, in all material respects, be economically equivalent to the Class U Units on a per unit basis, subject to adjustment in respect of U.S. corporate income taxes paid by the REIT and/or certain subsidiaries of the REIT.

Each Class C LP2 Unit, taken together with the units of GAR Holdings held by GAR B, will, in all material respects, be economically equivalent to ownership of Class U Units, subject to adjustment in respect of U.S. corporate income taxes paid by REIT and/or certain subsidiaries of the REIT.

The Class B LP2 Units and Class C LP2 Units will not be entitled to vote on matters to be voted on by REIT Unitholders. Pursuant to the LP2 Partnership Agreement, the Class B LP2 Units will be redeemable from time to time by the holder thereof for cash or, at the option of the General Partner, Class U Units (on a one-for-one basis, subject to customary anti-dilution adjustments). On Closing there will be approximately 2,200,754 Class B LP2 Units (excluding such units held by the REIT or its subsidiaries) issued and outstanding, approximately 876,415 of which will be held by Slate and its principals. Transfers of Class A LP2 Units, Class B LP2 Units and Class C LP2 Units are generally not permitted subject to limited exceptions, including (i) pursuant to the redemption of the Class B LP2 Units, (ii) transfers from a legal entity to an affiliate, subsidiary or successor in interest of such entity, and (iii) with the approval of the General Partner.

Redemption Rights

The holders of Class B LP2 Units have the right to cause Limited Partnership 2 to redeem all or a portion of such Class B LP2 Units for Class U Units or cash, at the option of the General Partner. Any exercise of the redemption right by a holder of Class B LP2 Units may be made on a conditional basis and subject to retraction (in whole or in part) by such holder in his, her or its sole discretion following the General Partner's determination of whether the redemption will be paid in cash or Class U Units (such determination to be provided by the General Partner in writing to the redeeming holder of Class B LP2 Units). If the General Partner elects to redeem Class B LP2 Units for Class U Units, the REIT will generally deliver (indirectly) one Class U Unit for each Class B LP2 Unit redeemed (subject to customary anti-dilution adjustments).

Operation

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

Distributions

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

Allocations of Net Income and Net Loss

The LP2 Partnership Agreement will provide that taxable income of Limited Partnership 2 will, to the extent possible, be allocated to the holders of Class B LP2 Units and Class C LP2 Units in amounts approximating a proportionate interest in all of the Properties (taking into account taxable income of GAR Holdings directly allocated to GAR B and taxable income allocated directly by Holding LP1 to Investment LP1). The remaining taxable income of Limited Partnership 2 will be allocated to Limited Partnership 1 and the General Partner in accordance with their respective partnership interests in Limited Partnership 2. Losses of Limited Partnership 2 will be allocated under a similar methodology. For a general discussion of how the taxable income of Limited Partnership 2 is determined for U.S. federal income tax purposes, see "*Certain U.S. Federal Income Tax Considerations*".

Liability of the REIT and that of the Limited Partners

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

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

Tax Matters

Pursuant to the LP2 Partnership Agreement, the General Partner will be the tax matters partner of Limited Partnership 2, and as such, will have authority to make tax decisions under the Code on behalf of Limited Partnership 2. The General Partner will file a U.S. federal income tax return annually on behalf of Limited Partnership 2 on IRS Form 1065 (or such other successor form) or on any other IRS form as may be required.

U.S. GROCERY ANCHORED RETAIL (1B) LIMITED PARTNERSHIP

General

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

Partnership Units

Upon Closing, GAR B will have no more than 828,222 GAR B Exchangeable Units outstanding, assuming all unitholders of GAR B elect to receive GAR B Exchangeable Units. The GAR B GP will have a 0.01% general partner interest in GAR B.

The GAR B Exchangeable Units will, in all material respects, be economically equivalent to the Class U Units on a per unit basis, subject to adjustment in respect of U.S. corporate income taxes paid by the REIT and/or certain subsidiaries of the REIT (including GAR B).

GAR B also will be authorized to issue class A limited partnership units, which generally will be issued to the REIT in connection with a redemption of GAR B Exchangeable Units.

Redemption Rights

In connection with Closing, the GAR B Limited Partners will elect either to transfer their units of GAR B to SUSO 1 in consideration for Class U Units or to exchange such units for GAR B Exchangeable Units. Each GAR B Exchangeable Unit will be redeemable for one Class U Unit or cash, at the option of GAR B GP (subject to customary anti-dilution adjustments).

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

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

Operation and Voting

The operations and affairs of GAR B will be managed and controlled by the GAR B GP which will be bound by the investment guidelines and operating policies applicable to the REIT. The GAR B Limited Partners will not be entitled to take part in the management or control of the business or affairs of GAR B. Holders of GAR B Exchangeable Units will be issued one Special Voting Unit for each outstanding GAR B Exchangeable Unit.

Distributions

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

Allocations of Net Income and Net Loss

The GAR B Partnership Agreement will provide that, the taxable income of GAR B will be allocated among GAR B GP, the holders of GAR B Exchangeable Units and the REIT, as holder of class A limited partnership units in accordance with the distribution provisions of GAR B, subject to certain adjustments including, among other things, in respect of indebtedness owing by GAR B to the REIT. Losses of GAR B will be allocated under a similar methodology. For a general discussion of how taxable income of GAR B is determined for U.S. federal income tax purposes, see “*Certain U.S. Federal Income Tax Considerations*”.

Liability of the REIT and that of the Limited Partners

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

EXECUTIVE COMPENSATION

Overview

The REIT’s senior management team will consist of Blair Welch and Brady Welch, the principals of Slate. Slate will provide the Management Services pursuant to the Management Agreement, for which the REIT will pay certain fees. See “*Management of the REIT – Management Agreement*”.

The REIT will not have any employment agreements with members of senior management and will not pay any cash compensation to any individuals serving as the REIT’s officers, directly or indirectly. As the REIT’s senior management team will be employed by Slate, the REIT will only be obligated to pay a fixed amount to Slate pursuant to the Management Agreement.

Long Term Incentive Plan, Stock Appreciation Rights and Stock Option Grants

The REIT does not have a long term incentive plan pursuant to which cash or non-cash compensation has been or will be paid or distributed to any executive officer. The REIT does not have any stock appreciation rights or incentive plans for its executive officers and has not issued any stock options to any executive officer or Trustee.

Pension Plan Benefits

The REIT does not have a pension plan for its executive officers or Trustees.

Termination of Employment, Change in Responsibilities and Employment Contracts

The Trust has not entered into any employment contracts or arrangements with its executive officers or Trustees.

DISTRIBUTION POLICY

The following outlines the distribution policy of the REIT as contained in the REIT Declaration of Trust. Determinations as to the amounts actually distributable will be made in the sole discretion of the REIT Trustees.

Distribution Policy

The REIT intends to adopt a distribution policy pursuant to which it will make *pro rata* monthly cash distributions to REIT Unitholders and will cause cash partnership distributions to be made to holders of Class B LP2 Units and GAR B Exchangeable Units (subject to an election by a REIT Unitholder to utilize the DRIP as defined below) initially equal to, on an annual basis, approximately 70% of AFFO. In addition, each Class A Unit and Class I Unit of the REIT will receive a distribution equal to that of a Class U Unit distribution multiplied by 1.0078 and 1.0554, respectively. Management of the REIT believes that the approximate 70% payout ratio initially set by the REIT should allow the REIT to meet its internal funding needs, while being able to support stable growth in cash distributions. However, subject to compliance with the REIT Declaration of Trust, the actual payout ratio will be determined by the REIT Trustees in their discretion. Pursuant to the REIT Declaration of Trust, the Trustees have full discretion respecting the timing and amounts of distributions including the adoption, amendment or revocation of any distribution policy. It is the REIT's current intention to make distributions to REIT Unitholders at least equal to the amount of net income and net realized capital gains of the REIT as is necessary to ensure that the REIT will not be liable for ordinary income taxes on such income.

REIT Unitholders of record as at the close of business on the last business day of the month preceding a Distribution Date will have an entitlement on and after that day to receive distributions in respect of that month on such Distribution Date. Distributions may be adjusted for amounts paid in prior periods if the actual AFFO for the prior periods is greater than or less than the estimates for the prior periods. Under the REIT Declaration of Trust and pursuant to the distribution policy of the REIT, where the REIT's cash is not sufficient to make payment of the full amount of a distribution, such payment will, to the extent necessary, be distributed in the form of additional REIT Units. See "*REIT Declaration of Trust and Description of REIT Units – Issuance of REIT Units*" and "*Certain Canadian Federal Income Tax Considerations*".

The REIT intends to make monthly distributions on the 15th of the month, or the first business day thereafter should the 15th not be a business day, initially in the estimated amount of U.S.\$0.06 per Class U Unit per month commencing in the first month following Closing. Holders of class A units of the REIT will be entitled to receive a monthly distribution per class A unit in an amount equal to the Canadian dollar Equivalent Amount of the monthly distribution per Class U Unit multiplied by the class A unit conversion ratio of 1.0078. Holders of class I units of the REIT will be entitled to receive a monthly distribution per class I unit in an amount equal to the monthly distribution per Class U Unit multiplied by the class I conversion ratio of 1.0554.

Currency of Distributions

Holders of Class U Units, class I units of the REIT, Class B LP2 Units and GAR B Exchangeable Units will receive distributions in U.S. dollars. Holders of class A units of the REIT will receive distributions in Canadian dollars equal to the Canadian dollar Equivalent Amount of the REIT distribution being paid.

Holders of Class U Units may from time to time elect to change the currency of the distributions they receive on all or part of their Class U Units from U.S. dollars to Canadian dollars or *vice versa* upon notice to the participant in CDS through which such holder holds his or her Class U Units. If a REIT Unitholder elects to receive distributions in Canadian dollars, the holder will receive the Canadian dollar Equivalent Amount of the REIT distribution being paid.

Distribution Reinvestment Plan

Following Closing, the REIT intends to implement, subject to regulatory approval, a distribution reinvestment plan (“**DRIP**”), pursuant to which REIT Unitholders may elect to have all cash distributions of the REIT automatically reinvested in additional REIT Units at a price per REIT Unit calculated by reference to the weighted average of the closing price of REIT Units on the TSX for the five trading days immediately preceding the relevant Distribution Date. Cash distributions reinvested pursuant to the DRIP will be used to purchase additional REIT Units regardless of the underlying class of unit held by the electing REIT Unitholder.

REIT Unitholders who so elect will receive a further distribution of REIT Units equal in value to 3% of each distribution that was reinvested by the REIT Unitholder. It is Slate’s intention to participate in the DRIP, subject to liquidity considerations and other capital allocation decisions.

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

REIT Unitholders resident outside of Canada will not be entitled to participate in the DRIP. Upon ceasing to be a resident of Canada, a REIT Unitholder must terminate the REIT Unitholder’s participation in the DRIP.

Further administrative details, including the date of the first distribution of income for which REIT Unitholders will be entitled to elect to have distributions reinvested under the DRIP, and enrolment documents regarding the DRIP will be forwarded to beneficial owners of REIT Units prior to the fourth Distribution Date.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Goodmans LLP (“**Counsel**”), counsel to the SUSO Entities, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to a SUSO Unitholder as a result of the Combination Transaction. This summary is applicable to a SUSO Unitholder who is an individual (other than a trust) and who, for purposes of the Tax Act and at all relevant times, is resident in Canada, deals at arm’s length and is not affiliated with the SUSO Entities and their respective affiliates and holds the SUSO Units and will hold the REIT Units as capital property. Generally, SUSO Units and REIT Units will be considered to be capital property to a holder provided that he or she does not hold such units in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain unitholders whose SUSO Units or REIT Units might not otherwise qualify as capital property may be entitled to have them treated as capital property by making an irrevocable election under subsection 39(4) of the Tax Act. Unitholders who do not hold their SUSO Units or REIT Units as capital property should consult their own tax advisors regarding their particular circumstances.

This summary does not apply to a holder who enters into a “derivative forward agreement” as such term is defined in the Tax Act with respect to his or her units. Any such holder should consult his or her personal tax advisor. Furthermore, this summary does not address the deductibility of interest by a holder who borrowed funds in connection with the acquisition of SUSO Units.

This summary is based on the current provisions of the Tax Act, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Tax Proposals**”) and Counsel’s understanding of the current administrative policies and assessing practices of the CRA published in writing by it. Except for the Tax Proposals, this summary does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, or changes in the CRA’s administrative policies and assessing practices, nor does it take into account provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed herein. This summary assumes that the Tax Proposals will be enacted as currently proposed, but no assurances can be given that this will be the case. Furthermore, no assurances can be given that CRA will not change its administrative policies and assessing practices.

For the purposes of this summary, Counsel has relied on a certificate as to certain factual matters from officers of the SUSO Entities and in particular has assumed that at all material times the SUSO Entities qualified and will continue to qualify as “mutual fund trusts” for the purposes of the Tax Act. If the SUSO Entities were not to so qualify, the income tax considerations described below would, in some respects, be materially and adversely different. This summary also assumes that the implementation of the Combination Transaction will occur as described in this Information Circular.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular holder. This summary is not exhaustive of all Canadian federal income tax considerations. Consequently, holders are urged to consult their own tax advisors to determine the particular tax effects to them of the Combination Transaction and any other consequences to them of such transactions under Canadian federal, provincial, territorial or local tax laws and under foreign tax laws, having regard to their own particular circumstances.

Persons not resident in Canada should be aware that the Combination Transaction may result in tax consequences for them in the United States, other foreign jurisdictions and/or in Canada. Such consequences are not described herein. Each SUSO Unitholder who is not a resident of Canada should consult his or her own tax advisor concerning the tax effects of the Combination Transaction, and/or his or her exchange of SUSO Units.

Generally, for purposes of the Tax Act, all amounts must be expressed in Canadian dollars. Amounts denominated in another currency must be converted into Canadian dollars based on exchange rates as determined in accordance with the Tax Act.

Tax Consequences to SUSO 1 Unitholders

No Disposition of SUSO 1 Units

The Combination Transaction will not result in a disposition by SUSO 1 Class U Unitholders. Although the matter is not free from doubt, the Combination Transaction should not result in a disposition for SUSO 1 class A unitholders and SUSO 1 class I unitholders that continue to own their SUSO 1 class A units or SUSO 1 class I units (as the case may be). See “*Risk Factors Relating to Canadian Tax Matters – Conversion Rights*”.

Conversion of SUSO 1 Class A Units and SUSO 1 Class I Units for SUSO 1 Class U Units

The conversion of SUSO 1 class A units or class I units (as the case may be) into Class U Units may be considered to be a disposition for purposes of the Tax Act. In these circumstances, the converting unitholder will be considered to have disposed of their SUSO 1 class A units or SUSO 1 class I units (as the case may be) for proceeds of disposition equal to the fair market value of the Class U Units received pursuant to the exercise of the Conversion Rights. Such unitholder will realize a capital gain (or capital loss) to the extent that the proceeds of disposition exceed (or are exceeded by) its adjusted cost base. In addition, such unitholder will acquire the Class U Units with an adjusted cost base equal to the fair market value of the Class U Units at the time of the conversion and will be required to average its cost among all Class U Units held by the unitholder in accordance with the averaging rules in the Tax Act. See “– *Taxation of REIT Unitholders – Capital Gains and Losses*”. It is unclear if the exercise of Conversion Rights constitutes a disposition and holders of SUSO 1 class A units and SUSO 1 class U units are advised to consult their own tax advisors. No advance tax ruling has been sought from the CRA with respect to the Combination Transaction, including the exercise of the Conversion Rights.

Deemed Year-End of SUSO 1

The current taxation year of SUSO 1 will be deemed to end following the transfer of the SUSO 2 assets (the “**SUSO 2 Assets**”) to SUSO 1, giving rise to a short taxation year for SUSO 1. Counsel has been advised that if, based on bona fide estimates, SUSO 1 determines that its undistributed taxable income for this short taxation year exceeds prior distributions made to SUSO 1 Unitholders in that period, SUSO 1 will pay a special distribution (in cash and/or units) to SUSO 1 Unitholders, at least one business day prior to the Closing, to ensure that SUSO 1 will not be liable for tax under Part I of the Tax Act for this short taxation year. The tax treatment to SUSO 1 Unitholders of

this special distribution will be similar to other distributions that have been paid or payable by SUSO 1 to them, as further described below. See “– *Taxation of REIT Unitholders – REIT Distributions*”.

Tax Consequences to SUSO 2 Unitholders

Transfer of SUSO 2 Assets to SUSO 1 pursuant to the Combination Transaction

Provided that SUSO 2 and SUSO 1 file an election under section 132.2 of the Tax Act in the manner and time prescribed, the Combination Transaction will constitute a “qualifying exchange” as defined in section 132.2 of the Tax Act, thereby generally allowing the SUSO 2 Assets to be transferred to SUSO 1 for proceeds of disposition equal to the tax cost of such assets. In such circumstance, there should be no taxable income to SUSO 2 arising from the transfer. Alternatively, the transfer may be organized to create income for SUSO 2 equal to the amount of any unused tax attributes or available deductions of SUSO 2. In such circumstances, there should be no taxable income to SUSO 2 arising from the transfer of its assets to SUSO 1. Counsel has been advised that the transfer of SUSO 2 Assets to SUSO 1 will be structured so that it occurs on one of the foregoing bases. Since neither alternative should result in any net income to SUSO 2, there should be no tax liability to the SUSO 2 Unitholders and no distributions will be made to SUSO 2 Unitholders solely as a result of the transfer of the SUSO 2 assets to SUSO 1.

Deemed Year-End of SUSO 2

The current taxation year of SUSO 2 will be deemed to end following the transfer of the SUSO 2 Assets to SUSO 1, giving rise to a short taxation year for SUSO 2. Counsel has been advised that if, based on bona fide estimates, SUSO 2 determines that its undistributed taxable income for this short taxation year exceeds prior distributions made to SUSO 2 Unitholders in that period, SUSO 2 will pay a special distribution (in cash and/or units) to SUSO 2 Unitholders, at least one business day prior to the Closing Date, to ensure that SUSO 2 will not be liable for tax under Part I of the Tax Act for this short taxation year. The tax treatment to SUSO 2 Unitholders of this special distribution will be similar to other distributions that have been paid or payable by SUSO 2 to them, as further described herein. See “– *Taxation of REIT Unitholders – REIT Distributions*”.

Disposition of SUSO 2 Units by SUSO 2 Unitholders pursuant to the Combination Transaction

Provided that SUSO 2 and SUSO 1 file an election under section 132.2 of the Tax Act in the manner and time prescribed, the Combination Transaction will constitute a “qualifying exchange” as defined in section 132.2 of the Tax Act. Assuming that the Combination Transaction constitutes a “qualifying exchange” as defined in section 132.2 of the Tax Act, where a SUSO 2 Unitholder disposes of SUSO 2 Units to SUSO 2 pursuant to the Combination Transaction in exchange for Class U Units, the SUSO 2 Unitholder’s proceeds of disposition for the SUSO 2 Units disposed of, and the cost to the SUSO 2 Unitholder of the Class U Units received in exchange therefor, will be deemed to be equal to the adjusted cost base to the SUSO 2 Unitholder of the SUSO 2 Units immediately prior to their disposition (which adjusted cost base will take into account any reductions resulting from a special distribution to be made by SUSO 2 described above). For the purpose of determining the adjusted cost base of the Class U Units acquired by a SUSO 2 Unitholder on such exchange, the cost of such Class U Units will be determined by averaging their cost with the adjusted cost base of all other Class U Units held as capital property by such SUSO 2 Unitholder immediately before the exchange.

SUSO 2 will not realize a gain or loss on the transfer of the Class U Units to the SUSO 2 Unitholders on the redemption or retraction of SUSO 2 Units.

Holding and Disposing of Class U Units Received in Exchange for SUSO 2 Units

Subsequent to the exchange of SUSO 2 Units for Class U Units pursuant to the Combination Transaction, a former SUSO 2 Unitholder will be subject to taxation as a REIT Unitholder. The tax treatment to the former SUSO 2 Unitholder will be substantially the same as the tax treatment to which the former SUSO 2 Unitholder was subject to as a SUSO 2 Unitholder. See “– *Taxation of REIT Unitholders*”.

Tax Consequences to the REIT

Status of the REIT

This summary assumes that the REIT will qualify at all times as a “mutual fund trust” within the meaning of the Tax Act. An executive officer of the REIT has advised counsel that it intends to ensure that the REIT will meet the requirements necessary for it to qualify as a mutual fund trust at all times.

This summary assumes that the REIT will at no time be a “SIFT trust” (as defined in the Tax Act). Provided that the REIT does not hold any “non-portfolio property” (as defined in the Tax Act), it will not be a SIFT trust. Counsel has been advised that the REIT does not currently own any non-portfolio property and has no current intention to acquire non-portfolio property.

If the REIT were not to qualify as a mutual fund trust at all times or the REIT were to become a SIFT trust, the income tax considerations described below would, in some respects, be materially and adversely different.

Taxation of the REIT

The taxation year of the REIT will commence on the completion of Combination Transaction and end on December 31, 2014. Thereafter, the taxation of the REIT will be the calendar year. The REIT is subject to tax in each taxation year on its income for the year, including net realized taxable capital gains. The REIT is required to include in its income for each taxation year, among other things, all interest on the Investment LP1 Notes that accrues to the REIT to the end of the year, or that becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year and its pro rata share of the income of Investment LP1, as more fully described below. Costs incurred in the issuance of REIT Units generally may be deducted by the REIT on a five year, straight line basis. The REIT also will be entitled to deduct reasonable current administrative and other expenses that are incurred to earn income.

The Tax Act requires the REIT to compute its income or loss for a taxation year as though it were an individual resident in Canada. If the REIT has any taxable income for a taxation year, taking into account, among other things, the inclusions and deductions outlined above, the existing provisions of the Tax Act permit the REIT to deduct all amounts which are paid or become payable by it to REIT Unitholders in such year. An amount will be considered to be payable in a taxation year if it is paid to the REIT Unitholder in the year by the REIT or if the REIT Unitholder is entitled in the year to enforce payment of the amount. Where the REIT does not have sufficient cash to distribute such amounts in a particular taxation year, the REIT will make one or more in-kind distributions in the form of additional REIT Units. Income of the REIT payable to REIT Unitholders in the form of additional REIT Units generally will be deductible to the REIT in computing its income. Counsel has been advised by an executive officer of the REIT that it is the current intention of the REIT Trustees to make payable to REIT Unitholders each year sufficient amounts such that the REIT is not liable to pay tax under Part I of the Tax Act.

A distribution by the REIT of its property upon a redemption of REIT Units will be treated as a disposition by the REIT of such property for proceeds of disposition equal to the fair market value thereof. The REIT will realize a capital gain (or a capital loss) to the extent that the proceeds from the disposition of the property exceed (or are less than) the adjusted cost base of the relevant property and any reasonable costs of disposition.

In the event the REIT would otherwise be liable for tax on its net realized taxable capital gains for a taxation year, it would be entitled for such taxation year to reduce (or receive a refund in respect of) its liability for such tax by an amount determined under the Tax Act based on the redemption of REIT Units of the REIT during the year (the “**capital gains refund**”). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the REIT’s tax liability for the taxation year arising in connection with the transfer of property *in specie* to redeeming REIT Unitholders on the redemption of REIT Units. The REIT Declaration of Trust provides that all or a portion of any capital gain or income realized by the REIT in connection with such redemptions may, at the discretion of the REIT Trustees, be treated as capital gains or income paid to, and designated as capital gains or income of, the redeeming holder. Such income or the taxable portion of the capital gain so designated must be included in the income of the redeeming holder (as income or taxable capital gains) and will be deductible by the REIT in computing its income. In computing its income, the REIT is required to include its share of the income of Investment LP1 ending in the taxation year. The adjusted cost base of the Investment LP1 interest held by the REIT

will be increased at a particular time by the REIT's share of the amount of income of Investment LP1 for a fiscal year of Investment LP1 ended before that time, and will be reduced by all distributions of cash or other property made by Investment LP to the REIT before that time. If at the end of any fiscal year of Investment LP1, the adjusted cost base of the Investment LP1 interest held by the REIT would otherwise be less than zero, the REIT will be deemed to have realized a capital gain equal to the negative amount and the adjusted cost base of the Investment LP1 interest will be increased by the amount of such deemed capital gain.

Taxation of the Partnerships

This summary assumes that each partnership directly or indirectly held by the REIT, including for greater certainty Investment LP1, Limited Partnership 1, Limited Partnership 2, GAR Holdings and GAR B (individually a “**Partnership**” and collectively the “**Partnerships**”) are not “SIFT partnerships” (as defined in the Tax Act). Provided that the Partnerships do not hold any non-portfolio property, they will not be SIFT partnerships. Counsel has been advised that the Partnerships do not currently own any non-portfolio property and have no current intention of acquiring non-portfolio property.

If any Partnership were to become a SIFT partnership, the income tax considerations described below would, in some respects, be materially and adversely different.

The Partnerships are not subject to tax under the Tax Act. Each partner of the Partnerships is required to include in computing its income for a particular taxation year, the partner's share of the income or loss of the Partnership (subject, in the case of a loss, to the application of the “at risk” rules described below) for its fiscal year ending in, or coincidentally with, the partner's taxation year, whether or not any of that income is distributed to the partner in the year. For this purpose, the income or loss of the Partnerships will be computed for each fiscal year as if the Partnership were a separate person resident in Canada. In computing the income or loss of the Partnerships, the Partnerships are entitled to deduct their reasonable administrative and other expenses incurred by them to earn income. The income or loss of the Partnerships for a fiscal year will be computed according to Canadian tax principles and allocated to the partners of the Partnerships in the manner set out in the limited partnership agreement of each Partnership, subject to the detailed rules in the Tax Act.

If a Partnership incurs a loss for tax purposes, the partner will be entitled to deduct in computing its income its share of such loss to the extent that the partner's investment is considered to be “at risk” within the meaning of the Tax Act. In general, the amount considered to be “at risk” for an investor in a limited partnership for any taxation year will be the adjusted cost base of the investor's partnership interest at the end of the year, plus any undistributed income allocated to the limited partner for the year and minus the amount of any guarantee or indemnity provided to a limited partner against the loss of the limited partner's investment.

Taxation of REIT Unitholders

REIT Distributions

A REIT Unitholder generally will be required to include in computing its income for a particular taxation year of the REIT Unitholder, as income from property, the portion of the net income of the REIT, including net realized taxable capital gains, that is paid or payable to the REIT Unitholder in that taxation year, whether or not those amounts are received in cash, additional REIT Units or otherwise. Any loss of the REIT for purposes of the Tax Act cannot be allocated to, or treated as a loss of, a REIT Unitholder.

Provided that the appropriate designations are made by the REIT, such portion of its net taxable capital gains and foreign source income, as the case may be, shall be treated as such in the hands of the REIT Unitholder for purposes of the Tax Act. Foreign taxes paid by Investment LP1 will be allocated pursuant to its limited partnership agreement. Each partner's share of the “business-income tax” and “non-business-income tax” paid in a foreign country for a year will be creditable against its Canadian federal income tax liability to the extent permitted by the detailed rules contained in the Tax Act. Although the foreign tax credit provisions are designed to avoid double taxation, the maximum credit is limited. Because of this, and because of timing differences in recognition of expenses and income and other factors, double taxation may arise.

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

The non-taxable portion of any net realized capital gains of the REIT (currently being one-half thereof) that is paid or payable to a REIT Unitholder in a year will not be included in computing the REIT Unitholder’s income for the year. Any other amount in excess of the net income of the REIT that is paid or payable to a REIT Unitholder in a year generally should not be included in the REIT Unitholder’s income for the year. However, such an amount which becomes payable to a REIT Unitholder will reduce the adjusted cost base of the REIT Units held by such REIT Unitholder, except to the extent that the amount either was included in the income of the REIT Unitholder or was the REIT Unitholder’s share of the non-taxable portion of the net capital gains of the REIT, the taxable portion of which was designated by the REIT in respect of the REIT Unitholder. To the extent that the adjusted cost base of a REIT Unit otherwise would be less than zero, the REIT Unitholder will be deemed to have realized a capital gain equal to the negative amount and the holder’s adjusted cost base of the REIT Units will be increased by the amount of such deemed capital gain.

Disposition of REIT Units

Upon the disposition or deemed disposition of REIT Units by a REIT Unitholder, whether on a redemption or otherwise, the REIT Unitholder generally will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition (excluding any amount payable by the REIT which represents an amount that must otherwise be included in the REIT Unitholder’s income as described herein) are greater (or less) than the aggregate of the REIT Unitholder’s adjusted cost base of the REIT Units immediately before such disposition and any reasonable costs of disposition.

The adjusted cost base to a holder of a REIT Unit for tax purposes acquired pursuant to this Combination Transaction generally will include all amounts paid by the holder for the REIT Unit, subject to certain adjustments. The cost of additional REIT Units received in lieu of a cash distribution will be the amount of income of the REIT distributed by the issuance of such additional REIT Units. The adjusted cost base to a holder of REIT Units will be determined on a class by class basis. For purposes of determining the adjusted cost base to a holder of REIT Units, when a REIT Unit of a particular class is acquired, the cost of the newly-acquired REIT Unit will be averaged with the adjusted cost base of all of the REIT Units of the same class owned by the holder as capital property.

A redemption of REIT Units in consideration for cash or other assets of the REIT, as the case may be, will be a disposition of such REIT Units for proceeds of disposition equal to such cash or the fair market value of such other assets, as the case may be, less any income or capital gain realized by the REIT in connection with the redemption of those REIT Units to the extent that such income or capital gain is designated by the REIT to the redeeming holder. REIT Unitholders exercising the right of redemption will consequently realize a capital gain, or sustain a capital loss, depending upon whether such proceeds of disposition exceed, or are exceeded by, the adjusted cost base of the REIT Units redeemed. Where income or capital gain realized by the REIT in connection with the distribution of property *in specie* on the redemption of REIT Units has been designated by the REIT to a redeeming holder, the holder will be required to include in income the income or taxable portion of the capital gain so designated. The cost of any property distributed *in specie* by the REIT to a holder upon a redemption of REIT Units will be equal to the fair market value of that property at the time of the distribution. The holder will thereafter be required to include in its income interest or other income derived from the property, in accordance with the provisions of the Tax Act.

Capital Gains and Losses

One-half of any capital gain realized by a holder from a disposition of REIT Units and the amount of any net taxable capital gains designated by the REIT in respect of the holder will be included in the holder’s income under the Tax Act as a taxable capital gain. One-half of any capital loss (an “**allowable capital loss**”) realized on the disposition of a REIT Unit will be deducted against any taxable capital gains realized by the holder in the year of disposition, and

any excess of allowable capital losses over taxable capital gains may be carried back to the three preceding taxation years or forward to any subsequent taxation year and applied against net taxable capital gains in those years, subject to the detailed rules contained in the Tax Act.

Alternative Minimum Tax

A REIT Unitholder may have an increased liability for alternative minimum tax as a result of capital gains realized on a disposition of REIT Units and net income of the REIT, paid or payable, or deemed to be paid or payable, to the holder and that is designated as net taxable capital gains.

Eligibility for Investment

Based on the current provisions of the Tax Act, and subject to the provisions of any particular plan, the REIT Units will be a qualified investment for trusts governed by an RRSP, registered education savings plan, RRIF, deferred profit sharing plan, registered disability savings plan or a TFSA, provided that the REIT qualifies at all times as a “mutual fund trust” (as defined in the Tax Act) or, in respect of a particular class of REIT Units being a qualified investment, the units of that class are listed on a designated stock exchange (as defined in the Tax Act),.

Notwithstanding the foregoing, if the REIT Units are a “prohibited investment” (as defined in the Tax Act) for a trust governed by a TFSA, RRSP or RRIF, the holder or annuitant thereof will be subject to a penalty tax as set out in the Tax Act. The REIT Units will not be a prohibited investment for a TFSA, RRSP or RRIF provided the holder or annuitant of such Plan, as the case may be, (i) deals at arm’s length with the REIT, for purposes of the Tax Act, and (ii) does not have a “significant interest” (as defined in the Tax Act) in the REIT. Generally, a holder or annuitant will have a significant interest in the REIT if the holder or annuitant and/or persons not dealing at arm’s length with the holder or annuitant own, directly or indirectly, 10% or more of the fair market value of the REIT Units. In addition, REIT Units will not be a “prohibited investment” if the REIT Units are “excluded property” as defined in the Tax Act for trusts governed by a TFSA, RRSP and RRIF. Prospective purchasers who intend to hold REIT Units in a TFSA, RRSP or RRIF are advised to consult their own tax advisors.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

Circular 230

TO COMPLY WITH U.S. TREASURY DEPARTMENT CIRCULAR 230, PROSPECTIVE INVESTORS ARE ADVISED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS INFORMATION CIRCULAR IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY PROSPECTIVE INVESTORS FOR THE PURPOSE OF AVOIDING PENALTIES; (B) SUCH DISCUSSION IS BEING USED IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) PROSPECTIVE INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following is a summary of certain material U.S. federal income tax considerations applicable to the REIT, Investment LP1 and GAR B, as well as Limited Partnership 1, Limited Partnership 2 and GAR Holdings (as it affects the REIT, Investment LP1 and GAR B) that was prepared by Hodgson Russ LLP, special U.S. tax counsel to the REIT. This summary does not address any U.S. federal tax considerations applicable to a REIT Unitholder or a holder of Class B LP2 Units. U.S. alternative minimum tax, and state, local, non-U.S. and U.S. federal non-income tax matters, are not discussed herein. No legal or U.S. tax opinion is being given, nor will any rulings be sought from the Internal Revenue Service (“IRS”), with respect to any U.S. federal income tax issue. As a result, there can be no assurance that the IRS will not assert positions contrary to the U.S. federal income tax treatment described herein. U.S. federal income tax consequences that are different from those described in this summary, as a result of a successful challenge by the IRS, could negatively impact the cash available for distribution to the REIT Unitholders and the value of the REIT Units.

This summary does not address all possible U.S. federal income tax considerations applicable to the REIT, Investment LP1, GAR B, Limited Partnership 1, Limited Partnership 2 or GAR Holdings. This summary is of a general nature only and is not intended to be legal or tax advice to any prospective purchaser of REIT Units.

Prospective investors should consult their own tax advisors regarding the application of the U.S. federal tax rules to their particular circumstances as well as the state, local, non-U.S. and other tax consequences to them of the purchase, ownership and disposition of the REIT Units.

This summary is based on the Code, Treasury Regulations, IRS rulings and official pronouncements, judicial decisions and the Convention between the United States of America and Canada with Respect to Taxes on Income and Capital, signed September 26, 1980, as amended (the “U.S.-Canada Tax Treaty”), all as in effect on the date of this Information Circular and all of which are subject to change, possibly with retroactive effect, or different interpretations, which could affect the accuracy of the analysis set forth below.

United States Federal Income Taxation of Foreign Corporations

As described below, each of the REIT, Investment LP1 and GAR B have made an election under applicable Treasury Regulations to be classified as a corporation for U.S. federal tax purposes, effective on the date of each entity’s formation. Consequently, each is considered a “foreign corporation” for U.S. federal income tax purposes.

A foreign corporation engaged in a U.S. trade or business generally is subject to U.S. federal income tax on income that is “effectively connected” with such U.S. trade or business and, if an income tax treaty with the United States applies, is attributable to a permanent establishment maintained by the foreign corporation in the United States (“ECI”). A foreign corporation that is a partner in a partnership engaged in a U.S. trade or business will itself be deemed to be engaged in a U.S. trade or business (through a permanent establishment if the partnership itself has a place of business in the U.S.). Income earned from rental operations of U.S. real property by a partnership engaged in such business generally will be ECI with respect to a foreign corporate partner, as will the income and gain on disposition of such real property.

A foreign corporation will be subject to U.S. federal income tax on its taxable ECI at the regular U.S. federal graduated rates of tax (with the highest corporate tax rate presently at 35%). A foreign corporation’s taxable ECI is computed by claiming allowable deductions that are attributable to its effectively connected gross income on a timely filed U.S. federal income tax return. A foreign corporation that derives ECI from a partnership engaged in a U.S. trade or business generally is subject to U.S. federal income tax withholding at the highest applicable rate of tax (presently 35%) under Section 1446 of the Code on the income and gains allocable to such foreign corporation as a partner in the partnership, and the foreign corporation is required to file a U.S. federal income tax return to report its allocable share of the partnership income, gains, deductions, losses and credits. Withheld tax is allowed as a credit in computing the foreign corporation’s U.S. tax liability on such return. Furthermore, a foreign corporation with ECI may also be subject to U.S. federal branch profits taxes, as discussed below under “*United States Federal Income Taxation of Investment LP1 – Branch Taxes*”.

A foreign corporation that owns “United States Real Property Interests” (“USRPI”), including an interest in a partnership that owns U.S. real property as its primary assets, is subject to U.S. federal income tax on gains arising on the sale of such real property or on the sale of such partnership interest, at the graduated rates applicable to corporations. Presently, there is no preferential U.S. federal capital gains tax rate for a foreign corporation on the gain derived on disposition of a USRPI (such as an interest in a partnership owning U.S. real property), or the gain allocated to such foreign corporation on the disposition of U.S. real property by the partnership. Withholding on gains from the disposition of a USRPI is required under Section 1445 of the Code (the “FIRPTA” withholding rules), although if withholding is made under the Section 1446 rules applicable to income allocable to non-U.S. partners of a partnership engaged in a U.S. trade or business, the FIRPTA withholding rules generally will also be satisfied.

A foreign corporation is also subject to a 30% U.S. withholding tax on certain types of U.S. source income which are not ECI, unless the foreign corporation otherwise establishes an exemption from, or a reduced rate of, withholding under an applicable income tax treaty. These types of income generally include passive income such as dividends, rents (that are not otherwise ECI), interest and royalties, and other “fixed or determinable annual or periodic” income (collectively referred to as “FDAP”). Unless an exception applies, a foreign corporation will be subject to U.S. withholding tax on the gross amount of any FDAP income, and will not be entitled to deductions for any expenses to the extent allocable to FDAP income.

United States Federal Income Taxation of the REIT

As noted, the REIT has elected under applicable Treasury Regulations to be treated as a corporation for U.S. federal income tax purposes. The REIT has not and does not intend to be engaged in a U.S. trade or business nor does it expect to be a direct member of a partnership or disregarded entity that is engaged in a U.S. trade or business. Therefore, the REIT does not expect to have any ECI that would be subject to U.S. federal income tax.

While the REIT will have FDAP in the form of U.S. source interest income arising on the Investment LP1 Notes, the rate of U.S. withholding tax on such interest income is reduced to zero under the U.S.-Canada Tax Treaty. Thus, no U.S. federal income tax liability arises for the REIT on such interest. See discussion below under “*United States Federal Income Taxation of Investment LP1 – Branch Taxes*”.

United States Federal Income Taxation of Investment LP1 and GAR B

As noted, each of Investment LP1 and GAR B have elected under applicable Treasury Regulations to be treated as a corporation for U.S. federal income tax purposes effective on the date of formation. None of Limited Partnership 1, Limited Partnership 2 and GAR Holdings, each of which is classified as a partnership for U.S. federal income tax purposes, will be subject to U.S. federal income tax but rather will “flow through” its (and its allocable share from subsidiary limited partnerships) income, gains, deductions, losses and credits to its partners, including, as the case may be, Investment LP1 and GAR B, based on such partners’ allocable shares in Limited Partnership 1, Limited Partnership 2 and GAR Holdings, as the case may be, and any subsidiary limited partnership thereof. Because of the partnership interests held, each of Investment LP1 and GAR B will have a permanent establishment in the U.S. and will be subject to U.S. federal income tax on any ECI of its own or that flows through to it as a partner of subsidiary limited partnerships, including, as the case may be, Limited Partnership 1, Limited Partnership 2 and GAR Holdings. Thus, each of Investment LP1 and GAR B will be subject to U.S. federal income taxation on its allocable share of rental income derived directly or indirectly through such subsidiary limited partnerships, on a net basis (e.g., taking into account allowable deductions). Furthermore, the gain from a sale of any of the U.S. real properties owned (directly or indirectly through a subsidiary limited partnership) that is allocable to Investment LP1 and/or GAR B, or a sale or other disposition by Investment LP1 or GAR B of its limited partnership interest in a subsidiary limited partnership, including, as the case may be, Limited Partnership 1, Limited Partnership 2 or GAR Holdings, will also be considered ECI with respect to Investment LP1 and GAR B, as the case may be, and subject to U.S. federal income taxation at the regular tax rates applicable to corporations. Income or gains of a subsidiary limited partnership, allocable to Investment LP1 and/or GAR B, as the case may be, generally will be subject to U.S. withholding tax under Section 1446 of the Code at the highest corporate tax rate (presently 35%), which generally will also apply in lieu of any FIRPTA withholding requirements otherwise arising on disposition of a USRPI. Such U.S. withholding tax will be allowed as a credit against U.S. tax as shown on Investment LP1’s or GAR B’s, as the case may be, U.S. federal income tax return. See “*United States Federal Income Taxation of Foreign Corporations*”, above.

In computing Investment LP1’s and GAR B’s U.S. federal taxable income derived from ECI, certain deductions (subject to limitations) are allowable, such as the “ordinary and necessary” business expenses of Limited Partnership 1, Limited Partnership 2, GAR Holdings or any subsidiary limited partnerships (including interest expense on mortgages related to the Properties and reasonable manager fees), depreciation of the rental properties (as computed under U.S. federal income tax rules) of Limited Partnership 1, Limited Partnership 2, GAR Holdings and the subsidiary limited partnerships, and, in the case of Investment LP1, interest expense with respect to the Investment LP1 Notes (subject to certain limitations, as discussed below). See “– *Deductions*”, below.

In addition to the U.S. federal income tax on taxable income which is ECI, each of Investment LP1 and GAR B generally will be liable for a 5% branch profits tax on its after-tax earnings attributable to ECI. See “– *Branch Taxes*”, below. Moreover, any FDAP of Investment LP1 or GAR B will be subject to U.S. withholding tax on a gross basis at 30%, or such lower reduced rate of withholding tax as may be applicable under the US-Canada Tax Treaty.

Deductions

The REIT will hold Investment LP1 Notes issued by Investment LP1. A number of U.S. federal income tax rules affect the treatment of the Investment LP1 Notes and the interest arising thereon.

The REIT and Investment LP1 intend to treat the Investment LP1 Notes as debt of Limited Partnership 1 and its subsidiary limited partnerships for U.S. federal income tax purposes and Investment LP1 intends to claim interest deductions to the maximum extent allowable in computing its U.S. federal taxable income (subject to the limitations discussed below); however neither the REIT nor Investment LP1 have obtained an opinion of counsel on this issue. The determination of whether the Investment LP1 Notes are debt or equity for U.S. federal income tax purposes is based on an analysis of the facts and circumstances. Generally, the IRS will not issue a ruling on whether an advance is to be treated as debt or equity. There is no clear definition of debt under the Code, and its characterization is governed by principles developed in case law, which analyzes numerous factors that are intended to identify the economic substance of the investment. Although the REIT and Investment LP1 intend to treat the Investment LP1 Notes as debt for U.S. federal income tax purposes, the IRS could challenge this position. If such a challenge were successful, interest payments on the Investment LP1 Notes would be recharacterized as non-deductible and Investment LP1's taxable income which is ECI, and thus its U.S. federal income tax liability, would be increased. Branch profits tax may also be increased in such situation. As a result, Investment LP1's cash flow would be reduced, which would negatively impact the cash available for distribution to the REIT Unitholders and the value of the REIT Units.

The "earnings stripping" rules of Section 163(j) of the Code may also limit the amount of interest that is deductible by Investment LP1 in calculating its taxable income from ECI in a particular tax year. In general, Section 163(j) limits a corporation's deductions for interest paid to related non-U.S. persons exempt from U.S. tax in years that: (i) the debt-to-equity ratio of the corporate taxpayer exceeds 1.5 to 1; and (ii) the corporation's net interest expense (i.e., the excess of interest expense over interest income) exceeds 50% of "adjusted taxable income". Adjusted taxable income is generally defined as the corporation's taxable income before net interest expense, depreciation and amortization. A corporation and a creditor of the corporation will be "related" if the creditor owns, directly or by attribution, more than 50% of the corporation by vote or value. The REIT owns a 99.99% interest in Investment LP1, and is therefore related to Investment LP1 under the earnings stripping rules. If the earnings stripping rules apply in a given tax year, any interest not deductible under the rules of Section 163(j) of the Code in such tax year may be carried forward indefinitely (within certain limitations) to be used in future tax years to reduce gross ECI. There has been legislation proposed (but not enacted) numerous times in recent years to reduce the "50% of adjusted taxable income" threshold so that interest deductions would be denied at a lower level, such as 25% of "adjusted taxable income". If enacted, such reduced threshold may result in lower interest deductions and therefore higher U.S. tax liabilities for Investment LP1.

In addition, other limitations on the deductibility of interest under U.S. federal income tax laws could apply, potentially including limitations (i) that require the interest to actually be paid in order for the interest to be deducted, regardless of Investment LP1's method of accounting, because Investment LP1 and the REIT are "related parties", (ii) if the IRS claims that the interest rate on the Investment LP1 Notes is in excess of an arm's-length rate (in which case a portion of the interest could be recharacterized as a non-deductible distribution), (iii) if the Investment LP1 Notes are issued with "original issue discount" and (iv) if the Investment LP1 Notes are subject to the applicable high yield debt obligations rules. In any such case, Investment LP1's taxable income (and thus its tax liability) could be increased. As a result, the amount of funds available for distribution to REIT Unitholders could be reduced and the value of REIT Units adversely affected.

Branch Taxes

Under the "branch profits tax" rules of Section 884 of the Code (as modified by the U.S.-Canada Tax Treaty), each of Investment LP1 and GAR B generally will be subject to an additional 5% tax on its effectively connected earnings and profits for the taxable year which exceed U.S.\$500,000 (as applied cumulatively and not on a yearly basis), as adjusted for certain items. Reductions in the "U.S. net equity" of Investment LP1 or GAR B in the U.S. trade or business conducted through their subsidiary limited partnerships by, for example, Investment LP1's distributions to the REIT, may result in the imposition of the branch profits tax. If deductions for interest paid on the Investment LP1 Notes are denied or limited (as discussed above), Investment LP1's earnings and profits and its resulting liability for branch profits tax could increase substantially. The imposition of branch profits will reduce Investment LP1's after-tax cash flow.

Provided that the Investment LP1 Notes are respected as debt for U.S. federal income tax purposes (see "*United States Federal Income Taxation of Investment LP1 – Deductions*"), as long as more than 80% of the assets of Investment LP1 are United States assets (or such debt is properly reflected as a liability on books maintained with

respect to Investment LP1's U.S. trade or business arising from its ownership of an interest in Holding LP1), interest paid on the Investment LP1 Notes will be "branch interest" under Code Section 884 and will be treated as U.S. source income paid by a U.S. corporation. Generally, such interest is FDAP of the REIT and subject to U.S. withholding tax, but under the U.S.-Canada Tax Treaty this U.S. withholding tax is reduced to zero.

Unitholders that receive Investment LP1 Notes on the redemption of REIT Units by the REIT should consult their own tax advisers regarding the U.S. federal income tax rules applicable to interest paid on such Investment LP1 Notes, as well the U.S. federal, state, local, non-U.S. and other tax consequences to such Unitholders of the acquisition, ownership and disposition of the Investment LP1 Notes.

U.S. Foreign Account Tax Compliance Act ("FATCA")

FATCA is U.S. legislation generally scheduled to go into effect in mid-2014. FATCA imposes certain U.S. reporting, information gathering and withholding tax obligations on non-U.S. "foreign financial entities" that may include the REIT, Investment LP1 and GAR B, or other of their non-U.S. subsidiaries. For example, the REIT may, in order to avoid adverse U.S. tax consequences, require REIT Unitholders that are "U.S. persons", as defined in the Code, to provide certain tax and reporting information necessary for the REIT to comply with FATCA. There can also be adverse U.S. tax consequences to a U.S. person who does not provide such information, such as a 30% withholding tax on REIT distributions to such U.S. persons.

RISK FACTORS

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

Risk Factors Related to the Real Estate Industry

Real Property Ownership and Tenant Risks

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

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

The Properties generate income through rent payments made by the REIT's tenants. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less favourable to the REIT than the existing lease. In the event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and substantial costs in protecting the REIT's investment may be incurred. Furthermore, at any time, a tenant of any of the properties in which the REIT has an interest may seek the protection of bankruptcy, insolvency or similar laws that could result in the disclaimer and termination of such tenant's lease, any of which events could have an adverse effect on the REIT's financial condition and results of

operations and decrease the amount of cash available for distribution to REIT Unitholders. The ability to rent unleased space in the properties in which the REIT will have an interest will be affected by many factors, including general economic conditions, local real estate markets, changing demographics, supply and demand for leased premises, competition from other available premises and various other factors, many of which are beyond the REIT's control.

Fixed Costs

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

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

Liquidity

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

Competition

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

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

Current Economic Environment

Continued concerns about the uncertainty over whether the economy will be adversely affected by inflation, deflation or stagflation, and the systemic impact of increased unemployment, volatile energy costs, geopolitical issues, the availability and cost of credit, the United States mortgage market and a distressed commercial real estate market have contributed to increased market volatility and weakened business and consumer confidence. This difficult operating environment could adversely affect the REIT's ability to generate revenues, thereby reducing its operating income and earnings. It could also have an adverse impact on the ability of the REIT's tenants and

operators to maintain occupancy rates in the Properties, which could harm the REIT's financial condition. If these economic conditions continue, the REIT's tenants and operators may be unable to meet their rental payments and other obligations due to the REIT, which could have a material adverse effect on the REIT.

Risk Factors Related to the Business of the REIT

Acquisitions

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

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

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

Access to Capital

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

Variable Rate Indebtedness

Until such time as Slate fixes the interest rate on all of a portion of its indebtedness, borrowings under the Credit Facilities bear interest at variable rates and expose the REIT to interest rate risk. If interest rates were to increase, the REIT's debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same and the REIT's net income and cash flows will correspondingly decrease. Assuming all loans under the REIT's Credit Facilities remain outstanding, each quarter point change in interest rates would result in a U.S.\$497,055 change in annual interest expense on the REIT's indebtedness.

Financing Risks

The REIT expects to have outstanding in place mortgages of approximately U.S.\$31.8 million and U.S.\$198.8 million under the Credit Facilities on Closing. There can be no assurance that the REIT will continue to generate sufficient cash flow from operations to meet required interest and principal payments on its outstanding debt. If the REIT is unable to meet interest or principal payments, it could be required to seek renegotiation of such payments or obtain additional equity, debt or other financing. The failure of the REIT to make or renegotiate interest or principal payments or obtain additional equity, debt or other financing could adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution to REIT Unitholders.

The REIT will be subject to the risks associated with debt financing, including the risk that the mortgages and banking facilities secured by the REIT's properties will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing indebtedness, which may reduce AFFO. In order to

minimize this risk, the REIT will attempt to diversify the term structure of its debt so that in no one year a disproportionate amount of its debt matures.

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

Environmental Matters

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

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

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

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

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

Potential Conflicts of Interest

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

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

Same Management Group for Various Slate Entities

Due to the fact that Slate manages other investment portfolios and realty trusts in similar asset classes, such as SUSO 3, there is a risk that conflicts may arise regarding the allocation of tenants amongst the various Slate managed entities. Slate may acquire properties for other investment portfolios or realty trusts in the future. In such circumstances, there is a risk that conflicts may arise regarding the allocation of properties among the various Slate managed entities.

General Insured and Uninsured Risks

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

Financial Forecast

The forecast results contained in this Information Circular were prepared using assumptions that reflect the REIT’s management’s intended course for the periods covered, given the judgment of management of the REIT as to the most probable set of economic conditions. There can be no assurance that the assumptions reflected in the forecast will prove to be accurate. Actual results for the forecast period may vary from the forecast results and those variations may be material. There is no representation by the REIT that actual results achieved in the forecast period will be the same, in whole or in part, as those forecasted herein. See “*Forward-Looking Statements*”.

Reliance on Key Personnel

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

Reliance on Property Management

The REIT may rely upon independent management companies to perform property management functions in respect of each of the properties it owns. To the extent, the REIT relies upon such management companies, the employees of such management companies will devote as much of their time to the management of the REIT’s properties as in

their judgement is reasonably required and may have conflicts of interest in allocating management time, services and functions among the Properties and their other development, investment and/or management activities.

Limit on Activities

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

Occupancy by Tenants

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

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

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

Lease Renewals and Rental Increases

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

External Management Arrangements

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

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

Asset Class Diversification

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

Geographic Concentration

The Properties and future REIT properties will be located in the U.S. where economic conditions since the beginning of 2008 have been uncertain. Economic recovery appears to be underway with consumer and market confidence at five year highs and employment levels gradually improving. In May 2013, the U.S. Federal Reserve announced it would scale back Quantitative Easing, its bond buying program that was implemented to help stimulate U.S. economic growth and help grow consumer and market confidence. Although a recovery in the real estate market is in its early stages, the Trust cannot predict when the real estate markets will return to their pre-downturn levels. The value of Properties and future REIT properties may decline if current market conditions remain stagnant or worsen.

The majority of the Properties are located in Pennsylvania, Florida, Ohio, North Carolina and Tennessee. In particular, Pennsylvania contains 18% of the Properties' GLA and 14% of fiscal 2014 forecast NOI and Florida contains 15% of the Properties' GLA and 16% of forecast NOI. As a result, the REIT's performance, the market value of the REIT's properties, the income generated by the REIT and the REIT's performance are particularly sensitive to changes in the economic condition and regulatory environment of Pennsylvania and Florida. Adverse changes in the economic condition or regulatory environment of Pennsylvania and/or Florida may have a material adverse effect on the REIT's business, cash flows, financial condition and results of operations and its ability to make distributions to REIT Unitholders. See "*The Properties - Geographic Composition*".

New Markets

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

Cash Distributions are Not Guaranteed

The REIT's distribution policy will be established in the REIT Declaration of Trust and may only be changed with the approval of a majority of REIT Unitholders. However, the REIT Board may reduce or suspend cash distributions indefinitely, which could have a material adverse effect on the market price of REIT Units.

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

Restrictions on Redemptions

The entitlement of REIT Unitholders to receive cash upon the redemption of their REIT Units will be subject to the following limitations: (i) the total amount payable by the REIT in respect of such REIT Units and all other REIT

Units tendered for redemption in the same calendar quarter must not exceed U.S.\$100,000 (provided that such limitation may be waived at the discretion of the REIT Trustees), and (ii) in the event that the REIT Units are listed on a stock exchange or similar market, the trading of REIT Units is not suspended or halted (or, if not listed on a stock exchange, on any market on which the REIT Units are quoted for trading) on the redemption date or for more than five trading days during the 10-day trading period commencing immediately after the redemption date.

Potential Volatility of REIT Unit Prices

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

Nature of Investment

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

Availability of Cash Flow

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

Dilution

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

Absence of a Prior Public Market

There is currently no public market for the REIT Units. The REIT cannot predict at what price the REIT Units will trade and there can be no assurance that an active trading market will develop after the Combination Transaction or, if developed, that such a market will be sustained at the price level of the Combination Transaction.

A publicly traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Accordingly, the REIT Units may trade at a premium or a discount to values implied by the Appraisals. The market price of the REIT Units is subject to wide fluctuations.

Risk Factors Relating to the REIT’s Canadian Tax Matters

Non-Resident Ownership

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

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

Taxation of REITs and Partnerships

There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting mutual fund trusts will not be changed in a manner that adversely affects REIT Unitholders. In addition, the Tax Act requires the REIT to satisfy certain factual conditions in order for it to qualify as a mutual fund trust, including, among other things, that at least 150 beneficiaries of the REIT own not less than one block of units of any one class having an aggregate fair market value of not less than \$500. Should the REIT cease to qualify as a mutual fund trust under the Tax Act, the income tax considerations described under the heading "*Certain Canadian Federal Income Tax Considerations*" would be materially and adversely different in certain respects.

The SIFT Rules apply to a trust that is a "SIFT trust" and a partnership that is a "SIFT partnership", each as defined in the Tax Act. Provided that a trust or partnership does not own "non-portfolio property" (as defined in the Tax Act), it will not be subject to the SIFT Rules. The REIT and the Partnerships do not currently own non-portfolio property and management does not currently have an intention to acquire non-portfolio property. However, no assurances can be given that the REIT or any of its subsidiaries will not acquire non-portfolio in the future. In addition, there can be no assurance that the SIFT Rules or the administrative policies or assessing practices of the CRA will not be changed in a manner that adversely affects the REIT, the Partnerships and REIT Unitholders.

Distribution of Additional Units

Interest on the Investment LP1 Notes and any other indebtedness owing to the REIT will accrue at the REIT level for Canadian federal income tax purposes, whether or not actually paid. The REIT Declaration of Trust provides that a sufficient amount of the REIT's net income and net realized capital gains will be distributed each year to REIT Unitholders in order to eliminate the REIT's liability for tax under Part 1 of the Tax Act. Where such amount of net income (including interest on the Investment LP1 Notes or any other indebtedness owing to the REIT) and net realized capital gains of the REIT in a taxation year exceeds the cash available for distribution in the year, such excess net income and net realized capital gains will be distributed to REIT Unitholders in the form of additional REIT Units. REIT Unitholders generally will be required to include an amount equal to the fair market value of those REIT Units in their taxable income, even in circumstances where they do not receive a cash distribution. In addition, SUSO 1 or SUSO 2 may declare a special unit distribution to their unitholders prior to effecting the Combination Transaction in which case such unitholders would be required to include the fair market value of those units in computing their taxable income.

Foreign Taxes

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

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

Differences in Canadian and U.S. Tax Laws

The REIT is required to compute its income as though it were an individual resident in Canada. The REIT is, therefore, subject to the provisions of the Tax Act which may differ materially from the applicable provisions of the Code. In addition, the effective tax rate under the Tax Act and the Code may differ, in which case REIT Unitholders generally will be subject to the higher effective tax rate.

Dispositions of Real Property

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

Change of Law

There can be no assurance that Canadian federal income tax laws, the judicial interpretation thereof, the terms of the U.S. – Canada Tax Treaty, or the administrative and assessing practices and policies of the CRA and the Department of Finance (Canada) will not be changed in a manner that adversely affects REIT Unitholders. Any such change could increase the amount of tax payable by the REIT or its affiliates or could otherwise adversely affect REIT Unitholders by reducing the amount available to pay distributions or changing the tax treatment applicable to REIT Unitholders in respect of such distributions.

Non-Residents of Canada

The Tax Act may impose additional withholding or other taxes on distributions made by the REIT to Unitholders who are Non-Residents. These taxes and any reduction thereof under a tax treaty between Canada and another country may change from time to time. In addition, this Information Circular does not describe the tax consequences under the Tax Act to Non-Residents, which may be more adverse than the consequences to other REIT Unitholders. REIT Unitholders who are Non-Residents should consult their own tax advisors.

Foreign Currency

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

Conversion Rights

In connection with the Combination Transaction, the SUSO 1 Declaration of Trust will be amended to permit holders of SUSO 1 class A units and SUSO 1 class I units to convert their units into Class U Units. Management believes that the addition of the Conversion Rights will not result in a disposition of SUSO 1 class A units and SUSO 1 class I units for purposes of the Tax Act. However, management has not applied for an advance tax ruling from the CRA and there is limited authority on this issue. No assurances can be given that the CRA will agree that the addition of the Conversion Rights does not result in a disposition. If the CRA were to challenge this position, the Combination Transaction could be taxable to holders of SUSO 1 class A units and SUSO 1 class I units.

Risk Factors Relating to U.S. Tax Matters

The Combination Transaction May Result in U.S. Tax Exposure for Subsidiary Entities of the REIT

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

Investment LP1 and GAR B are subject to U.S. Federal Income Tax

Each of Investment LP1 and GAR B is subject to U.S. federal income tax as a “foreign” corporation engaged in a U.S. trade or business, and each will have ECI (and may have FDAP) which are U.S. source items subject to U.S. federal income tax law. The REIT also will have U.S. source FDAP income from interest paid on the Investment LP1 Notes. Each of Investment LP1 and GAR B hopes to benefit from certain deductions under U.S. federal income tax rules in order to reduce its overall tax burden, in respect of Investment LP including deduction of interest expense on the Investment LP1 Notes, but such deductions may be restricted depending upon a variety of factors, as discussed in “*Certain U.S. Federal Income Tax Considerations*”. If Investment LP1’s or GAR B’s deductions were limited, the IRS were to successfully challenge a U.S. tax position Investment LP1 or GAR B were to take, the REIT or Investment LP1 or GAR B were to fail to qualify for benefits under the U.S.-Canada Tax Treaty, or U.S. tax laws or the U.S.-Canada Tax Treaty were to change (perhaps retroactively), U.S. federal income tax costs could increase, thus decreasing cash available for distribution to the REIT Unitholders and the value of the REIT Units.

Change of Law

There can be no assurance that U.S. federal income tax laws, the terms of the U.S.-Canada Tax Treaty, and the U.S. administrative, legislative and judicial policies and positions respecting the U.S. federal income tax consequences described herein will not be changed, possibly on a retroactive basis, in a manner that adversely affects REIT Unitholders. In particular, any such change could increase the amount of U.S. federal income tax or withholding tax payable by the REIT or its subsidiaries, reducing the amount of distributions which the REIT would otherwise receive and thereby reducing the amount available to pay distributions to REIT Unitholders and, potentially, the value of the REIT Units.

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

PRIOR SALES OF SUSO 1 UNITS

There have been no sales of SUSO 1 Units or SUSO 2 Units during the most recently completed financial year.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, such as leases with tenants and other agreements, there are no other contracts entered into by the SUSO Entities which are material to investors other than:

- (a) the REIT Declaration of Trust described under “*REIT Declaration of Trust and Description of REIT Units*”; and
- (b) the Management Agreement described under “*Management of the REIT*”.

Copies of the foregoing documents and the Appraisals will be available on SEDAR at www.sedar.com.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There are no material interests, direct or indirect, of the REIT Trustees or officers of the REIT, any REIT Unitholder that beneficially owns more than 10% of the REIT Units or any associate or affiliate of any of the foregoing persons in any transaction within the last three years or any proposed transaction that has materially affected or would materially affect the REIT or any of its Subsidiaries, except for:

- (a) the Combination Transaction. See “*The Combination Transaction*”; and
- (b) the arrangements contained in the Management Agreement. See “*Management of the REIT*”.

PROMOTER

Slate has taken the initiative in founding and organizing the REIT and may therefore be considered a promoter of the REIT for the purposes of applicable securities legislation.

PRINCIPAL UNITHOLDER

On Closing, Slate and its principals are expected to own an approximate 9.7% interest in the REIT on a fully-diluted basis, assuming the redemption or exchange of all Class B LP2 Units and GAR B Exchangeable Units into Class U Units. Slate is expected to hold an approximate 4.8% voting interest in the REIT. See “*Slate Ownership*”. To the knowledge of the REIT Trustees and management of the REIT, no person or company will own, directly or indirectly, more than 10% of the Voting REIT Units following Closing.

AUDITOR, TRANSFER AGENT AND REGISTRAR

Auditor

The auditors of each of the SUSO Entities is Deloitte LLP, Chartered Professional Accountants, Chartered Accountants, Toronto, Ontario who are independent in accordance with the rules of professional conduct of the Institute of Chartered Accountants in Ontario. After Closing, Deloitte LLP will remain as auditor of the REIT.

Transfer Agent and Registrar

The registrar and transfer agent for each of the SUSO Entities is Equity Financial Trust Company at its principal office in Toronto. After closing, Equity Financial Trust Company will remain as the registrar and transfer agent of the REIT.

EXPERTS

Certain legal matters relating to the Combination Transaction are to be passed upon by Goodmans LLP, on behalf of the SUSO Entities and the REIT. As at February 3, 2014, the partners and associates of Goodmans LLP beneficially owned, directly or indirectly, less than 1% of the issued and outstanding SUSO Units.

Deloitte LLP are the auditors of the SUSO Entities and have confirmed that they are independent with respect to the SUSO Entities within the meaning of the Rules of Professional Conduct of The Institute of Chartered Accountants of Ontario.

APPROVAL OF TRUSTEES

The contents and sending of this Information Circular, including the Notice of Meeting, have been approved and authorized by the board of trustees of the SUSO Entities.

BY ORDER OF THE BOARD OF TRUSTEES

“Blair Welch”

Trustee

Slate U.S. Opportunity (No. 1) Realty Trust

Slate U.S. Opportunity (No. 2) Realty Trust

February 3, 2014

“Peter Tesché”

Trustee

Slate U.S. Opportunity (No. 1) Realty Trust

Slate U.S. Opportunity (No. 2) Realty Trust

February 3, 2014

CONSENT OF GOODMAN'S LLP

To: The Board of Trustees of Slate U.S. Opportunity (No. 1) Realty Trust

And To: The Board of Trustees of Slate U.S. Opportunity (No. 2) Realty Trust

We hereby consent to the inclusion of our name in the section titled “*Experts*” in the management information circular of Slate U.S. Opportunity (No. 1) Realty Trust (“**SUSO 1**”) and Slate U.S. Opportunity (No. 2) Realty Trust (“**SUSO 2**”) dated February 3, 2014 relating to the acquisition of the assets of SUSO 2 and U.S. Grocery-Anchored Retail (1A), (1B) and (1C) Limited Partnerships by SUSO 1 and the concurrent listing of SUSO 1 as a real estate investment trust on the Toronto Stock Exchange.

(signed) **GOODMAN'S LLP**

Toronto, Ontario

February 3, 2014

GLOSSARY

The following terms used in this Information Circular have the meanings set forth below.

“**Acquiring Person**” has the meaning ascribed thereto under “*Unitholders’ Rights Plan – Acquiring Person*”;

“**Acquisition Fee**” has the meaning ascribed thereto under “*Management of the REIT – Management Agreement – Management Fees*”;

“**Advance Notice Provision**” has the meaning ascribed thereto under “*REIT Declaration of Trust and Description of REIT Units – Advance Notice Provision*”;

“**affiliate**”, when used to indicate a relationship with a person, has the meaning ascribed thereto in National Instrument 45-106 – *Prospectus and Registration Exemptions*;

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

“**All-In Purchase Price**” means a purchase price adjusted to account for lender fees, legal and consulting costs, land transfer taxes and acquisition fees;

“**Appraisals**” means the valuations of the Properties dated as of January 21, 2014 prepared by the Appraiser;

“**Appraiser**” means CBRE, Inc.;

“**Asset Management Fee**” has the meaning ascribed thereto under “*Management of the REIT – Management Agreement – Management Fees*”;

“**Asset Management Services**” has the meaning ascribed thereto under “*Management of the REIT – Management Agreement – Services*”;

“**associate**” has the meaning specified in Section 1(1) of the OSA, as in effect on the date hereof;

“**Audit Committee**” has the meaning ascribed thereto under “*REIT Trustees and Executive Officers – Committees of the REIT Board – Audit Committee*”;

“**Beneficial SUSO Unitholder(s)**” has the meaning ascribed thereto under “*Proxy and Voting Information – Advice to Beneficial SUSO Unitholders*”;

“**Broadridge**” means Broadridge Financial Solutions Inc.;

“**Brookfield**” means Brookfield Financial Corp., the financial advisor to the Special Committees;

“**Business Day**” means any day except a Saturday, Sunday or a statutory holiday in the city of Toronto, Ontario;

“**CBCA**” means the *Canada Business Corporations Act*, as amended;

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

“**CDS Participant**” means a broker, dealer, bank, other financial institution or other person who, directly or indirectly, from time to time, effects transfers with CDS and pledges of securities deposited with CDS;

“**Chairman**” means the chairman of the REIT Board;

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

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

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

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

“**Class C LP 2 Units**” means Class C limited partnership units of Limited Partnership 2;

“**Class U Units**” means the units (formerly the class U units of SUSO 1) of beneficial interest in the REIT, designated as “Class U Units”, which are to be listed on the TSX;

“**Closing**” means the closing of the Combination Transaction and other related transactions, all of which are described in this Information Circular;

“**Closing Market Price**” means, as at a specified date, (i) an amount equal to the weighted average trading price of a Class U Unit on the principal exchange or market on which the Class U Units are listed or quoted for trading on the specified date and the principal exchange or market provides information necessary to compute a weighted average trading price of the Class U Units on the specified date, (ii) an amount equal to the closing price of a Class U Unit on the principal market or exchange on the specified date if there was a trade on the specified date and the principal exchange or market provides only a closing price of the Class U Units on the specified date, (iii) an amount equal to the simple average of the highest and lowest prices of the Class U Units on the principal market or exchange, if there was trading on the specified date and the principal exchange or market provides only the highest and lowest trading prices of the Class U Units on the specified date, or the simple average of the last bid and last asking prices of the Class U Units on the principal market or exchange, if there was no trading on the specified date;

“**CMA**” means a census metropolitan area in Canada;

“**CMBS**” means commercial mortgage based securities;

“**Code of Conduct**” means the written code of conduct of the REIT;

“**Collateral Pool**” means the Properties secured by the Secured Revolving Facility;

“**Combination Transaction**” means the proposed transaction pursuant to which (i) SUSO 1 will effectively acquire, directly or indirectly, all of the assets of SUSO 2 and GAR in consideration for class U units of SUSO 1 or securities that are redeemable or exchangeable into class U units of SUSO 1, (ii) the class U units of SUSO 1 will be listed on the Toronto Stock Exchange, and (iii) SUSO 1 will change its name to Slate Retail REIT, and such other transactions as shall take place in connection therewith, as described more fully herein;

“**Compensation, Governance and Nominating Committee**” has the meaning ascribed thereto under “*REIT Trustees and Executive Officers — Committees of the REIT Board — Compensation, Governance and Nominating Committee*”;

“**Competing Permitted Bid**” has the meaning ascribed thereto under “*Unitholders’ Rights Plan – Permitted Bid Requirements*”;

“**Conversion Rights**” means the right granted by the REIT Declaration of Trust pursuant to which a holder of class A units or class I units of the REIT has the right to convert all or any portion of its class A units or class I units for Class U Units of the REIT by delivering written notice to the REIT;

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

“**Credit Facilities**” means the SUSO 1 Credit Facility and the SUSO 2 Credit Facility;

“**Debt Yield**” means the ratio of NOI divided by the total debt outstanding;

“**Deferred Class U Units**” means the Class U Units offered to the REIT Trustees pursuant to the Deferred Unit Plan;

“**Deferred Unit Plan**” means the deferred unit plan of the REIT;

“**Depository**” means Equity Financial Trust Company in its capacity as depository for the REIT Units exchanged pursuant to the Combination Transaction;

“**Disinterested Unitholders**” means the holders of SUSO 2 class I units other than the Excluded Unitholders;

“**Distribution Date**” means, any date on which the REIT Trustees have determined that a distribution will be made by the REIT to the REIT Unitholders;

“**DRIP**” means the distribution reinvestment plan of the REIT to be entered into on Closing;

“**DRULPA**” means the Delaware Revised Uniform Limited Partnership Act;

“**Equivalent Amount**” on any given date in one currency (the “first currency”) of any amount denominated in another currency (the “second currency”) means the amount of the first currency which could be purchased with such amount of the second currency at the rate of exchange quoted by a Schedule I Bank (as defined in the *Bank Act* (Canada)) at its main branch in Toronto, Ontario on the Business Day for the purchase of the first currency with the second currency;

“**Equivalent Securities**” has the meaning ascribed thereto under “*Unitholders’ Rights Plan – Permitted Bid Requirements*”;

“**Excluded Unitholders**” means Queen’s Court Advisor Ltd., 433487 Ontario Limited, Joddes Limited, together with any parties related to, and any person acting jointly or in concert with them and any other SUSO 2 Unitholders prohibited from voting on the Resolutions by MI 61-101;

“**Fairness Opinions**” means the formal fairness opinions of Brookfield Financial Corp. to each of the SUSO 1 Unitholders and SUSO 2 Unitholders dated as of January 29, 2014, copies of which form part of the Report attached as Appendix E to this Information Circular;

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

“**Fixed Charge Coverage**” means earnings before interest and taxes divided by principal amortization payments plus interest expense before the net impact of mark to market adjustment;

“**Flip-in Event**” has the meaning ascribed thereto under “*Unitholders’ Rights Plan – Rights Exercise Privilege*”;

“**Form 54-101F7**” means Form 7 under NI 54-101;

“**GAR**” means collectively, GAR A, GAR B and GAR C;

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

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

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

“**GAR B GP**” means GAR 1 GP Inc., the general partner of GAR B;

“**GAR B Limited Partner**” means a limited partner of GAR B and “**GAR B Limited Partners**” means all of the limited partners of GAR B;

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

“**GAR Financing**” has the meaning given thereto under the heading “*U.S. Grocery Anchored Retail (1A), (1B) and (1C) Limited Partnerships – GAR Financing*”;

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

“**GAR Properties**” means the six properties owned by GAR as more particularly described under “*U.S. Grocery Anchored Retail (1A), (AB) and (1C) Limited Partnerships*”;

“**GAR Units**” means the units of GAR;

“**GAR Unitholders**” means the unitholders of GAR;

“**General Partner**” means Slate Retail GP Inc.;

“**GLA**” means gross leasable area measured in square feet;

“**Grandfathered Person**” has the meaning ascribed thereto under “*Unitholders’ Rights Plan – Acquiring Person*”;

“**Grocery Anchor Tenants**” means grocery-related tenants in the Properties who occupy GLA greater than or equal to 18,000 square feet;

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

“**Holding LP1**” means Slate U.S. Opportunity (No. 1) Holding L.P., a Delaware limited partnership established for the identification, acquisition, ownership and leasing of the SUSO 1 Properties;

“**Holding LP2**” means Slate U.S. Opportunity (No. 2) Holding L.P., a Delaware limited partnership established for the identification, acquisition, ownership and leasing of the SUSO 2 Properties;

“**Holding Partnerships**” means Holding LP1 (the principal holding subsidiary of SUSO 1), Holding LP2 (the principal holding subsidiary of SUSO 2) and GAR Holdings (the principal holding subsidiary of GAR);

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

“**IIROC**” means the Investment Industry Regulatory Organization of Canada;

“**Incentive Fee**” has the meaning ascribed thereto under “*Management of the REIT – Management Agreement – Management Fees*”;

“Indebtedness” has the meaning ascribed thereto under *“Investment Guidelines and Operating Policies – Operating Policies”*;

“Independent Trustee” means a SUSO Trustee or a REIT Trustee (as context requires) who is “independent” pursuant to National Instrument 58-101 – *Corporate Governance Guidelines*;

“Independent Unitholders” has the meaning ascribed thereto under *“Unitholders’ Rights Plan – Permitted Bid Requirements”*;

“Information Circular” means this management information circular;

“Interested Party” or **“Interested Parties”** means an issuer insider, associated entity or affiliated entity (as those terms are defined in the MI 61-101) of the SUSO Entities, GAR, Slate or any of their respective associated entities or affiliated entities;

“Interim Chairman” means the interim chairman of the REIT who will initially be Brady Welch;

“Investment Committee” has the meaning ascribed thereto under *“REIT Trustees and Executive Officers — Committees of the REIT Board — Investment Committee”*;

“Investment LP1” means Slate U.S. Opportunity (No. 1) Investment L.P., an Ontario limited partnership;

“Investment LP1 Notes” means the subordinated unsecured promissory notes issued by the Investment LP1 to the REIT from time to time;

“Investment LP1 Units” means limited partnership units of the Investment LP1;

“Lead Trustee” refers to the Independent Trustee of the REIT Board who is responsible for ensuring the appropriate leadership for the Independent Trustees, as further described under *“REIT Declaration of Trust and Description of REIT Units – Conflicts of Interest”*;

“Letter of Transmittal” means the letter of transmittal delivered to registered SUSO Unitholders to be completed and returned to the Depository, together with certificate(s) for SUSO Unit(s);

“Limited Partnership 1” means Slate Retail One L.P., a Delaware limited partnership;

“Limited Partnership 2” means Slate Retail Two L.P., a Delaware limited partnership;

“LP1 Limited Partner” means the limited partner of Limited Partnership 1;

“LP2 Limited Partner” means a limited partner of Limited Partnership 2 and **“LP2 Limited Partners”** means all of the limited partners of Limited Partnership 2;

“LP2 Partnership Agreement” means the limited partnership agreement governing Limited Partnership 2;

“Management Agreement” means an amendment and restatement of the management agreement between SUSO 1 and Slate, as described under *“Management of the REIT — Management Agreement”*;

“Management Fees” means, collectively, the Asset Management Fee, the Acquisition Fee and the Incentive Fee;

“Management Services” has the meaning ascribed thereto under *“Management of the REIT — Management Agreement”*;

“Market Price” means, as at a specified date: (i) an amount equal to the weighted average trading price of a Class U Unit on the principal exchange or market on which the Class U Units are listed or quoted for trading during the period of 10 consecutive trading days ending on such date; (ii) an amount equal to the weighted average of the closing market prices of a Class U Unit on the principal exchange or market on which the Class U Units are listed or

quoted for trading during the period of 10 consecutive trading days ending on such date, if the applicable exchange or market does not provide information necessary to compute a weighted average trading price, or (iii) if there was trading on the applicable exchange or market for fewer than five of the 10 trading days, an amount equal to the simple average of the following prices established for each of the 10 consecutive trading days ending on such date: the simple average of the last bid and last asking price of the Class U Units for each day on which there was no trading; the closing price of the Class U Units for each day that there was trading if the exchange or market provides a closing price; and the simple average of the highest and lowest prices of the Class U Units for each day that there was trading, if the market provides only the highest and lowest prices of Class U Units traded on a particular day;

“**Meetings**” means collectively, the SUSO 1 Meeting and the SUSO 2 Meeting;

“**MI 61-101**” means *Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions*;

“**MSA**” means a metropolitan statistical area in the United States;

“**NI 54-101**” means National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*;

“**NI 58-201**” means National Instrument 58-201 – *Corporate Governance Guidelines*;

“**NOBOs**” has the meaning ascribed thereto under “*Proxy and Voting Information – Advice to Beneficial SUSO Unitholders*”;

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

“**Nominating REIT Unitholder**” has the meaning ascribed thereto under “*REIT Declaration of Trust and Description of REIT Units – Advance Notice Provision*”;

“**Non-Grocery National Tenants**” means non-grocery related tenants in the Properties who are large national or international retailers with an established reputation;

“**Non-Resident**” means a person who is a “non-resident” within the meaning of the Tax Act and a partnership other than a “Canadian partnership” for the purposes of the Tax Act;

“**Notice Date**” has the meaning ascribed thereto under “*REIT Declaration of Trust and Description of REIT Units – Advance Notice Provision*”;

“**Notice of the SUSO 1 Meeting**” means the notice of the SUSO 1 Meeting dated January 23, 2014 accompanying this Information Circular;

“**Notice of the SUSO 2 Meeting**” means the notice of the SUSO 2 Meeting dated January 23, 2014 accompanying this Information Circular;

“**Notice of Meeting**” means collectively, Notice of the SUSO 1 Meeting and Notice of the SUSO 2 Meeting;

“**OBOs**” has the meaning ascribed thereto under “*Proxy and Voting Information – Advice to Beneficial SUSO Unitholders*”;

“**OSA**” means the *Securities Act* (Ontario);

“**PCA Reports**” means the property condition assessment reports prepared by independent building engineers in respect of each of the Properties upon their acquisition by the SUSO Entities or GAR, as applicable;

“Permitted Bid” has the meaning ascribed thereto under *“Unitholders’ Rights Plan”*;

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

“Phase I ESA Reports” means the phase I environmental site assessment reports conducted on each of the Properties;

“Phase II ESA Reports” means the phase II environmental site assessment reports conducted on two of the Properties;

“Plans” means, collectively, trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans and deferred profit sharing plans, each as defined in the Tax Act, and **“Plan”** means any of them;

“Properties” means collectively, the GAR Properties, the SUSO 1 Properties and the SUSO 2 Properties to be owned by the REIT on Closing of the Combination Transaction as described under *“The Properties”*;

“Proposed Amendments” has the meaning ascribed thereto under *“The Combination Transaction - Amendments to SUSO 1 Declaration of Trust”*;

“Record Date” means January 27, 2014, being the date set by the SUSO Trustees for determining the SUSO Unitholders entitled to receive notice of, and to attend and to vote at, the Meeting;

“Redemption Date” has the meaning ascribed thereto under *“REIT Declaration of Trust and Description of REIT Units – Redemption Right”*;

“Redemption Price” has the meaning ascribed thereto under *“REIT Declaration of Trust and Description of REIT Units – Redemption Right”*;

“Regulations” means the regulations under the Tax Act;

“REIT” means SUSO 1, following completion of the Combination Transaction, as renamed to “Slate Retail REIT”, and includes, where the context requires, the REIT’s Subsidiaries;

“REIT Board” means the board of trustees of the REIT;

“REIT Credit Facilities” means the Secured Revolving Facility and the Senior Secured Term Facility;

“REIT Declaration of Trust” means the SUSO 1 Declaration of Trust, as amended in connection with the Combination Transaction;

“REIT Event of Default” has the meaning ascribed thereto under *“Management of the REIT — Management Agreement – Term of the Management Agreement”*;

“REIT Trustee” means a trustee of the REIT and **“REIT Trustees”** means all of the trustees of the REIT;

“REIT Units” means the units of beneficial interest in the REIT, designated as “class A units”, “class I units” and “Class U Units”;

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

“Related Party” means with respect to any person, a person who is a “related party”, as that term is defined in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*, as such rule may be amended from time to time (and including any successor rule or policy thereto), but shall not include a Subsidiary of the person;

“Resolutions” means collectively, the SUSO 1 Resolutions and the SUSO 2 Resolution;

“Restricted Investments” has the meaning given thereto under the heading “*Management of the REIT – Management Agreement – Non-Competition Restrictions*”;

“Rights” has the meaning ascribed thereto under “*Unitholders’ Rights Plan*”;

“Rights Plan” means the unitholders’ rights plan of the REIT, to be established at Closing, as more particularly described under “*Unitholders’ Rights Plan*”;

“RRSP” means registered retirement savings plan;

“Secured Revolving Facility” means the \$30 million secured revolving facility to be entered into by a subsidiary of the REIT;

“Senior Secured Term Facility” means the \$45 million senior secured term facility to be entered into by a subsidiary of the REIT;

“Separation Time” has the meaning ascribed thereto under “*Unitholders’ Rights Plan – Rights Exercise Privilege*”;

“Slate” means Slate Properties Inc. and its affiliates;

“SIFT” means a “SIFT trust” or a “SIFT partnership” as defined in the Tax Act;

“SIFT Rules” has the meaning ascribed thereto under “*Certain Canadian Federal Income Tax Consequences – Tax Considerations Applicable to the Conversion – Qualifications of the REIT as a “Real Estate Investment Trust”*”;

“Special Committee 1” means the special committee of the board of trustees of SUSO 1;

“Special Committee 2” means the special committee of the board of trustees of SUSO 2;

“Special Committees” means collectively, the Special Committee 1 and the Special Committee 2;

“special resolution” means: (i) in the case of SUSO 1 a resolution of SUSO 1 Unitholders passed by an affirmative vote of not less than two-thirds of the votes cast by SUSO 1 Unitholders at the SUSO 1 Meeting with respect to a particular matter; (ii) in the case of SUSO 2 a resolution of SUSO 2 Unitholders passed by an affirmative vote of not less than two-thirds of the votes cast by SUSO 2 Unitholders at the SUSO 2 Meeting with respect to a particular matter; and (iii) in the case of the REIT, a resolution passed as a special resolution at a meeting of REIT Unitholders duly convened for that purpose and held in accordance with the REIT Declaration of Trust at which two or more individuals present in person either holding personally or representing as proxies not less in aggregate than 10% of the number of votes attached to REIT Units then outstanding and passed by not less than two-thirds of the votes attaching to the Voting REIT Units represented at the meeting, or passed in such other manner as provided in the REIT Declaration of Trust;

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

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

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

“**SUSO 1 Annual MD&A**” means the management discussion and analysis of SUSO 1 for the period ended December 31, 2012;

“**SUSO 1 Board**” means the board of trustees of SUSO 1;

“**SUSO 1 Combination Resolution**” means a special resolution of SUSO 1 Unitholders, the full text of which is set forth in Appendix A to this Information Circular;

“**SUSO 1 Credit Facility**” has the meaning given thereto under the heading “*Slate U.S. Opportunity (No. 1) Realty Trust – SUSO 1 Financing*”;

“**SUSO 1 Declaration of Trust**” means the amended and restated declaration of trust of SUSO 1, dated March 29, 2012;

“**SUSO 1 Fairness Opinion**” means the formal fairness opinions prepared by Brookfield in connection with the Combination Transaction for the SUSO 1 Unitholders dated as of January 29, 2014, a copy of which forms part of the Report attached as Appendix E to this Information Circular;

“**SUSO 1 Meeting**” means the special meeting of SUSO 1 Unitholders to be held on March 3, 2014 at 333 Bay Street, Suite 3400, Toronto, Ontario M5H 2S7 at 10:00 a.m. EST in respect of which this Information Circular is provided;

“**SUSO 1 Properties**” means the 13 properties owned and leased, directly or indirectly, by Holding LP1;

“**SUSO 1 Resolutions**” means, together, the SUSO 1 Combination Resolution and the SUSO 1 Governance Resolution;

“**SUSO 1 Rights Plan Resolution**” means a resolution of SUSO 1 Unitholders, the full text of which is set forth in Appendix C to this Information Circular, approving the adoption of the Unitholders’ Rights Plan ;

“**SUSO 1 Trustee**” means a trustee of SUSO 1 and “**SUSO 1 Trustees**” means all of the trustees of SUSO 1;

“**SUSO 1 Trustee Resolution**” means a resolution of SUSO 1 Unitholders, the full text of which is set forth in Appendix B to this Information Circular, approving the election of Colum Bastable as a trustee of SUSO;

“**SUSO 1 Unitholder(s)**” means the holder(s) of SUSO 1 Units;

“**SUSO 1 Units**” means the SUSO 1 class A units, SUSO 1 class I units and/ SUSO 1 class U units;

“**SUSO 2**” means Slate U.S. Opportunity (No. 2) Realty Trust;

“**SUSO 2 Annual MD&A**” means the management discussion and analysis of SUSO 2 for the period ended December 31, 2012;

“**SUSO 2 Board**” means the board of trustees of SUSO 2;

“**SUSO 2 Credit Facility**” has the meaning given thereto under the heading “*Slate U.S. Opportunity (No. 2) Realty Trust – SUSO 2 Financing*”;

“**SUSO 2 Declaration of Trust**” means the amended and restated declaration of trust of SUSO 2, dated October 26, 2012;

“**SUSO 2 Fairness Opinion**” means the formal fairness opinions prepared by Brookfield in connection with the Combination Transaction for the SUSO 2 Unitholders dated as of January 29, 2014, a copy of which forms part of the Report attached as Appendix E to this Information Circular;

“**SUSO 2 Meeting**” means the special meeting of SUSO 2 Unitholders to be held on March 3, 2014 at Goodmans LLP, 333 Bay Street, Suite 3400, Toronto, Ontario M5H 2S7 at 10:30 a.m. in respect of which this Information Circular is provided;

“**SUSO 2 Properties**” means the 10 properties owned and leased, directly or indirectly, by Holding LP2;

“**SUSO 2 Resolution**” means the special resolution, the full text of which is set forth in Section 1 of Appendix D to this Information Circular, approving the Combination Transaction;

“**SUSO 2 Trustee**” means a trustee of SUSO 2 and “**SUSO 2 Trustees**” means all of the trustees of SUSO 2;

“**SUSO 2 Unitholders**” means the holder(s) of SUSO 2 Units;

“**SUSO 2 Units**” means the SUSO 2 class A units, SUSO 2 class F units, SUSO 2 class I units and/or SUSO 2 class U units;

“**SUSO 3**” means Slate U.S. Opportunity (No. 3) Realty Trust;

“**SUSO Boards**” means collectively, the SUSO 1 Board and the SUSO 2 Board;

“**SUSO Entities**” means collectively, SUSO 1 and SUSO 2;

“**SUSO Trustees**” means collectively, the trustees of SUSO 1 and SUSO 2;

“**SUSO Unitholders**” means collectively, the SUSO 1 Unitholders and the SUSO 2 Unitholders;

“**SUSO Units**” means collectively, the SUSO 1 Units and the SUSO 2 Units;

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

“**Tax Proposals**” has the meaning ascribed thereto under “*Certain Canadian Federal Income Tax Consequences – Certain Canadian Federal Income Tax Considerations*”;

“**Taxation Year**” means the taxation year of the REIT for the purposes of the Tax Act;

“**Termination Costs**” has the meaning given thereto under the heading “Management of the REIT – Management Agreement – Termination of the Management Agreement”;

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

“**Unit Ownership Guidelines**” has the meaning given thereto under the heading “*REIT Trustees and Executive Officers – Unit Ownership Guidelines of the REIT Trustees*”;

“**Voting REIT Unit**” means a REIT Unit and/or a Special Voting Unit, as the context requires; and

“**Voting REIT Unitholders**” means, collectively, the holders of Voting REIT Units.

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GAR US Portfolio Limited Partnership

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SLATE RETAIL REIT
PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at September 30, 2013
(In thousands of United States dollars)
(Unaudited)

	Slate US Opportunity (No. 1) Realty Trust \$	Slate US Opportunity (No. 2) Realty Trust \$	GAR US Portfolio LP \$	Note 4	Pro Forma Adjustments \$	Slate Retail REIT Pro Forma \$
Assets						
Current assets						
Cash	6,693	12,506	275	(a)	(3,072)	
				(c)	(2,288)	14,114
Deposits on investment property	-	290	-	(b)	(250)	40
Prepays, deposits, sundry assets	297	376	404		-	1,077
Accounts and other receivables	1,128	843	1,316		-	3,287
	8,118	14,015	1,995			18,518
Non-current assets						
Investment properties	151,112	174,776	56,250	(b)(c)	20,025	
				(c)	6,850	409,013
Funds held in escrow	-	-	595		-	595
Interest rate caps	12	108	-		-	120
	151,124	174,884	56,845			409,728
	159,242	188,899	58,840			428,246
Liabilities and Unitholders' Equity						
Current liabilities						
Accounts payable and accrued liabilities	2,237	2,273	1,028		-	5,538
Other liabilities	-	233	492		-	725
Debt	-	-	460		-	460
Distributions payable	1,155	1,290	-	(b)	(1,155)	1,290
	3,392	3,796	1,980			8,013
Non-current liabilities						
Tenant deposits	298	438	81		-	817
Debt	85,508	104,364	30,832	(b)	2,760	
				(c)	4,312	227,776
Deferred income taxes	7,436	4,348	-	(b)	6,561	18,345
Exchangeable units	-	-	-	(a)(b)	23,600	
				(a)(b)	1,545	25,145
Trust units	62,608	75,953	-	(a)(b)	4,671	
				(a)(b)	(1,545)	141,687
	155,850	185,103	30,913			413,770
Capital	-	-	25,947	(b)	(25,947)	-
Retained earnings (deficit)	-	-	-	(a)(b)	(2,896)	(2,896)
Non-controlling interest	-	-	-	(a)(b)(i)	9,535	
				(a)(b)	(176)	9,359
	159,242	188,899	58,840			428,246

SLATE RETAIL REIT
PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Nine months ended September 30, 2013
(In thousands of United States dollars)
(Unaudited)

	Slate US Opportunity (No. 1) Realty Trust \$	Slate US Opportunity (No. 2) Realty Trust \$	GAR US Portfolio LP \$	Note 4	Pro Forma Adjustments \$	Slate Retail REIT Pro Forma \$
Revenue	11,067	7,211	5,453	(c)	7,641	31,372
Property operating costs	2,868	2,265	2,008	(c)	2,195	9,336
Net property income	8,199	4,946	3,445			22,036
Other income (expenses)						
Interest income	9	50	-		-	59
General and administrative	(1,012)	(1,013)	(413)		-	(2,438)
Interest expense on debt	(2,862)	(1,051)	(1,509)	(i)	(838)	(6,260)
Exchangeable unit distributions	-	-	-	(i)	(1,229)	(1,229)
REIT unit distributions	(3,465)	(1,290)	-	(i)	(2,243)	(6,998)
Transaction costs	-	(1,953)	-	(a)	1,953	-
Decrease in fair value of interest rate caps	(10)	(258)	-		-	(268)
Increase in fair value of investment property	11,061	12,993	3,540	(c)	(14,601)	12,993
Net income before income taxes	11,920	12,424	5,063			17,895
Income taxes:						
Current	708	233	-		-	941
Deferred	5,135	4,733	-	(g)	(2,706)	7,162
	5,843	4,966	-			8,103
Net income	6,077	7,458	5,063			9,792
Attributable to:						
Unitholders						8,568
Non-controlling interest						1,224

SLATE RETAIL REIT
PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE (LOSS) INCOME
Year ended December 31, 2012
(In thousands of United States dollars)
(Unaudited)

	Slate US Opportunity (No. 1) Realty Trust	Slate US Opportunity (No. 2) Realty Trust	GAR US Portfolio LP	Note 4	Pro Forma Adjustments	Slate Retail REIT Pro Forma
	\$	\$	\$		\$	\$
Revenue	3,015	181	6,773	(c)	29,030	38,999
Property operating costs	730	52	2,284	(c)	7,452	10,518
Net property income	2,285	129	4,489			28,481
Other income (expenses)						
Interest income	44	3	-		-	47
General and administrative	(914)	(248)	(561)		-	(1,723)
Interest expense on debt	(699)	-	(2,111)	(i)	(5,536)	(8,346)
Exchangeable unit distributions	-	-	-	(i)	(1,639)	(1,639)
REIT unit distributions	(1,141)	-	-	(i)	(8,189)	(9,330)
Transaction costs	(6,080)	(3,935)	-	(a)	10,015	
				(a)	(3,072)	(3,072)
Decrease in fair value of interest rate caps	(67)	-	-		-	(67)
Increase in fair value of investment property	8,088	-	4,338	(c)	(12,426)	-
Net income before income taxes	1,516	(4,051)	6,155			4,351
Income taxes:						
Current	-	-	-		-	-
Deferred	2,301	-	-	(g)	5,941	8,242
	2,301	-	-			8,242
Net (loss) income	(785)	(4,051)	6,155			(3,891)
Attributable to:						
Unitholders						(4,610)
Non-controlling interest						719

SLATE RETAIL REIT
NOTES TO THE PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Nine month period ended September 30, 2013 and the year ended December 31, 2012
(In thousands of United States dollars)
(Unaudited)

1. NATURE AND DESCRIPTION OF THE ENTITY

Slate Retail REIT (the “REIT”) (to be formerly known as, Slate U.S. Opportunity (No. 1) Realty Trust (“SUSO 1”)) is an unincorporated, open-ended investment trust under, and governed by, the laws of the Province of Ontario. The REIT will focus 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. On completion of the proposed combination transaction (the “Combination Transaction”), the properties of the REIT will consist of a portfolio of 29 grocery anchored retail commercial properties located in the United States. The principal, registered and head office of the REIT is 200 Front Street West, Suite 2400, Toronto, ON, M5V 3K2.

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

2. BASIS OF PRESENTATION

The accompanying unaudited pro forma consolidated financial statements of the REIT have been prepared by management of Slate Properties Inc. to give effect to the Combination Transaction pursuant to which (i) SUSO 1 will effectively acquire, directly or indirectly, substantially all of the assets of Slate U.S. Opportunity (No. 1) Realty Trust (“SUSO 2”) and the U.S. Grocery Anchored Retail (1A), (1B) and (1C) Limited Partnerships (“GAR A”, “GAR B” and “GAR C”, respectively, and collectively, “GAR”) in consideration for class U units of SUSO 1 or securities that are redeemable for or exchangeable into class U units of SUSO 1, (ii) the class U units of SUSO 1 will be listed on the Toronto Stock Exchange (the “TSX”) and (iii) SUSO 1 will change its name to “Slate Retail REIT”.

These pro forma consolidated financial statements have been compiled from, and include:

- (a) an unaudited pro forma condensed consolidated balance sheet combining:
 - i. the audited interim condensed consolidated statement of financial position of SUSO 1 as at September 30, 2013;
 - ii. the audited interim condensed consolidated statement of financial position of SUSO 2 as at September 30, 2013; and
 - iii. the audited consolidated statement of financial position of GAR as at September 30, 2013.
- (b) an unaudited pro forma condensed consolidated statement of comprehensive income for the nine month period ended September 30, 2013 combining:
 - i. the audited interim condensed consolidated statement of comprehensive income of SUSO 1 for the nine months ended September 30, 2013;
 - ii. the audited interim condensed consolidated statement of comprehensive income of SUSO 2 for the nine months ended September 30, 2013; and
 - iii. the audited consolidated statement of comprehensive (loss) income of GAR for the nine months ended September 30, 2013
- (c) an unaudited pro forma condensed consolidated statement of comprehensive income (loss) for the year ended December 31, 2012 combining:
 - i. the audited consolidated statement of comprehensive income of SUSO 1 for the period from January 18, 2012 (inception) to December 31, 2012;

SLATE RETAIL REIT
NOTES TO THE PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
Nine month period ended September 30, 2013 and the year ended December 31, 2012
(In thousands of United States dollars)
(Unaudited)

- ii. the audited consolidated statement of comprehensive income of SUSO 2 for the period from September 18, 2012 (inception) to December 31, 2012; and
- iii. the audited consolidated statement of comprehensive income (loss) of GAR for the year ended December 31, 2012.

The unaudited pro forma condensed consolidated statement of financial position gives effect to the Combination Transaction described in Note 4 below as if it had occurred on September 30, 2013. The unaudited pro forma condensed consolidated statement of comprehensive income for the nine months ended September 30, 2013 and the unaudited pro forma condensed consolidated statement of comprehensive (loss) income for the year ended December 31, 2012 gives effect to the Combination Transaction described in Note 4 below as if they had occurred on January 1, 2012.

The audited interim condensed consolidated statements of financial position as at September 30, 2013, the audited interim condensed consolidated statements of comprehensive income (loss) for the nine months ended September 30, 2013 and the audited consolidated statements of comprehensive income (loss) for the year ended December 31, 2012 of the REIT (formerly SUSO 1), SUSO 2 and GAR, used to prepare these pro forma consolidated financial statements, were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”).

The accounting policies used in the preparation of the unaudited pro forma condensed consolidated financial statements are consistent with those described in the audited consolidated financial statements of SUSO 1 as at and for the year ended December 31, 2012 and those additional policies significant to the transactions described and contemplated by these pro forma financial statements included in Note 3.

The unaudited pro forma consolidated financial statements should be read in conjunction with the financial statements of SUSO 1 and the financial statements of the SUSO 2 and GAR that are incorporated by reference or included in the information circular.

The pro forma adjustments and fair value measurements have been determined from information available to management of the REIT. Accordingly, these adjustments and fair value measurements are subject to change. The pro forma consolidated financial statements are not necessarily indicative of the results that would have actually occurred if the transactions had been consummated on the actual date of the completion of the Combination Transaction, nor are they necessarily indicative of future operating results or the financial position of the REIT. Amounts are presented in thousands of United States dollars unless otherwise stated. Unit amounts are also in thousands, except for references to unit conversions which are described one-for-one.

3. SIGNIFICANT ACCOUNTING POLICIES

The pro forma consolidated financial statements has been prepared in accordance with the significant accounting policies described below which are the accounting policies that will be applied by the REIT and are consistent with the measurement and presentation principles of IFRS.

(a) Basis of consolidation

The pro forma consolidated financial statements include the accounts of the REIT and the other entities that the REIT controls in accordance with IFRS 10, *Consolidated Financial Statements*. Control requires exposure or rights to variable returns and the ability to affect those returns through power over an investee. All intercompany transactions and balances have been eliminated on consolidation.

(b) Investment properties

The REIT accounts for its investment properties in accordance with IAS 40 *Investment Property* (“IAS 40”). For acquired investment properties that meet the definition of a business, the acquisition is accounted for as a business combination. Acquisitions of investment properties that do not meet the definition of a

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business are initially measured at cost including directly attributable expenses. Subsequent to acquisition, investment properties are carried at fair value, which is determined based on available market evidence at the statement of financial position date including, among other things, rental revenue from current leases and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental revenue from future leases less future cash outflows in respect of capital expenditures. Gains and losses arising from changes in fair value are recognized in net income in the period of change.

The carrying value of investment properties includes the impact of straight-line rental revenue, tenant inducements and deferred leasing costs since these amounts are incorporated in the determination of the fair value of income-producing properties.

When an investment property is disposed of, the gain or loss is determined as the difference between the net disposal proceeds and the carrying amount of the property and is recognized in net income in the period of disposal.

(c) Business combinations

The REIT accounts for investment property acquisitions as a business combination if the particular assets and set of activities acquired can be operated and managed as a business in its current state. The REIT applies the acquisition method to account for business combinations. The consideration transferred for a business combination is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the REIT. The total consideration includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired as well as liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The REIT recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of the acquiree's identifiable net assets.

Acquisition related costs are expensed as incurred.

Any contingent consideration is recognized at fair value at the acquisition date. Subsequent changes to the fair value of contingent consideration are recognized as a liability in accordance with IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39") primarily in net income or, in certain circumstances, as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the identifiable net assets acquired. If the consideration is lower than the fair value of the net assets acquired, the difference is recognized in net income.

(d) Revenue recognition

The REIT has retained substantially all of the risks and benefits of ownership of its investment properties and therefore accounts for leases with its tenants as operating leases. Revenue recognition under a lease commences when the tenant has a right to use the leased asset. Generally, this occurs on the lease inception date or, where the REIT is required to make additions to the property in the form of tenant improvements that enhance the value of the property, upon substantial completion of those improvements. The total amount of contractual rent to be received from operating leases is recognized on a straight-line basis over the term of the lease; a straight-line rent receivable, which is included in the carrying amount of investment property, is recorded for the difference between the rental revenue recorded and the contractual amount received.

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(e) Expenses

Property expenses and general and administrative expenses are recognized in income in the period in which they are incurred.

(f) Income taxes

A subsidiary of the REIT, Slate U.S. Opportunity (No. 1) Investment L.P. (“Investment LP”), that holds the REIT’s investments made an election pursuant to the United States Internal Revenue Code of 1986, as amended, to be classified as a corporation for U.S. federal income tax purposes effective on the date of its formation. Consequently, Investment LP is considered a “foreign corporation” for U.S. federal income tax purposes. The REIT measures deferred tax liabilities of its subsidiary, Investment LP, by applying the appropriate tax rate to temporary differences between the carrying amounts of assets and liabilities, and their respective tax basis. The appropriate tax rate is determined by reference to the rates that are expected to apply to the year and the jurisdiction in which the assets are expected to be realized or the liabilities settled. Deferred tax assets are recorded for all deductible temporary differences, carry forwards of unused tax credits and unused tax losses, to the extent that it is probable that deductions, tax credits and tax losses can be utilized. For the determination of deferred tax assets and liabilities where investment property is measured using the fair value model, the presumption is that the carrying amount of an investment property is recovered through sale, as opposed to presuming that the economic benefits of the investment property will be substantially consumed through use over time. The REIT qualifies as a “mutual fund trust” under the Income Tax Act (Canada) and plans to distribute or designate all taxable earnings to Unitholders and, under current legislation, the obligation to pay tax rests with each Unitholder. Accordingly, no current or deferred tax provision is recognized on the REIT’s income at the REIT level in addition to deferred tax amounts recorded in respect of Investment LP on consolidation

(g) Limited Partnership 2 Exchangeable Units

The Limited Partnership 2 Exchangeable Units (as defined below), have been issued from a subsidiary of the REIT, and are redeemable for cash or Class U Units of the REIT (as defined below), at the option of the REIT, and, therefore, are classified as financial liabilities under IAS 32. The Limited Partnership 2 Exchangeable Units are designated as fair value through profit or loss financial liabilities and are measured at fair value at each reporting period with any changes in fair value recognized in profit or loss. The distributions paid on the Limited Partnership 2 Exchangeable Units will be recorded in interest expense and other financing charges in net income and comprehensive income in the period in which they become payable.

(h) Trust units

The REIT will have class A units, class I units and class U units issued and outstanding (collectively, the “REIT Units”). As an open-ended investment trust, Unitholders of each class of units of the REIT are able to require the REIT to redeem at any time or from time to time at the demand of the Unitholder all or any part of the REIT Units held by the Unitholder in an amount equal to redemption price, as specified by the REIT’s declaration of trust. This redemption is to be provided in cash, subject to certain limitations. If a redemption is not satisfied in cash, the redemption price is to be paid by notes of the REIT or property of the REIT. Accordingly, the REIT Units contain a contractual agreement to deliver cash or another financial liability to the Unitholders of the REIT; the REIT Units have been classified as a liability and measured at fair value.

(i) Financial instruments

Financial instruments are classified as one of the following: (i) held-to-maturity, (ii) loans and receivables, (iii) fair value through profit or loss (“FVTPL”), (iv) available-for-sale, or (v) other financial liabilities. Financial assets and liabilities classified as FVTPL are measured at fair value with gains and losses recognized in the consolidated statements of comprehensive income (loss). Financial instruments classified as held-to-maturity, loans and receivables or other financial liabilities are measured at amortized cost, using

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the effective interest method. Available-for-sale financial instruments are measured at fair value and any unrealized gains and losses will be recognized in other comprehensive income.

The REIT has made the following classifications:

Cash	Loans and receivables
Accounts receivable	Loans and receivables
Trade payables and other liabilities	Other financial liabilities
Limited Partnership 2 Exchangeable Units	FVTPL
REIT Units	FVTPL

Transaction costs other than those related to financial instruments classified as fair value through profit or loss, which are expensed as incurred, are capitalized to the carrying amount of the instrument and amortized using the effective interest method. These costs include interest, amortization of discounts or premiums relating to borrowings, fees and commissions paid to agents, brokers and advisers and transfer taxes and duties that are incurred in connection with the arrangement of borrowings.

4. PRO FORMA ADJUSTMENTS

The pro forma adjustments to the pro forma consolidated financial statements have been prepared to reflect the impact of the Combination Transaction contemplated by the Information Circular using the adjustments and assumptions described below:

(a) Combination Transaction

The pro forma consolidated financial statements assume SUSO 1, SUSO 2 and GAR will complete the Combination Transaction ("Closing") and that the Class U units of the REIT will be listed on the TSX. The actual closing date of the Combination Transaction ("Closing Date") will differ and is dependent of the time required to implement the Combination Transaction.

Provided that the Combination Transaction is approved by the SUSO 1 Unitholders, SUSO 2 Unitholders and the Unitholders of GAR ("GAR Unitholders"), the following steps will occur in connection with the implementation of the Combination Transaction:

- The SUSO 1 Declaration of Trust will be amended to, among other things, change the name of SUSO 1 to Slate Retail REIT and to grant holders of SUSO 1 class A units and SUSO 1 class I units the right to convert all or any portion of their SUSO 1 class A units and SUSO 1 class I units (the "Conversion Rights") into SUSO 1 class U units which will be listed on the TSX (the "Class U Units").
- The SUSO 2 Declaration of Trust will be amended to, among other things, add a right for SUSO 2 to redeem the SUSO 2 Units by delivering Class U Units to SUSO 2 Unitholders.
- SUSO 1 will acquire all of the assets of SUSO 2 in consideration for Class U Units. SUSO 2 will redeem all SUSO 2 Units (except for any units acquired by SUSO 1) by delivering Class U Units to SUSO 2 Unitholders.
- In consideration for their units in GAR, the limited partners of GAR A and GAR C will receive, at their election, either Class U Units or units of Slate Retail Two L.P. ("Limited Partnership 2"), a subsidiary of the REIT.
- In consideration for their units in GAR, the limited partners of GAR B will receive, at their election either Class U Units or exchangeable limited partnership units of GAR B ("GAR B Exchangeable Units"). Each GAR B Exchangeable Unit will be redeemable for one Class U Unit. Limited partners of GAR B will be issued one Special Voting Unit for each GAR B Exchangeable Unit held. The consolidated pro forma condensed consolidated financial statements assume that all limited partners of GAR B will elect to receive GAR B Exchangeable Units. To the extent that the limited partners of GAR B elect to receive Class U Units as opposed to GAR B Exchangeable Units then the REIT will hold an interest in GAR B equal to those GAR B Unitholders who have elected

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to receive Class U Units. The REIT's interest in GAR B will be accounted for as an associate following the equity method of accounting or as a consolidated subsidiary, depending on the extent of its relative interest in GAR B.

- The indirect holders of the general partner interests of SUSO 1, SUSO 2 and GAR will transfer their interests to Limited Partnership 2, a subsidiary of the REIT, in consideration for Class B units of Limited Partnership 2 ("Limited Partnership 2 Exchangeable Units"), which are redeemable for cash or Class U Units, determined by the REIT.
- SUSO 1, SUSO 2 and GAR will effect a reorganization to rationalize the resulting structure.
- The REIT and Slate Properties Inc. ("Slate") will enter into an amended and restated management agreement.

SUSO 2 and GAR Unitholders will receive the following consideration:

- Each SUSO 2 class A unit will be redeemed for 0.9812 Class U Units;
- Each SUSO 2 class F unit will be redeemed for 1.0123 Class U Units;
- Each SUSO 2 class I unit will be redeemed for 1.0335 Class U Units;
- Each SUSO 2 class U unit will be redeemed for 0.9793 Class U Units;
- Holders of GAR A or GAR C units will receive, at the their election, either Class U Units or Limited Partnership 2 Exchangeable Units; and
- Holders of GAR B units will receive, at their election, either Class U Units or GAR B Exchangeable Units. Holders of GAR B Exchangeable Units will be issued one Special Voting Unit for each GAR B Exchangeable Unit held.

In aggregate, SUSO 2 Unitholders, as a group, will receive 7,200 Class U Units. Unitholders of GAR, as a group, will receive Class U Units and/or GAR B Exchangeable Units or Limited Partnership 2 Exchangeable Units, which on an exchanged basis will be equivalent to 2,025 Class U Units.

Aggregate costs to complete the Combination Transaction are expected to be \$3,072 and will be applied as a charge against net income. Additionally, transaction costs related to acquisitions and issuances of units has been removed from the historical financial statements of SUSO 1 and GAR as the pro forma financial statements assume that the capital structure has been in place since the beginning of the period and that all properties were owned since the beginning of the period.

(b) Acquisition of the Properties

On completion of the Combination Transaction, the REIT will own the combined net assets of SUSO 1, SUSO 2 and GAR (the "Properties"). The Combination Transaction will be accounted for as a business combination in accordance with the REIT's policy as described in Note 3(c). SUSO 2 has been identified as the acquirer for accounting purposes as the Unitholders of SUSO 2 will collectively hold a controlling interest in the REIT immediately following the completion of the Combination Transaction.

The purchase price will consist of consideration as follows:

	SUSO 1	GAR	Total
	\$	\$	\$
REIT Units	67,279	-	67,279
Limited Partnership B Exchangeable Units	3,990	19,610	23,600
	<u>71,269</u>	<u>19,610</u>	<u>90,879</u>

The allocation of the purchase price for the Properties to the fair values of the individual assets and liabilities acquired is based on preliminary estimates. The actual allocation will be based on the fair values of assets and liabilities acquired on Closing. Accordingly, the actual fair values of the assets and liabilities acquired will vary from the preliminary estimates, and the variation may be material.

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The identifiable net assets acquired, based on preliminary allocations, are as follows:

	SUSO 1	GAR	Total
	\$	\$	\$
Investment properties	164,940	62,447	227,387
Net working capital	5,595	529	6,124
Debt	(87,230)	(31,870)	(119,100)
Deferred income taxes	(12,036)	(1,961)	(13,997)
Net assets acquired	71,269	29,145	100,414
Non-controlling interest held by GAR B	-	(9,535)	(9,535)
	71,269	19,610	90,879

The fair value of the net assets acquired and consideration provided will be determined on completion of the combination transaction. Accordingly, the measurement of such items may be different than that as provided above and the difference may be material.

(c) Investment properties

A pro forma adjustment has been recorded in revenue and property operating costs for all investment properties owned as at September 30, 2013 as if they had been acquired no later than January 1, 2012. Accordingly, property acquisition costs related to property acquisitions occurring during the nine month period ended September 30, 2013 have been recorded in the pro forma consolidated statement of income for the year ended December 31, 2012 consistent with the pro forma adjustment to reflect the properties as if owned by the Trust no later than January 1, 2012.

Subsequent to September 30, 2013, SUSO 2 acquired an interest in an additional grocery anchored retail property, Oak Hill Village. These pro forma financial statements include an adjustment to show the acquisition of this property and corresponding increase in debt and reduction in cash used to finance the purchase. The fair value of the investment property as at the date of acquisition was \$6,580. Consideration paid for the property consisted of \$2,150 cash and the \$4,862 in new debt issued.

Furthermore, fair value adjustments occurring at SUSO 1 and GAR have been removed to reflect their acquisition at fair value as of January 1, 2012.

(d) Working capital

Certain of the working capital of the Properties will be assumed by the REIT on Closing. The REIT will be responsible for the payment and receipt of such working capital assets and liabilities, however, the net cash provided to the vendors will reflect the assumption of such amounts. No assumption of working capital has been reflected in these pro forma consolidated financial statements as it is not known what amounts will be assumed until Closing.

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(e) Debt

On completion of the Combination Transaction, the REIT is expected to maintain its current debt in place. The following is a summary of the debt to be held by the REIT immediately following the completion of the Combination Transaction.

	Coupon⁽¹⁾	Effective Rate⁽²⁾	Principal	Carrying Amount
	%	%	\$	\$
SUSO 1 credit facility	L+300 bps	3.16%	87,230	87,230
SUSO 2 credit facility	L+300 bps	3.16%	111,592	108,831
Cudahy Centre first mortgage	5.25%	6.17%	3,722	3,495
Cudahy Centre second mortgage	6.00%	3.55%	200	211
GAR mortgage	5.80%	5.34%	27,948	28,852
Total			230,692	228,619

(1) “L” means the one-month U.S. London Interbank Offering Rate (“LIBOR”) and “bps” means basis points.

(2) The effective interest rate for the SUSO 2 credit facility includes the impact of unamortized financing costs not yet recorded in interest expense under the effective interest method. The remaining debt includes mark-to-market adjustments on assumption of such debt by SUSO 2. Both the SUSO 1 and SUSO 2 credit facilities have assumed 1-month LIBOR is 0.16.

The Cudahy Center first and second mortgages mature on April 1, 2031 and May 1, 2016, respectively. The GAR mortgage is secured by Pinewood Plaza, Springboro Plaza, Field Club Commons, Kennywood Shops and Buckeye Plaza and matures on April 30, 2021. The SUSO 1 credit facility matures on September 13, 2015 and has two one-year extension options. The SUSO 2 credit facility matures on April 2, 2017 and has a one-year extension option. Both the SUSO 1 and SUSO 2 credit facilities are closed and can no longer be drawn down.

(f) Secured Revolving Facility and Senior Secured Term Facility

A syndicate of U.S. lenders in the United States has provided a term sheet pursuant to which the syndicate will provide, at Closing, (i) a \$30 million secured revolving facility (the “Secured Revolving Facility”), and (ii) a \$45 million senior secured term facility (the “Senior Secured Term Facility”).

The Secured Revolving Facility will bear interest at a rate equal to LIBOR plus 300 basis points or the bank’s base rate plus 200 basis points. The REIT will pay an unused fee of 50 basis points on the unused aggregate revolving commitment, paid quarterly in arrears. The Secured Revolving Facility will mature six months after Closing. The REIT will have one six month extension option so long as it provides 30 day notice, is not in default or subject to an event of default and upon payment of an extension fee in the amount of 50 basis points. The Secured Revolving Facility will be used by the REIT for the acquisition and maintenance of retail grocery anchored properties, a repurchase of up to \$7.5 million of the securities of the REIT and for other general working capital purposes.

The Senior Secured Term Facility will bear interest at a rate equal to LIBOR plus 300 basis points or the bank’s base rate plus 200 basis points. The Senior Secured Term Facility will be a delayed draw term loan that shall be funded within 12 months of Closing. Any unused portion of the Senior Secured Term Facility would be terminated at that time. Amounts repaid must not be re-borrowed under the Senior Secured Term Facility.

The Senior Secured Term Facility will mature three years after the Closing. The REIT will have one 12 month extension option so long as it provides 30 day notice, is not in default or subject to an event of default and upon payment of an extension fee in the amount of 20 basis points. The Senior Secured Term Facility will be used for the acquisition of grocery-anchored retail assets, capital expenditure for grocery-anchored retail assets and general corporate purposes.

The ability of the REIT to borrow under the Senior Secured Term Facility remains subject to the limitations on the ability of the REIT to incur indebtedness contained in the REIT Declaration of Trust. The Senior

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Secured Term Facility will include conditions precedent, financial and non-financial covenants and events of default customary for a credit facility of this nature.

No amount is expected to be drawn on the Secured Revolving Facility or the Senior Secured Term Facility on completion of the Combination Transaction.

(g) Income taxes

Deferred tax expense has been recorded based on the impact pro forma adjustments.

(h) Interest and other finance charges

Interest and other finance charges are based on the expected terms of the agreements expected to be put in place on completion of the Combination Transaction.

In accordance with the significant accounting policies described in Note 3, the Exchangeable Units and REIT Units are presented as financial liabilities under IFRS. Accordingly, distribution expense has been recorded as a financing charge to income.

(i) Non-controlling interest and GAR B exchangeable units

The pro forma consolidated financial statements assume that all GAR B Unitholders will elect to receive GAR B Exchangeable Units. To the extent that GAR B Unitholders elect to receive REIT Units as opposed to GAR B Exchangeable Units, the REIT will hold an interest in GAR B equal to the interests of those GAR B Unitholders who have elected to receive REIT Units. The REIT's interest in GAR B will be accounted as an equity investment or as a consolidated subsidiary, depending on the extent of its relative interest in GAR B. Accordingly, for purposes of the pro forma consolidated financial statements GAR B's ownership in the net assets of the REIT is a non-controlling interest. The REIT will account for the GAR B Exchangeable Units as derivatives, which will be measured at fair value with changes in fair value recognized in net income in the period of the change.

The GAR B exchangeable units will be accompanied by an equivalent number of special voting units ("Special Voting Units"). The GAR B Exchangeable Units on an exchanged basis are equivalent to 828 Class U Units.

(j) Conforming accounting policy adjustments

In preparing the unaudited pro forma consolidated financial statements, a review was undertaken by management to identify accounting policy differences between the REIT and the Properties, which could have a material impact. No significant differences have been identified at this time.

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5. UNITHOLDERS' EQUITY

On completion of the Combination Transaction on a pro forma basis as at September 30, 2013, the REIT expects to have the following Unitholders' equity:

	Class U	Class A	Class I
Authorized for issue	Unlimited	Unlimited	Unlimited
Issued and outstanding	8,498	3,702	703

Each REIT Unit will confer the right to one vote at any meetings of REIT Unitholders. The REIT is also authorized to issue an unlimited number of Special Voting Units. Special Voting Units are only issued in tandem with the issuance of securities redeemable for or exchangeable into REIT Units. The Special Voting Units do not have any economic entitlement in the REIT with respect to distributions but provide the holder with the same voting rights in the REIT as a holder of REIT Units. Special Voting Units may only be issued in connection with or in relation to redeemable or exchangeable securities for the purpose of providing voting rights with respect to the REIT to the holders of such securities.

Each REIT Unit entitles the holder to the same rights and obligations as a REIT Unitholder and no REIT Unitholder is entitled to any privilege, priority or preference in relation to any other holder of REIT Units, subject to the proportionate entitlement of the holders of class A units, class I units and class U units of the REIT to participate in distributions made by the REIT including distributions of net income, net realized capital gains or other amounts and, in the event of termination or winding-up of the REIT, in the net assets of the REIT remaining after satisfaction of all liabilities, based on their respective conversion ratios for Class U Units. REIT Units will be fully paid and non-assessable when issued and are transferable.

SUSO 1 class A and class I unitholders will continue to own their existing units. Class A and class I unitholders will have the right to convert all or any portion of their units into Class U Units. The following conversion rates will apply:

- Each SUSO 1 class A unit will be convertible into 1.0078 Class U Units; and
- Each SUSO 1 class I unit will be convertible into 1.0554 Class U Units.

On completion of the Combination Transaction, the REIT Declaration of Trust will grant holders of class A units and class I units of the REIT the right to convert all or any portion of their class A units and class I units of the REIT, at any time (the "Conversion Date"), into Class U Units by giving written notice to the REIT. On the applicable Conversion Date the REIT will deliver to the class A unitholder or class I unitholder the applicable number of Class U Units for each class A unit or class I unit converted by such unitholder.

If all of the GAR B Exchangeable Units, Limited Partnership 2 Exchangeable Units, class A units of the REIT and class I units of the REIT were redeemed or exchanged for Class U Units, as applicable, there would be in aggregate approximately 16,000 Class U Units outstanding.

REIT Units are redeemable at any time on demand by the holders thereof upon delivery to the REIT of a duly completed and properly executed notice requesting redemption in a form reasonably acceptable to the trustees of the REIT, together with written instructions as to the number of REIT Units to be redeemed. Upon receipt of the redemption notice by the REIT, all rights to and under the REIT Units tendered for redemption shall be surrendered and the holder thereof will be entitled to receive a price per REIT Unit. The price per REIT Unit payable upon redemption will differ for each class of REIT Units and will be based on the proportionate interest that such REIT Unit is of the total redemption value of the REIT Units (the "Redemption Value"), calculated as follows:

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

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

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

If any of the conditions in the two paragraphs above preclude the payment of the redemption price in cash (and the REIT Board does not, in its sole discretion, waive such limitation in respect of all REIT Units tendered for redemption in any particular calendar quarter), the redemption price shall be paid and satisfied by way of an in specie distribution of property of the REIT and/or unsecured subordinated notes of the REIT, as determined by the REIT Trustees in their sole discretion.

Interim condensed consolidated financial statements of

**Slate U.S. Opportunity (No. 1)
Realty Trust**

For the period ended September 30, 2013

Slate U.S. Opportunity (No.1) Realty Trust

Condensed Consolidated Financial Statements

September 30, 2013

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Independent Auditor's Report

To the Unitholders of
Slate U.S. Opportunity (No. 1) Realty Trust

We have audited the accompanying condensed consolidated financial statements of Slate U.S. Opportunity (No. 1) Realty Trust, which comprise the condensed consolidated statements of financial position as at September 30, 2013 and December 31, 2012, the condensed consolidated statements of comprehensive income (loss) for the three and nine month periods ended September 30, 2013, for the period from January 18, 2012 (inception) to September 30, 2012 and for the three month period ended September 30, 2012, and the condensed consolidated statements of changes in net assets and the condensed consolidated statements of cash flows for the nine month period ended September 30, 2013 and for the period from January 18, 2012 (inception) to September 30, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Condensed Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these condensed consolidated financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these condensed consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the condensed consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the condensed consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the condensed consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the condensed consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the condensed consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the condensed consolidated financial statements present fairly, in all material respects, the financial position of Slate U.S. Opportunity (No. 1) Realty Trust as at September 30, 2013 and December 31, 2012, its financial performance and its cash flows for the nine month period ended September 30, 2013 and for the period from January 18, 2012 (inception) to December 31, 2012, and the condensed consolidated statements of comprehensive income (loss) for the three month periods ended September 30, 2013 and September 30, 2012 in accordance with International Accounting Standard 34, Interim Financial Reporting.

A handwritten signature in cursive script that reads "Deloitte LLP".

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
February 3, 2014

SLATE U.S. OPPORTUNITY (No. 1) REALTY TRUST
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
Expressed in United States dollars

	<i>Note</i>	September 30, 2013	December 31, 2012
ASSETS			
Current assets			
Cash		\$ 6,692,643	\$ 6,644,747
Deposits on investment properties		-	250,000
Prepaid, deposits, sundry assets		296,917	303,632
Accounts receivable	5	1,128,336	417,165
		8,117,896	7,615,544
Non-current assets			
Investment properties	6	151,111,747	139,391,633
Interest rate caps	8, 11	11,920	21,756
		151,123,667	139,413,389
TOTAL ASSETS		\$ 159,241,563	\$ 147,028,933
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		\$ 2,236,697	\$ 1,872,255
Distributions payable		1,155,000	1,140,600
		3,391,697	3,012,855
Non-current liabilities			
Term Loan Facility	8	85,507,737	84,861,291
Tenant deposits		297,663	321,485
Deferred tax liabilities	9	7,436,253	2,300,917
		93,241,653	87,483,693
LIABILITIES BEFORE NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		\$ 96,633,350	\$ 90,496,548
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		\$ 62,608,213	\$ 56,532,385
Represented by:			
Net assets attributable to Unitholders of the Trust		\$ 60,821,487	\$ 56,532,365
Net assets attributable to non-controlling interest		\$ 1,786,726	\$ 20

Approved by the Board of Trustees of Slate U.S. Opportunity (No. 1) Realty Trust:

(signed) Samuel Altman
Trustee

(signed) Patrick Flatley
Trustee

(signed) Peter Tesché
Trustee

(signed) Blair Welch
Trustee

(signed) Brady Welch
Trustee

The accompanying notes are an integral part of these condensed consolidated financial statements.

SLATE U.S. OPPORTUNITY (No. 1) REALTY TRUST
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
Expressed in United States dollars

			Period from January 18, 2012 (inception) to September 30, 2012 <i>Restated</i> ⁽¹⁾	Three months ended September 30, 2012 <i>Restated</i> ⁽¹⁾
	<i>Note</i>	Nine months ended September 30, 2013	Three months ended September 30, 2013	
NET PROPERTY INCOME				
Rental revenue		\$ 11,066,778	\$ 629,684	\$ 3,684,592
Property operating expenses		(2,868,451)	(146,685)	(1,000,728)
		8,198,327	482,999	2,683,864
ADMINISTRATIVE EXPENSES				
Asset management and service fees	4	(589,940)	(350,410)	(196,639)
Professional fees and other		(422,065)	(115,237)	(53,653)
		(1,012,005)	(465,647)	(250,292)
NET FINANCE INCOME (EXPENSES)				
Interest on short-term investments		8,629	30,945	909
Interest on Term Loan Facility		(2,861,580)	(44,530)	(929,417)
Distributions to Unitholders		(3,465,000)	-	(1,155,000)
Trust Units offering costs	7	-	(3,499,840)	-
		(6,317,951)	(3,513,425)	(2,083,508)
OTHER INCOME (EXPENSES)				
Property acquisition costs		-	(924,260)	-
Change in fair value of interest rate caps		(9,836)	-	(12,671)
Change in fair value of investment properties	6	11,061,027	650,000	3,980,254
Change in net assets attributable to Unitholders before income tax expense		\$ 11,919,562	\$ (3,770,333)	\$ 4,317,647
INCOME TAX (EXPENSE) RECOVERY				
Current		(708,398)	-	(129,463)
Deferred	9	(5,135,336)	131,691	(1,829,965)
		\$ (5,843,734)	\$ 131,691	\$ (1,959,428)
Change in net assets attributable to Unitholders		\$ 6,075,828	\$ (3,638,642)	\$ 2,358,219
Attributable to:				
Unitholders of the Trust		\$ 6,075,181	\$ (3,638,621)	\$ 2,358,141
Non-controlling interest		\$ 647	\$ (21)	\$ 78

(1) Certain amounts have been restated. Refer to Note 2(d).

The accompanying notes are an integral part of these condensed consolidated financial statements.

SLATE U.S. OPPORTUNITY (No. 1) REALTY TRUST
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
Expressed in United States dollars

		Nine months ended September 30, 2013	Period from January 18, 2012 (inception) to September 30, 2012 <i>Restated ⁽¹⁾</i>
	<i>Note</i>		
Balance at beginning of period			
Net assets attributable to Unitholders of the Trust		\$ 56,532,365	\$ -
Net assets attributable to non-controlling interest		20	-
		56,532,385	-
Issuance of Trust Units			
Unitholders of the Trust		-	57,317,249
Non-controlling interest		-	-
		-	57,317,249
Change in net assets attributable to Unitholders			
Unitholders of the Trust		6,075,181	(3,638,621)
Non-controlling interest		647	(21)
		6,075,828	(3,638,642)
Allocation of General Partner interest			
Unitholders of the Trust	7	(1,786,059)	-
Non-controlling interest	7	1,786,059	-
		-	-
Balance at end of period			
Net assets attributable to Unitholders of the Trust		60,821,487	53,678,628
Net assets attributable to non-controlling interest		1,786,726	(21)
		\$ 62,608,213	\$ 53,678,607

(1) Certain amounts have been restated. Refer to Note 2(d).

The accompanying notes are an integral part of these condensed consolidated financial statements.

SLATE U.S. OPPORTUNITY (No. 1) REALTY TRUST
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Expressed in United States dollars

		Nine months ended September 30, 2013	Period from January 18, 2012 (inception) to September 30, 2012 <i>Restated ⁽¹⁾</i>
	<i>Note</i>		
Cash provided by (used in)			
OPERATING ACTIVITIES			
Change in net assets available to Unitholders		\$ 6,075,828	\$ (3,638,642)
Deferred income tax expense (recovery)	9	5,135,336	(131,691)
Straight-line rent		(93,879)	-
Net finance income and costs		6,317,950	3,513,425
Cash interest paid		(2,215,134)	-
Interest received on short-term investments		8,629	-
Change in fair value of interest rate caps		9,836	-
Change in fair value of investment properties		(11,061,027)	(650,000)
Changes in non-cash working capital items	14	(363,836)	773,348
		3,813,703	(133,560)
INVESTING ACTIVITIES			
Acquisitions of investment properties		-	(43,950,065)
Leasing costs		(173,554)	-
Capital costs		(391,653)	-
Deposits on investment properties		250,000	(1,950,000)
		(315,207)	(45,900,065)
FINANCING ACTIVITIES			
Distributions paid to Unitholders		(3,450,600)	-
Issuance of Trust Units		-	57,317,249
Trust Unit offering costs paid		-	(3,479,879)
Term Loan Facility advances, net of costs		-	14,757,229
		(3,450,600)	68,594,599
Increase in cash		47,896	22,560,974
Cash, beginning of period		6,644,747	-
Cash, end of period		\$ 6,692,643	\$ 22,560,974

(1) Certain amounts have been restated. Refer to Note 2(d).

The accompanying notes are an integral part of these condensed consolidated financial statements.

SLATE U.S. OPPORTUNITY (No. 1) REALTY TRUST

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS AT SEPTEMBER 30, 2013 AND NINE AND THREE MONTH PERIODS ENDED SEPTEMBER 30, 2013

Expressed in United States dollars

1. Description of the Trust and operations

Slate U.S. Opportunity (No. 1) Realty Trust (the "Trust") is an unincorporated, open-ended investment trust formed under and governed by the laws of the Province of Ontario and resident in Canada. The Trust was established on January 18, 2012 for the primary purpose of indirectly acquiring, owning and leasing a portfolio of diversified revenue-producing commercial real estate properties (the "Properties") with a focus on anchored retail properties in the United States. The Trust's investment objective is to enhance the potential for long-term growth of capital through value-added enhancements to the properties indirectly owned by the Trust and organic growth in rental rates, combined with an overall reduction in capitalization rates. The Trust's registered office is 200 Front Street West, Suite 2400, Toronto, Ontario, M5V 3K2.

The principal business of the Trust is to issue trust units (the "Units") and to use proceeds from the offering to acquire, own and lease Properties indirectly through Slate U.S. Opportunity (No. 1) Investment L.P. (the "Investment LP") and Slate U.S. Opportunity (No. 1) Holding L.P. (the "Holding LP"). Each of Investment LP and Holding LP are controlled by the Trust and accordingly, the accounts thereof are consolidated in these condensed consolidated financial statements.

2. Basis of preparation

(a) Statement of compliance

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). The condensed consolidated financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Trust's annual consolidated financial statements as at December 31, 2012.

The condensed consolidated financial statements have been prepared using the same accounting policies and methods as those used in the consolidated financial statements of the Trust as at and for the year ended December 31, 2012, except for the new accounting standards described in note 3.

The financial statements were approved by the trustees of the Trust and authorized for issue on November 29, 2013.

(b) Basis of measurement

These condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and interest rate caps, which are measured at fair value.

The application of the going concern basis of presentation assumes that the Trust will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Trust expects to continue as a going concern for the foreseeable future, accordingly, these condensed consolidated financial statements have been prepared on a going concern basis.

(c) Functional and presentation currency

These condensed consolidated financial statements are presented in United States dollars, which is the Trust's functional currency and the functional currency of all of its subsidiaries.

(d) Restatement of comparative amounts

Certain comparative amounts have been restated to reflect deferred income taxes related to amounts of income taxes payable in future periods in respect of taxable temporary differences of the Trust's subsidiary, Investment LP, that were previously not recorded. Temporary differences that result in deferred tax liabilities are those differences between the carrying amount of an asset or liability in the statement of financial position and its tax base that will result in taxable amounts in determining taxable profit (tax loss) of future periods when the carrying amount of the related asset or liability is recovered or settled.

SLATE U.S. OPPORTUNITY (No. 1) REALTY TRUST**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

AS AT SEPTEMBER 30, 2013 AND NINE AND THREE MONTH PERIODS ENDED SEPTEMBER 30, 2013

Expressed in United States dollars

Investment LP made an election pursuant to the United States Internal Revenue Code of 1986, as amended, to be classified as a corporation for U.S. federal income tax purposes effective on the date of its formation. Consequently, Investment LP is considered a “foreign corporation” for U.S. federal income tax purposes.

The Trust measures deferred tax liabilities of its subsidiary, Investment LP, by applying the appropriate tax rate to temporary differences between the carrying amounts of assets and liabilities, and their respective tax basis. The appropriate tax rate is determined by reference to the rates that are expected to apply to the year and the jurisdiction in which the assets are expected to be realized or the liabilities settled. Deferred tax assets are recorded for all deductible temporary differences, carry forwards of unused tax credits and unused tax losses, to the extent that it is probable that deductions, tax credits and tax losses can be utilized. For the determination of deferred tax assets and liabilities where investment property is measured using the fair value model, the presumption is that the carrying amount of an investment property is recovered through sale, as opposed to presuming that the economic benefits of the investment property will be substantially consumed through use over time. The Trust qualifies as a “mutual fund trust” under the *Income Tax Act* (Canada) and expects to distribute or designate all taxable earnings to Unitholders and, under current legislation, the obligation to pay tax rests with each Unitholder. Accordingly, no current or deferred tax provision is recognized in the Trust’s financial statements on the Trust’s income at the Trust level in addition to deferred tax amounts recorded in respect of Investment LP on consolidation.

The following is a reconciliation of the amounts as previously stated, the amount of the change and the restated amount for the period from January 18, 2012 (inception) to September 30, 2012:

	As previously reported	Amount of the change	As restated
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)			
Deferred income taxes recovery	-	131,691	131,691
Change in net assets attributable to Unitholders of the Trust	(3,770,299)	131,678	(3,638,621)
Change in net assets attributable to non-controlling interest	(34)	13	(21)

The following is a reconciliation of the amounts as previously stated, the amount of the change and the restated amount for the three months ended September 30, 2012:

	As previously reported	Amount of the change	As restated
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)			
Deferred income taxes recovery	-	131,691	131,691
Change in net assets attributable to Unitholders of the Trust	2,302	131,678	133,980
Change in net assets attributable to non-controlling interest	(8)	13	5

3. New standards and interpretations**(a) New standards and interpretations adopted**

In these condensed consolidated financial statements the Trust has applied, for the first time, new accounting policies due to the adoption of certain new standards and amendments to existing standards. These include International Financial Reporting Standard ("IFRS") 10, "Consolidated Financial Statements" ("IFRS 10"), IFRS 13, "Fair Value Measurement" ("IFRS 13") and amendments to IAS 1, "Presentation of Financial Statements" ("IAS 1"). In addition, the application of IFRS 12, "Disclosure of Interests in Other Entities"

SLATE U.S. OPPORTUNITY (No. 1) REALTY TRUST

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS AT SEPTEMBER 30, 2013 AND NINE AND THREE MONTH PERIODS ENDED SEPTEMBER 30, 2013

Expressed in United States dollars

("IFRS 12"), will result in additional disclosures in the annual consolidated financial statements as at and for the year ended December 31, 2013, in accordance with the transitional provisions of that standard.

The nature and impact of the new standards and amendments adopted by the Trust are described below:

- Amendments to IAS 1 *Presentation of Financial Statements*

The amendments to IAS 1 introduce a grouping of items presented in OCI. Items that could be reclassified (or recycled) to income or loss at a future point in time are to be presented separately from items that will never be reclassified. The amendment had no impact on the Trust's financial position or performance.

Amendments to IAS 1 require that an opening balance sheet must be presented when an entity applies an accounting policy retrospectively, makes retrospective restatements, or reclassifies items in its financial statements, provided any of those changes has a material effect on the balance sheet at the beginning of the preceding period. The amendment clarifies that a third balance sheet does not have to be accompanied by comparative information in the related notes.

- IFRS 10 *Consolidated Financial Statements*

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of the previously existing IAS 27, "Consolidated and Separate Financial Statements" that dealt with consolidated financial statements and Standards Interpretations Committee ("SIC") 12, "Consolidation - Special Purpose Entities". IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. IFRS 10 had no impact on the consolidation of the Trust's interests in its investments.

- IFRS 12 *Disclosure of Interests in Other Entities*

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. None of these disclosure requirements are applicable for condensed consolidated interim financial statements, unless significant events and transactions in the interim period requires that they are provided. Accordingly, the Trust has not made such disclosures.

- IFRS 13 *Fair Value Measurement*

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Trust related to its investment property and financial instruments.

(b) New standards and interpretations not yet adopted

The following is a summary of recent accounting pronouncements which have not yet been adopted by the Trust:

- IFRS 9 *Financial Instruments*

In October 2010, the IASB issued 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. This new standard is effective for the Trust's interim and annual consolidated financial statements

SLATE U.S. OPPORTUNITY (No. 1) REALTY TRUST**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

AS AT SEPTEMBER 30, 2013 AND NINE AND THREE MONTH PERIODS ENDED SEPTEMBER 30, 2013

Expressed in United States dollars

commencing January 1, 2015. The Trust is assessing the impact of this new standard on its consolidated financial statements.

- IFRIC 21 *Levies*

IFRIC 21 “Levies” (“IFRIC 21”) addresses the accounting for a liability to pay a levy if that liability is within the scope of IAS 37, “Provisions, Contingent Liabilities and Contingent Assets”. It also addresses the accounting for a liability to pay a levy whose timing and amount is certain. This interpretation is applicable for effective for the Trust’s annual periods beginning on or after January 1, 2014. Earlier application is permitted. The Trust is assessing the impact of this new interpretation on its consolidated financial statements.

4. Related parties and other key contracts***Transactions with key management personnel***

Pursuant to the terms of a management agreement dated April 20, 2012 (the “Management Agreement”), Slate Properties Inc., a Toronto-based real estate asset management company, (the “Manager”) provides all management services to the Trust. As such, the Manager is the only person or entity which meets the definition of “key management personnel” as defined in IAS 24 “Related Party Disclosures”. As described in note 13, the Manager is paid a monthly asset management fee for its services, and was paid an acquisition fee for properties purchased. Asset management fees incurred and payable to the Manager during the period from January 1, 2013 to September 30, 2013 amounted to \$375,000 and are included in asset management and service fees on the condensed consolidated statement of comprehensive income (loss). These transactions are in the normal course of operations and are measured at the exchange amount which is the consideration established and agreed to by the parties.

5. Accounts receivable

Accounts receivable balance is comprised of the following:

	September 30, 2013	December 31, 2012
Rent receivable	\$ 655,227	\$ 193,712
Allowance for doubtful accounts	(35,315)	-
Accrued recovery income and other	508,424	223,453
Accounts receivable	\$ 1,128,336	\$ 417,165

The following is a reconciliation of the change in allowance for doubtful accounts:

	September 30, 2013	December 31, 2012
Balance at beginning of the period	\$ -	\$ -
Provision for allowance	35,315	-
Bad debt write-offs	-	-
	\$ 35,315	\$ -

An allowance is provided when collection is no longer reasonably assured, including bankruptcy, abandonment by tenants and in certain tenant disputes.

SLATE U.S. OPPORTUNITY (No. 1) REALTY TRUST**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

AS AT SEPTEMBER 30, 2013 AND NINE AND THREE MONTH PERIODS ENDED SEPTEMBER 30, 2013

Expressed in United States dollars

The following is an aging analysis of rents receivable past due, net of allowance for doubtful accounts:

	September 30, 2013	December 31, 2012
Current to 30 days	\$ 329,701	\$ 415,473
31 to 60 days	63,876	1,228
Greater than 60 days	226,335	464
	\$ 619,912	\$ 417,165

Accrued recovery income represents amounts that have not been billed to the tenants and are generally billed and paid in the following year to which they relate.

6. Investment properties

Investment properties are composed of income-producing properties.

The Trust has acquired wholly-owned interests in thirteen income-producing properties for which the results of operations of these properties have been included in these condensed consolidated financial statements from the respective dates of acquisition.

Property	Location	Purchase Date
Highland Square	Crossville, TN	July 2012
Errol Plaza	Orlando, FL	July 2012
St. Elmo Central	Chattanooga, TN	August 2012
Triangle Food Lion	Charlotte, NC	August 2012
County Line Plaza	Philadelphia, PA	September 2012
North Pointe	Columbia, SC	September 2012
Summit Ridge	Mount Pleasant, PA	October 2012
Gaston Marketplace	Gaston, SC	November 2012
Fuquay Crossing	Fuquay-Varnia, NC	November 2012
Westhaven Town Center	Franklin, TN	December 2012
Bowling Green	Bowling Green, VA	December 2012
Madison Plaza	Madison, VA	December 2012
Cambridge Crossing	Troy, MI	December 2012

The Trust determines the fair value of investment properties based upon either the overall income capitalization rate method or the discounted cash flow method, both of which are generally accepted appraisal methodologies. Under the overall income capitalization method, year one income is stabilized and capitalized at a rate appropriate for each investment property. Capitalization rates are the most significant assumption in determining fair values. Under the discounted cash flow method, fair values are primarily determined by discounting the expected future cash flows, generally over a term of 10 years, including a terminal value based on the application of a capitalization rate to estimated year 11 net operating income. The Trust uses leasing history, market reports, tenant profiles and available appraisals, among other things, in determining the most appropriate assumptions. All valuations at September 30, 2013 were performed by management of the Trust.

The market capitalization rates at September 30, 2013 ranged from 7.25% to 7.75%. The estimated fair market value implies a weighted average capitalization rate of 7.41%. Under the fair value hierarchy, the fair value of the Trust's investment properties is determined using the methodology described above and using level three inputs. The fair value of investment property would change by approximately \$5.1 million for a 25 basis point change in capitalization rates, and by approximately \$1.3 million for a \$100,000 change in underlying annual net operating income.

SLATE U.S. OPPORTUNITY (No. 1) REALTY TRUST**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

AS AT SEPTEMBER 30, 2013 AND NINE AND THREE MONTH PERIODS ENDED SEPTEMBER 30, 2013

Expressed in United States dollars

The change in income-producing properties for the period is as follows:

January 18, 2012, balance	\$	-
Acquisitions		131,290,000
Leasing costs		13,926
Change in fair value		8,087,707
December 31, 2012, balance		139,391,633
<hr/>		
January 1, 2013, balance	\$	139,391,633
Leasing costs		173,554
Capital costs		391,653
Straight-line rent		93,879
Change in fair value		11,061,027
September 30, 2013, balance	\$	151,111,747

7. Trust Units

The beneficial interest in the net assets and net income of the Trust is divided into three classes of Units, Class A Units, Class I Units and Class U Units. The Trust is authorized to issue an unlimited number of Units of each class.

The Class A Units were offered in Canadian dollars solely for the convenience of Unitholders wishing to pay the subscription price in Canadian dollars and receive distributions in Canadian dollars. On the closing of the initial public offering, the Trust converted the subscription amount received from the issuance of Class A Units into U.S. dollars at the spot exchange rate available to the Trust in respect of such subscriptions.

The Trust will also convert any U.S. dollar distributions payable on the Class A Units into Canadian dollars at the spot exchange rate available to the Trust in respect of such distributions. As a result, although holders of Class A Units will receive Canadian dollar distributions, the amount of such distribution will be determined based upon the Canadian/U.S. dollar exchange rate at the time of such distribution. The Class U and Class I Units were offered in U.S. dollars and distributions for Class U and Class I Units will be paid in U.S. dollars.

Class A and Class U Units were offered through a public offering, while Class I Units were offered through a private placement. Rights and characteristics of each Class I Unit are identical to each Class A Unit and Class U Unit, with the exception that each Class I Unit is not required to pay agents' fees that would be payable in respect of the issuance of Class A and Class U Units. Each Unitholder is entitled to one vote for each Unit held. The Units are redeemable for cash at a value based on the estimated fair market value on the redemption date, subject to certain restrictions.

The Trust intends to declare quarterly cash distributions on March 31, June 30, September 30 and December 31 in a given year. The Trust will distribute the distributable cash flow to the Unitholders based on the proportionate interest of the net subscription proceeds attributable to each class of Units. The Trust either paid or accrued distributions of \$3,465,000 during the period ended September 30, 2013 (year ended December 31, 2012 - \$1,140,600 to the Trust Unitholders).

The Trust has issued 3,701,778 Class A Units, 1,298,222 Class U Units and 703,000 Class I Units for cash consideration of \$57,317,249. There have been no Units redeemed to date.

The Units contain a contractual agreement to deliver cash to the Unitholders; therefore, the Units have been classified as a liability on the condensed consolidated statement of financial position. Please refer to the

SLATE U.S. OPPORTUNITY (No. 1) REALTY TRUST

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS AT SEPTEMBER 30, 2013 AND NINE AND THREE MONTH PERIODS ENDED SEPTEMBER 30, 2013

Expressed in United States dollars

Trust's audited consolidated financial statements for the year ended December 31, 2012 for a discussion on Trusts Units.

General Partner interest

After (i) payment of all expenses of the Holding LP, the Investment LP and the Trust, (ii) payment of the minimum return of 8% by the Holding LP to the Investment LP (the "Minimum Return"), and (iii) repayment of the Investment LP's invested capital (the "Invested Capital") by the Holding LP, the general partner of Holding LP (the "General Partner") will be entitled to receive 20% of all distributions made by the Holding LP (the "General Partner Interest").

The General Partner will only be entitled to receive its General Partner Interest after 100% of the equity invested in the Holding LP has been returned to the Investment LP and the Investment LP has received full payment of the Minimum Return.

The condensed consolidated statement of net assets makes an allocation between the Trust Unitholders and the non-controlling interest to reflect the General Partner Interest. The allocation of the General Partner Interest has been measured as at September 30, 2013 as 20% of the capital of Holding LP after first providing for the (i) payment of estimated expenses of the Holding LP, the Investment LP and the Trust, (ii) payment of the Minimum Return to Investment LP and (iii) the repayment of the Invested Capital to Investment LP.

For purposes of measuring the General Partner Interest in the condensed consolidated statements of net assets, the capital of Holding LP, prior to the adjustments described above, has been deemed to be equal to the net assets attributable to Unitholders after adjusting for deferred financing costs and prior to income tax amounts, as the taxable income and gains from the sale of any U.S. real properties of Holding LP is allocable to Investment LP. Invested Capital as of September 30, 2013 is \$52,711,649, which is the amount equal to the US dollar equivalent of the contributions from Class A, Class I and Class U Unitholders of \$57,317,249, less the US dollar equivalent of distributions to Unitholders of \$4,605,600. The Minimum Return as of September 30, 2013 is \$6,633,098, calculated on a cumulative, but not compounded, return of 8% per year on the daily balance of Invested Capital.

8. Term Loan Facility

On September 13, 2012, the Trust entered into a secured term loan facility agreement (the "Term Loan Facility") for a maximum amount of \$100,000,000 with KeyBank National Association, as administrative agent, and KeyBanc Capital Markets and CIBC, as joint lead arrangers. Pursuant to the terms of the Term Loan Facility, the loan is made in separate advances based on the acquisitions of investment properties. The Trust completed its investment activities and borrowed a total of \$87,230,000 from the Term Loan Facility. The remaining unused loan amount was cancelled.

The Term Loan Facility matures on September 13, 2015 ("Initial Term"). The Trust has an option to extend the maturity date to September 13, 2016 ("First Extension Option") and then to September 13, 2017 ("Second Extension Option") upon satisfaction of certain conditions as described by the Term Loan Facility. The Term loan is interest only during the Initial Term and First Extension Option. The Trust will be required to make monthly principal repayments based on the outstanding loans if the Second Extension Option is exercised. The loan is open to full repayment without penalty at any time. The Trust may choose to make repayments of the outstanding amounts to the extent that these repayments will not reduce the outstanding balance of the Term Loan Facility below \$32,500,000.

The Term Loan Facility bears interest at either a LIBOR rate or base rate option plus a specified margin. Such rate option is selected by the Trust. The base rate option has a specified margin of 2.00%, which if selected, would be added to the greater of; (a) "prime rate", (b) 30-day LIBOR plus 1.00%; or (c) Federal Funds Effective rate plus 0.5%. The specified margin for the LIBOR rate option is 3.00%. The Trust has selected the LIBOR rate option since inception and the Term Loan Facility currently floats at 30 day LIBOR plus 3.00%. For the nine and the three month periods the average 30-day LIBOR rate has been 0.197% and

SLATE U.S. OPPORTUNITY (No. 1) REALTY TRUST**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

AS AT SEPTEMBER 30, 2013 AND NINE AND THREE MONTH PERIODS ENDED SEPTEMBER 30, 2013

Expressed in United States dollars

0.188% respectively, resulting in an “all-in” interest rate of 3.197% for the nine month period and 3.188% for the three month period.

Transaction costs related to the Term Loan Facility in the total amount of \$2,520,614 are amortized over the term to initial maturity based on the effective interest rate method. Included in interest on Term Loan Facility on the condensed consolidated statement of comprehensive income (loss) is amortization of transaction costs of \$646,446 for the period ended September 30, 2013.

The Term Loan Facility balance is comprised of the following:

	September 30, 2013	December 31, 2012
Principal balance	\$ 87,230,000	\$ 87,230,000
Transaction costs	(2,520,614)	(2,520,614)
Amortization of transaction costs	798,351	151,905
	\$ 85,507,737	\$ 84,861,291

The Trust has utilized certain derivative instruments to enhance its ability to manage financial risk relating to interest rate exposure. The Trust entered into four interest rate cap transactions to manage its interest rate exposure associated with the Term Loan Facility in two tranches. The first two interest rate caps were entered into on November 27, 2012 and had an initial premium of \$40,000. These caps mature on November 1, 2015, have a combined notional amount of \$41,990,000 and a cap of 4.00% over 30 day LIBOR. A second two interest rate caps were entered into on December 7, 2012 and had an initial premium of \$49,000. These caps mature on November 1, 2015, have a notional amount of \$45,240,000 and a cap of 4.00% over 30 day LIBOR.

The Trust is required to maintain a minimum cash balance equal to the greater of \$750,000 or an amount based on the total square footage of certain tenants’ leases to fund capital expenditures and other working capital needs.

9. Income taxes

The Trust qualifies as a mutual fund trust for Canadian income tax purposes. The Trust expects to distribute all of its taxable income to Unitholders and is entitled to deduct such distributions for Canadian income tax purposes. Accordingly, no provision for current income taxes payable is required, except for amounts incurred in Investment LP.

Investment LP has made an election to be classified as a corporation for U.S. federal tax purposes. Investment LP is subject to U.S. federal and state income taxation on its allocable share of Holding LP’s net income and gains from a sale of any of the U.S. real properties. Investment LP is subject to a combined federal and state income tax rate of 38.63% (December 31, 2012 – 38.63%). Deferred income tax expense is related to the reversal and origination of temporary differences.

A deferred income tax asset or liability arises from temporary differences between the tax and accounting bases of assets and liabilities in Investment LP. At September 30, 2013, the Trust had deferred tax liabilities of \$7,436,253 (December 31, 2012 – \$2,300,917) primarily related to the increased fair value of the investment properties located in the United States.

SLATE U.S. OPPORTUNITY (No. 1) REALTY TRUST**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

AS AT SEPTEMBER 30, 2013 AND NINE AND THREE MONTH PERIODS ENDED SEPTEMBER 30, 2013

Expressed in United States dollars

10. Capital management

The primary objectives of the Trust's capital management activities is to facilitate the investment in a diversified portfolio of well-located, quality income-producing properties with positive cash flows and to provide quarterly distributions to its Unitholders. The Trust is restricted in its use of capital to making investments in real property in the United States. The Trust manages its capital structure and makes adjustments to it, in light of changes to prevailing economic conditions and its results of operations and financing and investing activities. The Trust intends to make distributions if results of operations and cash flows permit in the future.

The capital structure of the Trust consists of the following:

	September 30, 2013	December 31, 2012
Term Loan Facility	\$ 85,507,737	\$ 84,861,291
Trust Units outstanding	57,317,249	57,317,249
	\$ 142,824,986	\$ 142,178,540

There were no changes in the Trust's approach to capital management during the period covered by these condensed consolidated financial statements.

11. Fair value and risk management**Fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Trust uses various methods in estimating the fair values recognized. In the condensed consolidated interim financial statements, the Trust uses the following hierarchy to determine and disclose fair values:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly;

Level 3 – Inputs that are not based on observable market data, which are unobservable inputs.

The fair value of investment properties is outlined in note 6.

The fair values of derivative instruments are calculated using quoted prices. When such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments.

The Trust has only one class of financial instrument measured at fair value, its interest rate caps. Interest rate caps are valued using an interest rate swap valuation methodology and inputs consistent with Level 2. There were no transfers between levels during the period.

The fair values of the Units outstanding are not readily determinable as they are dependent on future performance of the Trust.

SLATE U.S. OPPORTUNITY (No. 1) REALTY TRUST**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

AS AT SEPTEMBER 30, 2013 AND NINE AND THREE MONTH PERIODS ENDED SEPTEMBER 30, 2013

Expressed in United States dollars

The carrying amounts and fair values of the Trust's financial instruments as at September 30, 2013 and December 31, 2012 not measured at fair value are presented in the table below:

	September 30, 2013		December 31, 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Cash	\$ 6,692,643	\$ 6,692,643	\$ 6,644,747	\$ 6,644,747
Accounts receivable	1,128,336	1,128,336	417,165	417,165
Financial liabilities				
Accounts payable and accrued liabilities	\$ 2,236,697	\$ 2,236,697	\$ 1,872,255	\$ 1,872,255
Distributions payable	1,155,000	1,155,000	1,140,600	1,140,600
Term Loan Facility	85,507,737	87,230,000	84,861,291	87,230,000

Risk management

The Trust's risk management policies are established to identify, analyze and manage the risks faced by the Trust and to implement appropriate procedures to monitor risks and adherence to established controls. Risk management policies and systems are reviewed periodically in response to the Trust's activities and to ensure applicability.

In the normal course of business, the main risks arising from the Trust's use of financial instruments include credit risk, liquidity risk and market risk. These risks, and the actions taken to manage them, include:

Credit risk

Credit risk is the risk of financial loss to the Trust associated with the failure of a tenant or other party to meet its contractual obligations related to lease agreements, including future lease payments, or the failure of the counterparty to meet its obligations related to the interest rate caps. This risk is mitigated by carrying out appropriate credit checks and related due diligence on the significant tenants.

For the period from January 1, 2013 to September 30, 2013, a single tenant accounted for 19.69% of the Trust's rental revenue.

Liquidity risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they fall due. The Trust's approach to managing liquidity is to ensure that it will have sufficient financial resources available to meet its liabilities as they become due. This includes monitoring of cash, current receivables and payables and non-current liabilities as they become current.

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to the demand for and the perceived desirability of such investments. Such illiquidity may tend to limit the Trust's ability to vary its portfolio promptly in response to changing economic or investment conditions. If the Trust were required to liquidate a real property investment, the proceeds to the Trust might be significantly less than the aggregate carrying value of such property.

SLATE U.S. OPPORTUNITY (No. 1) REALTY TRUST**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

AS AT SEPTEMBER 30, 2013 AND NINE AND THREE MONTH PERIODS ENDED SEPTEMBER 30, 2013

Expressed in United States dollars

The Trust has the following contractual commitments:

	Total contractual cash flow	Within one year	1-5 years
Accounts payable and accrued liabilities	\$ 2,236,697	\$ 2,236,697	\$ -
Distributions payable	1,155,000	1,155,000	-
Term Loan Facility	87,230,000	-	87,230,000
Term Loan Facility interest payable ⁽¹⁾	5,646,767	2,827,266	2,819,501
Tenant deposits	297,663	-	297,663
Trust Units outstanding ⁽²⁾	57,317,249	400,000	56,917,249
Total contractual commitments	\$ 153,883,376	\$ 6,618,963	\$ 147,264,413

⁽¹⁾ Term Loan Facility interest payable is calculated on \$87,230,000 (balance outstanding) using an estimated “all in” interest rate of 3.24% under the “Within one year” column. The long term average interest rate is based on the 30-day LIBOR forward curve and results in an anticipated increase to the “all in” interest rate to 3.39%. The total Term Loan Facility interest payable is calculated until maturity of the Initial Term (September 13, 2015).

⁽²⁾ The repayment of the Trust Units is at the discretion of the Manager and is expected to occur in 5 years. Trust Units are redeemable at the option of the holder, with redemptions in the form of cash limited to \$400,000 annually.

Market risk**Interest rate risk**

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will vary as a result of changes in market interest rates. The Trust manages its financial instruments with the objective of mitigating any potential interest rate risks. For the Term Loan Facility, interest rate on the loans will vary depending on changes in base rate and/or LIBOR rate.

The Trust is subject to interest rate risks for debt that has variable interest rates. To mitigate the risk associated with increases in the underlying base rate of variable rate debt the Trust has entered into interest rate cap arrangements that limit the maximum exposure to increases in interest rates to the Trust.

Currency risk

Currency risk is the risk associated with a fluctuation in the value of the U.S. dollar as related to other foreign currencies. The Trust is exposed to currency risk as certain transactions related to payment of the Trust’s expenses are denominated in Canadian dollars.

SLATE U.S. OPPORTUNITY (No. 1) REALTY TRUST**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

AS AT SEPTEMBER 30, 2013 AND NINE AND THREE MONTH PERIODS ENDED SEPTEMBER 30, 2013

Expressed in United States dollars

12. Leases*Future minimum lease payments*

The Trust's existing leases have a weighted average outstanding term of 5.26 years and may include clauses to enable periodic upward revisions in rental rates. The future minimum lease payments from the Trust's non-cancelable operating leases as a lessor are as follows:

	September 30, 2013	December 31, 2012
Not later than one year	\$ 11,526,374	\$ 11,647,213
Later than one year but not later than five years	34,504,128	35,374,670
Later than five years	15,363,069	19,398,907
	<u>\$ 61,393,571</u>	<u>\$ 66,420,790</u>

13. Commitments*Acquisition fee and asset management fee*

Pursuant to the terms of the Management Agreement, the Manager agreed to provide certain services in connection with the business of the Trust, including: the structuring of the initial public offering, the Trust, the Investment LP and the Holding LP; liaising with legal and tax counsel; identifying Properties for acquisition; maintaining ongoing relationships with the lenders in respect of the mortgage loans for the Properties; conducting continuous analysis of market conditions; and advising the Holding LP with respect to the disposition of the Properties. In return for its service, the Manager receives the following fees:

- (a) An acquisition fee in an amount equal to 0.75% of the gross purchase price of each Property (or interest in a Property), including the price, due diligence costs, closing costs, legal fees, and additional capital costs for all Properties indirectly acquired by the Trust;
- (b) An asset management fee equal to 1.0% of the gross subscription proceeds (payable on the last day of each month in an amount equal to 1/12th of the annual asset management fee).

In addition, the Manager receives an amount equal to 0.5% of the gross subscription proceeds, which will be used to pay an annual service fee to registered dealers based on the number of retail Units held by clients of such registered dealers at the end of each calendar quarter. The Manager will also pay an annual service fee equal to 0.5% of the gross subscription proceeds received for the Class I Units to the holders of Class I Units. The service fee is calculated and paid at the end of each calendar quarter.

14. Supplemental cash flow information

The net change in non-cash operating assets and liabilities consists of the following:

	September 30, 2013	September 30, 2012
Prepaid, deposits, sundry assets	\$ 6,715	\$ (136,159)
Accounts receivable	(711,171)	(25,285)
Accounts payable and accrued liabilities	364,442	795,764
Tenant deposits	(23,822)	139,028
	<u>\$ (363,836)</u>	<u>\$ 773,348</u>

SLATE U.S. OPPORTUNITY (No. 1) REALTY TRUST

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS AT SEPTEMBER 30, 2013 AND NINE AND THREE MONTH PERIODS ENDED SEPTEMBER 30, 2013

Expressed in United States dollars

15. Subsequent events

On December 31, 2013, the Trust declared distributions in the aggregate amount of \$1,155,000.

The Trust has filed an information circular whereby unitholders will be asked to vote on a special resolution approving a proposed transaction (the “Combination Transaction”) pursuant to which (i) the Trust will acquire all of the assets of Slate U.S. Opportunity (No. 2) Realty Trust (“SUSO 2”) in consideration for class U units of the Trust, (ii) the Trust will effectively acquire, directly or indirectly, all of the assets of U.S. Grocery Anchored Retail (1A), (1B) and (1C) Limited Partnerships (“GAR”) in consideration for class U units of the REIT or securities that are economically equivalent to class U units of the REIT (as defined below) (subject to certain adjustments) and redeemable for cash or class U units of the REIT, (iii) the class U units of the REIT are intended to be listed on the Toronto Stock Exchange and (iv) the Trust will change its name to “Slate Retail REIT” (the “REIT”). SUSO 2 and GAR are entities under common management with the Trust.

Interim condensed consolidated financial statements of

**Slate U.S. Opportunity (No. 2)
Realty Trust**

For the period ended September 30, 2013

Slate U.S. Opportunity (No.2) Realty Trust

Condensed Consolidated Financial Statements

September 30, 2013

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Independent Auditor's Report

To the Unitholders of
Slate U.S. Opportunity (No. 2) Realty Trust

We have audited the accompanying condensed consolidated financial statements of Slate U.S. Opportunity (No. 2) Realty Trust, which comprise the condensed consolidated statements of financial position as at September 30, 2013 and December 31, 2012, the condensed consolidated statements of comprehensive income for the three and nine month periods ended September 30, 2013 and for the period from September 18, 2012 (inception) to September 30, 2012, and the condensed consolidated statements of changes in net assets and the condensed consolidated statements of cash flows for the nine month period ended September 30, 2013 and for the period from September 18, 2012 (inception) to September 30, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Condensed Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these condensed consolidated financial statements in accordance with International Accounting Standard 34, Interim Financial Reporting, and for such internal control as management determines is necessary to enable the preparation of condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these condensed consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the condensed consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the condensed consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the condensed consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the condensed consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the condensed consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the condensed consolidated financial statements present fairly, in all material respects, the financial position of Slate U.S. Opportunity (No. 2) Realty Trust as at September 30, 2013 and December 31, 2012, its financial performance and its cash flows for the nine month period ended September 30, 2013 and for the period from September 18, 2012 (inception) to September 30, 2012, and the condensed consolidated statement of comprehensive income for the three month period ended September 30, 2013 in accordance with International Accounting Standard 34, Interim Financial Reporting.

A handwritten signature in cursive script that reads "Deloitte LLP".

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
February 3, 2014

SLATE U.S. OPPORTUNITY (No. 2) REALTY TRUST
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
Expressed in United States dollars

	<i>Note</i>	September 30, 2013	December 31, 2012
ASSETS			
Current assets			
Cash		\$ 12,506,201	\$ 40,001,004
Deposits on investment properties		290,000	-
Prepaid, deposits, sundry assets		375,938	210,368
Accounts receivable	5	842,938	82,386
		14,015,077	40,293,758
Non-current assets			
Investment properties	6	174,775,935	28,350,000
Interest rate cap		108,224	-
Deferred tax assets	9	-	385,854
		174,884,159	28,735,854
TOTAL ASSETS		\$ 188,899,236	\$ 69,029,612
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		\$ 2,273,531	\$ 388,085
Distributions payable		1,290,000	-
Income tax payable		233,057	-
		3,796,588	388,085
Non-current liabilities			
Term Loan Facility	8	104,364,167	-
Tenant deposits		437,953	147,340
Deferred tax liabilities	9	4,347,631	-
		109,149,751	147,340
LIABILITIES BEFORE NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		\$ 112,946,339	\$ 535,425
NET ASSETS ATTRIBUTABLE TO UNITHOLDERS		\$ 75,952,897	\$ 68,494,187
Represented By:			
Net assets attributable to Unitholders of the Trust		\$ 75,646,188	\$ 68,494,551
Net assets (liabilities) attributable to non-controlling interest		\$ 306,709	\$ (364)

Approved by the Board of Trustees of Slate U.S. Opportunity (No. 2) Realty Trust:

(signed) Samuel Altman
Trustee

(signed) Patrick Flatley
Trustee

(signed) Peter Tesché
Trustee

(signed) Blair Welch
Trustee

(signed) Brady Welch
Trustee

The accompanying notes are an integral part of these condensed consolidated financial statements.

SLATE U.S. OPPORTUNITY (No. 2) REALTY TRUST
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Expressed in United States dollars

		Nine months ended September 30, 2013	Three months ended September 30, 2013	Period from September 18, 2012 (inception) to September 30, 2012
	<i>Note</i>			
NET PROPERTY INCOME				
Rental revenue		\$ 7,211,300	\$ 4,360,597	\$ -
Property operating expenses		(2,264,998)	(1,484,189)	-
		4,946,302	2,876,408	-
ADMINISTRATIVE EXPENSES				
Asset management and service fees	4	(811,342)	(270,447)	-
Professional fees and other		(201,273)	(45,876)	-
		(1,012,615)	(316,323)	-
NET FINANCE INCOME (EXPENSES)				
Interest on short-term investments		49,652	9,443	-
Interest on Term Loan Facility		(1,050,817)	(760,394)	-
Distributions to Unitholders		(1,290,000)	(1,290,000)	-
Trust Units offering costs	7	(5,662)	-	-
		(2,296,827)	(2,040,951)	-
OTHER INCOME (EXPENSES)				
Property acquisition costs	4	(1,947,016)	(760,671)	-
Change in fair value of interest rate cap		(257,776)	(257,776)	-
Change in fair value of investment properties	6	12,993,184	5,004,095	-
Change in net assets attributable to Unitholders before income tax expense		\$ 12,425,252	\$ 4,504,782	\$ -
INCOME TAX EXPENSE				
Current		(233,057)	(164,630)	-
Deferred	9	(4,733,485)	(1,918,340)	-
		(4,966,542)	(2,082,970)	-
Change in net assets attributable to Unitholders		\$ 7,458,710	\$ 2,421,812	\$ -
Attributable to:				
Unitholders of the Trust		\$ 7,457,915	\$ 2,421,484	\$ -
Non-controlling interest		\$ 795	\$ 328	\$ -

The accompanying notes are an integral part of these condensed consolidated financial statements.

SLATE U.S. OPPORTUNITY (No. 2) REALTY TRUST
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
Expressed in United States dollars

		Nine months ended September 30, 2013	Period from September 18, 2012 (inception) to September 30, 2012
	<i>Note</i>		
Balance at beginning of period			
Net assets attributable to Unitholders of the Trust		\$ 68,494,551	\$ -
Net assets attributable to non-controlling interest		(364)	-
		68,494,187	-
Issuance of Trust Units			
Unitholders of the Trust		-	10
Non-controlling interest		-	-
		-	10
Change in net assets attributable to Unitholders			
Unitholders of the Trust		7,457,915	-
Non-controlling interest		795	-
		7,458,710	-
Allocation of General Partner Interest			
Unitholders of the Trust	7	(306,278)	-
Non-controlling interest	7	306,278	-
		-	-
Balance at end of period			
Net assets attributable to Unitholders of the Trust		75,646,188	10
Net assets attributable to non-controlling interest		306,709	-
		\$ 75,952,897	\$ 10

The accompanying notes are an integral part of these condensed consolidated financial statements.

SLATE U.S. OPPORTUNITY (No. 2) REALTY TRUST
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Expressed in United States dollars

		Nine months ended	Period from
	<i>Note</i>	September 30, 2013	September 18, 2012
			(inception) to
			September 30, 2012
Cash provided by (used in)			
OPERATING ACTIVITIES			
Change in net assets available to Unitholders		\$ 7,458,710	\$ -
Deferred income tax expense	9	4,733,485	-
Straight-line rent		(221,834)	-
Net finance costs		2,296,827	-
Cash interest paid		(877,950)	-
Interest received on short-term investments		49,652	-
Change in fair value of interest rate cap		257,776	-
Change in fair value of investment properties		(12,993,184)	-
Changes in non-cash working capital items	14	1,482,993	-
		2,186,475	-
INVESTING ACTIVITIES			
Acquisitions of investment properties		(132,569,415)	-
Premiums paid for interest rate cap		(366,000)	-
Leasing costs		(319,351)	-
Capital costs		(322,150)	-
Deposits on investment properties		(290,000)	-
		(133,866,916)	-
FINANCING ACTIVITIES			
Term Loan Facility advances, net of costs		104,191,300	-
Issuance of Trust Units		-	10
Trust Units offering costs		(5,662)	-
		104,185,638	10
Increase (decrease) in cash		(27,494,803)	10
Cash, beginning of period		40,001,004	-
Cash, end of period		\$ 12,506,201	\$ 10

The accompanying notes are an integral part of these condensed consolidated financial statements.

SLATE U.S. OPPORTUNITY (No. 2) REALTY TRUST

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS AT SEPTEMBER 30, 2013 AND NINE AND THREE MONTH PERIODS ENDED SEPTEMBER 30, 2013

Expressed in United States dollars

1. Description of the Trust and operations

Slate U.S. Opportunity (No. 2) Realty Trust (the "Trust") is an unincorporated, open-ended investment trust formed under and governed by the laws of the Province of Ontario and resident in Canada. The Trust was established on September 18, 2012 for the primary purpose of indirectly acquiring, owning and leasing a portfolio of diversified revenue-producing commercial real estate properties (the "Properties") with a focus on anchored retail properties in the United States. The Trust's investment objective is to enhance the potential for long-term growth of capital through value-added enhancements to the properties indirectly owned by the Trust and organic growth in rental rates, combined with an overall reduction in capitalization rates. The Trust's registered office is 200 Front Street West, Suite 2400, Toronto, Ontario, M5V 3K2.

The principal business of the Trust is to issue trust units (the "Units") and to use proceeds from the offering to acquire, own and lease Properties indirectly through Slate U.S. Opportunity (No. 2) Investment L.P. (the "Investment LP") and Slate U.S. Opportunity (No. 2) Holding L.P. (the "Holding LP"). Each of Investment LP and Holding LP are controlled by the Trust and accordingly, the accounts thereof are consolidated in these condensed consolidated financial statements.

2. Basis of preparation

(a) Statement of compliance

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). The condensed consolidated financial statements do not include all the information and disclosures required in annual financial statements, and should be read in conjunction with the Trust's annual consolidated financial statements as at December 31, 2012.

The condensed consolidated financial statements have been prepared using the same accounting policies and methods as those used in the consolidated financial statements of the Trust as at and for the period from September 18, 2012 (inception) to December 31, 2012, except for the new accounting standards described in note 3.

The financial statements were approved by the trustees of the Trust and authorized for issue on November 29, 2013.

(b) Basis of measurement

These condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and interest rate cap, which are measured at fair value.

The application of the going concern basis of presentation assumes that the Trust will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Trust expects to continue as a going concern for the foreseeable future, accordingly, these condensed consolidated financial statements have been prepared on a going concern basis.

(c) Functional and presentation currency

These condensed consolidated financial statements are presented in United States dollars, which is the Trust's functional currency and the functional currency of all of its subsidiaries.

3. New standards and interpretations

(a) New standards and interpretations adopted

In these condensed consolidated financial statements the Trust has applied, for the first time, new accounting policies due to the adoption of certain new standards and amendments to existing standards. These include International Financial Reporting Standard ("IFRS") 10, "Consolidated Financial Statements" ("IFRS 10"), IFRS 13, "Fair Value Measurement" ("IFRS 13") and amendments to IAS 1, "Presentation of Financial

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Statements" ("IAS 1"). In addition, the application of IFRS 12, "Disclosure of Interests in Other Entities" ("IFRS 12"), will result in additional disclosures in the annual consolidated financial statements as at and for the year ended December 31, 2013, in accordance with the transitional provisions of that standard.

The nature and impact of the new standards and amendments adopted by the Trust are described below:

- Amendments to IAS 1 *Presentation of Financial Statements*

The amendments to IAS 1 introduce a grouping of items presented in OCI. Items that could be reclassified (or recycled) to income or loss at a future point in time are to be presented separately from items that will never be reclassified. The amendment had no impact on the Trust's financial position or performance.

Amendments to IAS 1 require that an opening balance sheet must be presented when an entity applies an accounting policy retrospectively, makes retrospective restatements, or reclassifies items in its financial statements, provided any of those changes has a material effect on the balance sheet at the beginning of the preceding period. The amendment clarifies that a third balance sheet does not have to be accompanied by comparative information in the related notes.

- IFRS 10 *Consolidated Financial Statements*

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of the previously existing IAS 27, "Consolidated and Separate Financial Statements" that dealt with consolidated financial statements and Standards Interpretations Committee ("SIC") 12, "Consolidation - Special Purpose Entities". IFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. IFRS 10 had no impact on the consolidation of the Trust's interests in its investments.

- IFRS 12 *Disclosure of Interests in Other Entities*

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. None of these disclosure requirements are applicable for condensed consolidated interim financial statements, unless significant events and transactions in the interim period requires that they are provided. Accordingly, the Trust has not made such disclosures.

- IFRS 13 *Fair Value Measurement*

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Trust related to its investment property and financial instruments.

(b) New standards and interpretations not yet adopted

The following is a summary of recent accounting pronouncements which have not yet been adopted by the Trust:

- IFRS 9 *Financial Instruments*

In October 2010, the IASB issued 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. This new standard is effective for the Trust's interim and annual consolidated financial statements

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commencing January 1, 2015. The Trust is assessing the impact of this new standard on its consolidated financial statements.

- IFRIC 21 *Levies*

IFRIC 21 “Levies” (“IFRIC 21”) addresses the accounting for a liability to pay a levy if that liability is within the scope of IAS 37, “Provisions, Contingent Liabilities and Contingent Assets”. It also addresses the accounting for a liability to pay a levy whose timing and amount is certain. This interpretation is applicable for effective for the Trust’s annual periods beginning on or after January 1, 2014. Earlier application is permitted. The Trust is assessing the impact of this new interpretation on its consolidated financial statements.

4. Related parties and other key contracts***Transactions with key management personnel***

Pursuant to the terms of a management agreement dated November 19, 2012 (the “Management Agreement”), Slate Properties Inc., a Toronto-based real estate asset management company, (the “Manager”) provides all management services to the Trust. As such, the Manager is the only person or entity which meets the definition of “key management personnel” as defined in IAS 24 “Related Party Disclosures”. As described in note 13, the Manager is paid a monthly asset management fee for its services, and is also paid an acquisition fee for properties purchased. Asset management and acquisition fees incurred and payable to the Manager during the period from January 1, 2013 to September 30, 2013 amounted to \$540,750 and \$1,033,494, respectively, and are included in asset management and service fees and property acquisition costs, respectively on the condensed consolidated statement of comprehensive income. These transactions are in the normal course of operations and are measured at the exchange amount which is the consideration established and agreed to by the parties.

5. Accounts receivable

Accounts receivable balance is comprised of the following:

	September 30, 2013	December 31, 2012
Rent receivable	\$ 256,100	\$ -
Accrued recovery income	586,838	82,386
Accounts receivable	\$ 842,938	\$ 82,386

Rent receivable that is outstanding but has not been provided for has an aging profile as follows:

	September 30, 2013	December 31, 2012
Current to 30 days	\$ 162,657	\$ -
31 to 60 days	51,486	-
Greater than 60 days	41,957	-
	\$ 256,100	\$ -

Accrued recovery income represents amounts that have not been billed to the tenants and are generally billed and paid in the following year to which they relate.

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6. Investment properties

Investment properties are composed of income-producing properties.

As at September 30, 2013, the Trust has acquired wholly-owned interests in nine income-producing properties for which the results of operations of these properties have been included in these condensed consolidated financial statements from the respective dates of acquisition.

Property	Location	Purchase Date
Mitchellville Plaza	Mitchellville, MD	December 14, 2012
Douglas Commons	Douglasville, GA	March 22, 2013
98 Palms Shopping Center	Destin, FL	May 31, 2013
Madison Center	Madison, AL	May 1, 2013
Uptown Station	Fort Walton Beach, FL	May 31, 2013
Independence Square	Charlotte, NC	July 2, 2013
East Brainerd Mall	East Brainerd, MN	August 1, 2013
Phalen Retail Center	St Paul, MN	August 1, 2013
Alta Mesa Plaza	Fort Worth, TX	September 3, 2013

The Trust determines the fair value of investment properties based upon either the overall income capitalization rate method or the discounted cash flow method, both of which are generally accepted appraisal methodologies. Under the overall income capitalization method, year one income is stabilized and capitalized at a rate appropriate for each investment property. Capitalization rates are the most significant assumption in determining fair values. Under the discounted cash flow method, fair values are primarily determined by discounting the expected future cash flows, generally over a term of 10 years, including a terminal value based on the application of a capitalization rate to estimated year 11 net operating income. The Trust uses leasing history, market reports, tenant profiles and available appraisals, among other things, in determining the most appropriate assumptions. All valuations at September 30, 2013 were performed by management of the Trust.

The market capitalization rates at September 30, 2013 ranged from 7.25% to 8.39%. The estimated fair market value implies a weighted average capitalization rate of 7.79%. Under the fair value hierarchy, the fair value of the Trust's investment properties is determined using the methodology described above and using level three inputs. The fair value of investment property would change by approximately \$5.6 million for a 25 basis point change in capitalization rates and by approximately \$1.3 million for a \$100,000 change in underlying annual net operating income.

The change in income-producing properties for the period is as follows:

September 18, 2012 (inception), balance	\$	-
Acquisitions		28,350,000
December 31, 2012, balance	\$	28,350,000
January 1, 2013, balance	\$	28,350,000
Acquisitions		132,569,415
Leasing costs		319,351
Capital costs		322,150
Straight-line rent		221,834
Change in fair value		12,993,184
September 30, 2013, balance	\$	174,775,935

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7. Trust Units

The beneficial interest in the net assets and net income of the Trust is divided into four classes of Units, Class A Units, Class F Units, Class I Units and Class U Units. The Trust is authorized to issue an unlimited number of Units of each class.

The Class A Units and Class F Units were offered in Canadian dollars solely for the convenience of Unitholders wishing to pay the subscription price in Canadian dollars and receive distributions in Canadian dollars. On the closing of the initial public offering, the Trust converted the subscription amount received from the issuance of Class A Units and Class F Units into U.S. dollars at the spot exchange rate available to the Trust in respect of such subscriptions.

The Trust will also convert any U.S. dollar distributions payable on the Class A Units and Class F Units into Canadian dollars at the spot exchange rate available to the Trust in respect of such distributions. As a result, although holders of Class A Units and Class F Units will receive Canadian dollar distributions, the amount of such distributions will be determined based upon the Canadian/U.S. dollar exchange rate at the time of such distribution. The Class U and Class I Units were offered in U.S. dollars and distributions for Class U and Class I Units will be paid in U.S. dollars.

Class A, Class F and Class U Units were offered through a public offering, while Class I Units were offered through a private placement. Class F Units are designed for fee-based accounts. Rights and characteristics of each Class I Unit are identical to each Class A, Class F and Class U Unit, with the exception that each Class I Unit is not required to pay agents' fees that would be payable in respect of the issuance of each Class A, Class F or Class U Unit. Each Class F Unit incurs lower agents' fees compared to agent fees payable in respect of the issuance of each Class A or Class U Units. Each Unitholder is entitled to one vote for each Unit held. The Units are redeemable for cash at a value based on the estimated fair market value on the redemption date, subject to certain restrictions.

The Trust intends to declare quarterly cash distributions on March 31, June 30, September 30 and December 31 in a given year with the first of these distributions to be made upon the earlier of (i) the end of the fiscal quarter in which the investable funds are substantially invested and (ii) September 30, 2013. The Trust will distribute the distributable cash flow to the Unitholders based on the proportionate interest of the net subscription proceeds attributable to each class of Units. The Trust either paid or accrued distribution of \$1,290,000 during the period ended September 30, 2013.

The Trust has issued 2,442,380 Class A Units, 451,950 Class F Units, 2,105,670 Class U Units and 2,210,000 Class I Units for cash consideration of \$72,158,003. There have been no Units redeemed to date.

The Units contain a contractual agreement to deliver cash to the Unitholders; therefore, the Units have been classified as a liability on the condensed consolidated statement of financial position. Please refer to the Trust's audited consolidated financial statements for the year ended December 31, 2012 for a discussion on Trusts Units.

General Partner interest

After (i) payment of all expenses of the Holding LP, the Investment LP and the Trust, (ii) payment of the minimum return of 8% by the Holding LP to the Investment LP (the "Minimum Return"), and (iii) repayment of the Investment LP's invested capital (the "Invested Capital") by the Holding LP, the general partner of Holding LP (the "General Partner") will be entitled to receive 20% of all distributions made by the Holding LP (the "General Partner Interest").

The General Partner will only be entitled to receive its General Partner Interest after 100% of the equity invested in the Holding LP has been returned to the Investment LP and the Investment LP has received full payment of the Minimum Return.

The condensed consolidated statement of net assets makes an allocation between the Trust Unitholders and the non-controlling interest to reflect the General Partner Interest. The allocation of the General Partner Interest has been measured as at September 30, 2013 as 20% of the capital of Holding LP after first providing

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for the (i) payment of estimated expenses of the Holding LP, the Investment LP and the Trust, (ii) payment of the Minimum Return to Investment LP, and (iii) the repayment of the Invested Capital to Investment LP.

For purposes of measuring the General Partner Interest in the condensed consolidated statements of net assets, the capital of Holding LP, prior to the adjustments described above, has been deemed to be equal to the net assets attributable to unitholders after adjusting for deferred financing costs and prior to income tax amounts, as the taxable income and gains from the sale of any U.S. real properties of Holding LP is allocable to Investment LP. Invested Capital as of September 30, 2013 is \$70,868,003, which is the amount equal to the US dollar equivalent of the contributions from Class A, Class F, Class I and Class U Unitholders of \$72,158,003, less the US dollar equivalent of distributions to Unitholders of \$1,290,000. The Minimum Return as of September 30, 2013 is \$4,981,868, calculated on a cumulative, but not compounded, return of 8% per year on the daily balance of Invested Capital.

8. Term Loan Facility

On April 2, 2013, the Trust entered into a secured term loan facility agreement (the “Term Loan Facility”) for a maximum amount of \$110,000,000 with KeyBank National Association, as administrative agent, and KeyBanc Capital Markets, CIBC Inc, and Merrill Lynch Pierce Fenner and Smith Incorporated as joint lead arrangers. Pursuant to the terms of the Term Loan Facility, the loan is made in separate advances based on the acquisitions of the investment properties.

The Term Loan Facility matures on April 2, 2017 (“Initial Term”). The Trust has an option to extend the maturity date to April 2, 2018 (“Extension Option”) upon satisfaction of certain conditions as described by the Term Loan Facility. The Term Loan Facility is interest only during the Initial Term. The Trust will be required to make monthly principal repayments based on the outstanding loans commencing on April 1, 2017 if the extension option is exercised. The loan is open to full repayment without penalty at any time. The Trust may choose to make repayments of the outstanding amounts to the extent that these repayments will not reduce the outstanding balance of the Term Loan Facility below \$32,500,000.

The Term Loan Facility bears interest at either a LIBOR rate or base rate option plus a specified margin. Such rate option is selected by the Trust. The base rate option has a specified margin of 1.65%, which if selected, would be added to the greater of; (a) “prime rate”, (b) 30-day LIBOR plus 1.00%; or (c) Federal Funds Effective rate plus 0.5%. The specified margin for the LIBOR rate option is 2.65%. The Trust has selected the LIBOR rate option since inception and the Term Loan Facility currently floats at 30 day LIBOR plus 2.65%. For the nine and the three month periods the average 30-day LIBOR rate has been 0.19% and 0.188% respectively, resulting in an “all-in” interest rate of 2.84% for the nine month period and 2.83% for the three month period.

Transaction costs related to the Term Loan Facility in the total amount of \$2,538,700 are amortized over the term to initial maturity based on the effective interest rate method. Included in interest on Term Loan Facility on the condensed consolidated statement of comprehensive income is amortization of transaction costs of \$172,867.

The Term Loan Facility balance is comprised of the following:

		September 30, 2013
Principal balance	\$	106,730,000
Transaction costs		(2,538,700)
Amortization of transaction costs		172,867
	\$	104,364,167

The Trust has utilized certain derivative instruments to enhance its ability to manage financial risk relating to interest rate exposure. The Trust entered into an interest rate cap transaction to manage its interest rate

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exposure associated with the Term Loan Facility. The interest rate cap was entered into on September 12, 2013 and had an initial premium of \$366,000, matures on September 1, 2016, a notional amount of \$106,730,000 and a cap of 4.00% over 30 day LIBOR.

9. Income taxes

The Trust qualifies as a mutual fund trust for Canadian income tax purposes. The Trust expects to distribute all of its taxable income to Unitholders and is entitled to deduct such distributions for Canadian income tax purposes. Accordingly, no provision for current income taxes payable is required, except for amounts incurred in Investment LP.

Investment LP has made an election to be classified as a corporation for U.S. federal tax purposes. Investment LP is subject to U.S. federal and state income taxation on its allocable share of Holding LP's net income and gains from a sale of any of the U.S. real properties. Investment LP is subject to a combined federal and state income tax rate of 38.27% (December 31, 2012 – 38.29%). Deferred income tax expense is related to the reversal and origination of temporary differences.

A deferred income tax asset or liability arises from temporary differences between the tax and accounting bases of assets and liabilities in Investment LP. At September 30, 2013, the Trust had deferred tax liabilities of \$4,347,631 (December 31, 2012 – deferred tax assets of \$385,854) primarily related to the increased fair value of the investment properties located in the United States (December 31, 2012 – transaction costs incurred).

10. Capital management

The primary objectives of the Trust's capital management activities is to facilitate the investment in a diversified portfolio of well-located, quality income-producing properties with positive cash flows and to provide quarterly distributions to its Unitholders. The Trust is restricted in its use of capital to making investments in real property in the United States. The Trust manages its capital structure and makes adjustments to it, in light of changes to prevailing economic conditions and its results of operations and financing and investing activities. The Trust intends to make distributions if results of operations and cash flows permit in the future.

The capital structure of the Trust consists of the following:

	September 30, 2013	December 31, 2012
Term Loan Facility	\$ 104,364,167	\$ -
Trust Units outstanding	72,158,003	72,158,003
	\$ 176,522,170	\$ 72,158,003

There were no changes in the Trust's approach to capital management during the period covered by these condensed consolidated financial statements.

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11. Fair value and risk management**Fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Trust uses various methods in estimating the fair values recognized. In the condensed consolidated interim financial statements, the Trust uses the following hierarchy to determine and disclose fair values:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly;

Level 3 – Inputs that are not based on observable market data, which are unobservable inputs.

The fair value of investment properties is outlined in note 6.

The fair values of derivative instruments are calculated using quoted prices. When such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments.

The Trust has only one class of financial instrument measured at fair value, its interest rate cap. The interest rate cap is valued using an interest rate swap valuation methodology and inputs consistent with Level 2. There were no transfers between levels during the period.

The fair values of the Units outstanding are not readily determinable as they are dependent on future performance of the Trust.

The carrying amounts and fair values of the Trust's financial instruments as at September 30, 2013 and December 31, 2012 not measured at fair value are presented in the table below:

	September 30, 2013		December 31, 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Cash	\$ 12,506,201	\$ 12,506,201	\$ 40,001,004	\$ 40,001,004
Accounts receivable	842,938	842,938	82,386	82,386
Financial liabilities				
Accounts payable and accrued liabilities	\$ 2,273,531	\$ 2,273,531	\$ 388,085	\$ 388,085
Term Loan Facility	104,364,167	106,730,000	-	-

Risk management

The Trust's risk management policies are established to identify, analyze and manage the risks faced by the Trust and to implement appropriate procedures to monitor risks and adherence to established controls. Risk management policies and systems are reviewed periodically in response to the Trust's activities and to ensure applicability.

In the normal course of business, the main risks arising from the Trust's use of financial instruments include credit risk, liquidity risk and market risk. These risks, and the actions taken to manage them, include:

Credit risk

Credit risk is the risk of financial loss to the Trust associated with the failure of a tenant or other party to meet its contractual obligations related to lease agreements, including future lease payments, or the failure of the counterparty to meet its obligations related to the interest rate cap. This risk is mitigated by carrying out appropriate credit checks and related due diligence on the significant tenants.

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For the period from January 1, 2013 to September 30, 2013, a single tenant accounted for 5.11% of the Trust's rental revenue.

Liquidity risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they fall due. The Trust's approach to managing liquidity is to ensure that it will have sufficient financial resources available to meet its liabilities as they become due. This includes monitoring of cash, current receivables and payables and non-current liabilities as they become current.

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to the demand for and the perceived desirability of such investments. Such illiquidity may tend to limit the Trust's ability to vary its portfolio promptly in response to changing economic or investment conditions. If the Trust were required to liquidate a real property investment, the proceeds to the Trust might be significantly less than the aggregate carrying value of such property.

The Trust has the following contractual commitments:

	Total contractual cash flow	Within one year	1-6 years
Accounts payable and accrued liabilities	\$ 2,273,531	\$ 2,273,531	\$ -
Term Loan Facility	106,730,000	-	106,730,000
Term Loan Facility interest payable ⁽¹⁾	12,712,566	3,085,738	9,626,828
Trust Units outstanding ⁽²⁾	72,158,003	400,000	71,758,003
Total contractual commitments	\$ 193,874,100	\$ 5,759,269	\$ 188,114,831

⁽¹⁾ Term Loan Facility interest payable is calculated on \$106,730,000 (balance outstanding) using an estimated "all in" interest rate of 2.89% under the "within one year" column. The long term average interest rate is based on the 30-day LIBOR forward curve plus the specified margin for the LIBOR rate option under the Term Loan Facility and results in an anticipated increase to the "all-in" interest rate to 3.60%. The total Term Loan Facility interest payable is calculated until maturity of the Initial Term (April 2, 2017).

⁽²⁾ The repayment of the Trust Units is at the discretion of the Manager and is expected to occur in 6 years. Trust Units are redeemable at the option of the holder, with redemptions in the form of cash limited to \$400,000 annually.

Market risk**Interest rate risk**

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will vary as a result of changes in market interest rates. The Trust manages its financial instruments with the objective of mitigating any potential interest rate risks. For the Term Loan Facility, interest rate on the loans will vary depending on changes in base rate and/or LIBOR rate.

The Trust is subject to interest rate risks for debt that has variable interest rates. To mitigate the risk associated with increases in the underlying base rate of variable rate debt the Trust has entered into interest rate cap arrangements that limit the maximum exposure to increases in interest rates to the Trust.

Currency risk

Currency risk is the risk associated with a fluctuation in the value of the U.S. dollar as related to other foreign currencies. The Trust is exposed to currency risk as certain transactions related to payment of the Trust's expenses are denominated in Canadian dollars.

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12. Leases***Future minimum lease payments***

The Trust's existing leases have a weighted average outstanding term of 5.97 years and may include clauses to enable periodic upward revisions in rental rates. The future minimum lease payments from the Trust's non-cancelable operating leases as a lessor are as follows:

	September 30, 2013	December 31, 2012
Not later than one year	\$ 14,539,017	\$ 2,869,181
Later than one year but not later than five years	44,755,583	7,800,643
Later than five years	29,403,453	2,494,647
	\$ 88,698,053	\$ 13,164,471

13. Commitments***Acquisition fee and asset management fee***

Pursuant to the terms of the Management Agreement, the Manager agreed to provide certain services in connection with the business of the Trust, including: the structuring of the initial public offering, the Trust, the Investment LP and the Holding LP; liaising with legal and tax counsel; identifying Properties for acquisition; maintaining ongoing relationships with the lenders in respect of the mortgage loans for the Properties; conducting continuous analysis of market conditions; and advising the Holding LP with respect to the disposition of the Properties. In return for its service, the Manager receives the following fees:

- (a) An acquisition fee in an amount equal to 0.75% of the gross purchase price of each Property (or interest in a Property), including the price, due diligence costs, closing costs, legal fees, and additional capital costs for all Properties indirectly acquired by the Trust;
- (b) An asset management fee equal to 1.0% of the gross subscription proceeds (payable on the last day of each month in an amount equal to 1/12th of the annual asset management fee).

In addition, the Manager receives an amount equal to 0.5% of the gross subscription proceeds, which will be used to pay an annual service fee to registered dealers based on the number of retail Units held by clients of such registered dealers at the end of each calendar quarter. The Manager will also pay an annual service fee equal to 0.5% of the gross subscription proceeds received for the Class F Units and Class I Units to the holders of such Units. The service fee is calculated and paid at the end of each calendar quarter.

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14. Supplemental cash flow information

The net change in non-cash operating assets and liabilities consists of the following:

	September 30, 2013	September 30, 2012
Prepaid, deposits, sundry assets	\$ (165,570)	\$ -
Accounts receivable	(760,552)	-
Accounts payable and accrued liabilities	1,885,445	-
Tenant deposits	290,613	-
Income tax payable	233,057	-
	\$ 1,482,993	\$ -

15. Subsequent events

On December 31, 2013, the Trust declared distributions in the aggregate amount of \$1,480,000.

On January 10, 2014, the Trust acquired Oak Hill Village for consideration of \$6,850,000, a grocery-anchored shopping center in Jacksonville, Florida. The property is anchored by a Publix.

On January 10, 2014, the Trust closed a fifth tranche of debt financing totalling \$4,862,000 related to the acquisition of Oak Hill Village.

The Trust has filed an information circular whereby unitholders will be asked to vote on a special resolution approving a proposed transaction (the “Combination Transaction”) pursuant to which (i) Slate U.S. Opportunity (No. 1) Realty Trust (“SUSO 1”) will acquire all of the assets of the Trust in consideration for class U units of SUSO 1, (ii) SUSO 1 will effectively acquire, directly or indirectly, all of the assets of U.S. Grocery Anchored Retail (1A), (1B) and (1C) Limited Partnerships (“GAR”) in consideration for class U units of SUSO 1 or securities that are economically equivalent to class U units of the REIT (as defined below) (subject to certain adjustments) and redeemable for cash or class U units of the REIT, (iii) the class U units of the REIT are intended be listed on the Toronto Stock Exchange (the “TSX”) and (iv) SUSO 1 will change its name to “Slate Retail REIT” (the “REIT”). SUSO 1 and GAR are entities under common management with the Trust.

Consolidated financial statements of

**GAR U.S. Portfolio Limited
Partnership**

For the periods ended September 30, 2013, December 31, 2012 and
December 31, 2011

GAR U.S. Portfolio Limited Partnership

September 30, 2013, December 31, 2012, and December 31, 2011

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Independent Auditor's Report

To the partners of
GAR U.S. Portfolio Limited Partnership

We have audited the accompanying consolidated financial statements of the GAR U.S. Portfolio Limited Partnership, which comprise the consolidated statements of financial position as at September 30, 2013, December 31, 2012, December 31, 2011, and April 12, 2011 and the consolidated statements of comprehensive income for the three and nine month periods ended September 30, 2013 and September 30, 2012, year ended December 31, 2012 and the period from April 12, 2011 (inception) to December 31, 2011, the consolidated statements of changes in partners' equity for the nine month periods ended September 30, 2013 and September 30, 2012, year ended December 31, 2012 and the period from April 12, 2011 (inception) to December 31, 2011, and consolidated statements of cash flows for the nine month periods ended September 30, 2013 and September 30, 2012, year ended December 31, 2012 and the period from April 12, 2011 (inception) to December 31, 2011 and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Partnership as at September 30, 2013, December 31, 2012, December 31, 2011, and April 12, 2011 and the financial performance for the three and nine month periods ended September 30, 2013 and September 30, 2012, year ended December 31, 2012 and the period from April 12, 2011 (inception) to December 31, 2011 and cash flows for the nine month period ended September 30, 2013 and September 30, 2012, year ended December 31, 2012 and the period from April 12, 2011 (inception) to December 31, 2011 in accordance with International Financial Reporting Standards.

Deloitte LLP.

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
February 3, 2014
Toronto, Canada

GAR U.S. PORTFOLIO LIMITED PARTNESHIP
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2013, DECEMBER 31, 2012, DECEMBER 31, 2011 AND APRIL 12, 2011
Expressed in United States dollars

	<i>Note</i>	September 30, 2013 \$	December 31, 2012 \$	December 31, 2011 \$	April 12, 2011 (inception) \$
ASSETS					
Current Assets					
Cash		274,732	483,640	359,179	-
Prepaid, deposits, sundry assets		404,221	237,237	221,436	-
Accounts receivable	6	986,812	697,455	439,935	-
Due from related limited partnerships	5	328,980	44,121	246,018	1,000
		1,994,745	1,462,453	1,266,568	1,000
Non-current assets					
Funds held in escrow		595,251	719,974	1,019,273	-
Investment properties	7	56,249,725	51,836,393	46,570,000	-
		56,844,976	52,556,367	47,589,273	-
TOTAL ASSETS		58,839,721	54,018,820	48,855,841	1,000
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities		1,027,969	1,003,757	931,317	-
Due to related limited partnerships	5	491,998	314,920	174,203	-
Current portion of mortgages payable	8	460,076	454,930	475,104	-
		1,980,043	1,773,607	1,580,624	-
Non-current liabilities					
Mortgages payable	8	30,831,786	31,108,504	31,459,623	-
Tenant deposits		80,592	77,272	85,295	-
		30,912,378	31,185,776	31,544,918	-
TOTAL LIABILITIES		32,892,421	32,959,383	33,125,542	-
PARTNERS' EQUITY		25,947,300	21,059,437	15,730,299	1,000
TOTAL LIABILITIES & PARTNERS' EQUITY		58,839,721	54,018,820	48,855,841	1,000

The accompanying notes are an integral part of these consolidated financial statements.

GAR U.S. PORTFOLIO LIMITED PARTNESHIP**CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**

FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2013 AND SEPTEMBER 30, 2012,

THE YEAR ENDED DECEMBER 31, 2012 AND PERIOD FROM APRIL 12, 2011 (INCEPTION) TO DECEMBER 31, 2011

Expressed in United States dollars

	Note	Three months ended September 30, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Twelve months ended December 31, 2012	Period from April 12, 2011 (inception) to December 31, 2011
		\$	\$	\$	\$	\$	\$
NET PROPERTY INCOME							
Property Revenue		1,890,270	1,623,375	5,453,451	5,027,704	6,772,835	4,474,822
Property Expenses		705,039	560,682	2,008,375	1,697,336	2,283,857	1,306,218
		1,185,231	1,062,693	3,445,076	3,330,368	4,488,978	3,168,604
ADMINISTRATIVE EXPENSES							
General and administrative expenses		47,793	57,467	161,070	147,839	225,436	222,984
Asset management and service fees	5	83,953	83,953	251,859	251,859	335,812	226,778
		131,746	141,420	412,929	399,698	561,248	449,762
NET FINANCE EXPENSES							
Interest on mortgages		507,081	505,097	1,509,189	1,514,199	2,110,846	1,346,910
		507,081	505,097	1,509,189	1,514,199	2,110,846	1,346,910
OTHER INCOME (EXPENSES)							
Property acquisition costs		-	-	-	-	-	(380,057)
Change in fair value of investment properties		970,677	1,355,605	3,539,906	2,922,649	4,337,765	3,314,075
INCOME AND COMPREHENSIVE INCOME	4(b)	1,517,081	1,771,781	5,062,864	4,339,120	6,154,649	4,305,950

The accompanying notes are an integral part of these consolidated financial statements.

GAR U.S. PORTFOLIO LIMITED PARTNERSHIP**CONSOLIDATED STATEMENT OF CHANGES IN PARTNERS' EQUITY**

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2013 AND SEPTEMBER 30, 2012, THE YEAR ENDED

DECEMBER 31, 2012 AND THE PERIOD FROM APRIL 12, 2011 (INCEPTION) TO DECEMBER 31, 2011

Expressed in United States dollars

	Note	Nine months ended September 30, 2013 \$	Nine months ended September 30, 2012 \$	Twelve months ended December 31, 2012 \$	Period from April 12, 2011 (inception) to December 31, 2011 \$
Balance at beginning of period		21,059,437	15,730,299	15,730,299	-
Contributions					
Partners's contributions		-	-	-	11,625,000
Change in Partners' equity					
Income and comprehensive income		5,062,864	4,339,120	6,154,649	4,305,950
Distributions		(175,001)	(593,011)	(825,511)	(200,651)
		4,887,863	3,746,109	5,329,138	4,105,299
Balance at end of period	4(a)	25,947,300	19,476,408	21,059,437	15,730,299
Represented by:					
Attributable to general partner	12	2,406,983	1,188,467	1,525,482	471,899
Attributable to limited partners	12	23,540,317	18,287,941	19,533,955	15,258,400
		25,947,300	19,476,408	21,059,437	15,730,299

The accompanying notes are an integral part of these consolidated financial statements.

GAR U.S. PORTFOLIO LIMITED PARTNESHIP
CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2013 AND SEPTEMBER 30, 2012, THE YEAR ENDED

DECEMBER 31, 2012 AND THE PERIOD FROM APRIL 12, 2011 (INCEPTION) TO DECEMBER 31, 2011

Expressed in United States dollars

		Nine months ended September 30, 2013	Nine months ended September 30, 2012	Twelve months ended December 31, 2012	Period from April 12, 2011 (inception) to December 31, 2011
	<i>Note</i>				
Cash provided by (used in)					
OPERATING ACTIVITIES					
Income		\$ 5,062,864	\$ 4,339,120	\$ 6,154,649	\$ 4,305,950
Net finance costs		1,509,189	1,514,199	2,110,846	1,346,910
Change in fair value of investment properties		(3,539,906)	(2,922,649)	(4,337,765)	(3,314,075)
Cash interest paid		(1,399,188)	(1,424,692)	(1,899,241)	(1,286,842)
Straight-line rent		(136,523)	(32,999)	(23,502)	(72,694)
Changes in non-cash working capital items	13	(428,809)	(348,740)	(208,904)	355,241
		1,067,627	1,124,239	1,796,083	1,334,490
INVESTING ACTIVITIES					
Acquisitions of investment properties		-	-	-	(43,074,994)
Change in funds held in escrow		124,723	413,945	299,299	(1,019,273)
Leasing costs		(137,189)	(96,770)	(222,720)	(42,121)
Capital costs		(599,714)	(545,778)	(682,406)	(66,116)
		(612,180)	(228,603)	(605,827)	(44,202,504)
FINANCING ACTIVITIES					
Due from related limited partnership		(107,781)	339,715	342,614	(71,815)
Distributions paid		(175,001)	(593,011)	(825,511)	(200,651)
Partners' contributions		-	-	-	11,625,000
Repayment of mortgages payable		(381,573)	(356,068)	(475,105)	(297,335)
Additions to deferred financing cost		-	(106,859)	(107,793)	(978,006)
Proceeds of mortgages payable		-	-	-	33,150,000
		(664,355)	(716,223)	(1,065,795)	43,227,193
(Decrease)/increase in cash		(208,908)	179,413	124,461	359,179
Cash, beginning of period		483,640	359,179	359,179	-
Cash, end of period		\$ 274,732	\$ 538,592	\$ 483,640	\$ 359,179

The accompanying notes are an integral part of these consolidated financial statements.

GAR U.S. PORTFOLIO LIMITED PARTNERSHIP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2013, DECEMBER 31, 2012 AND DECEMBER 31, 2011
Expressed in United States dollars

1. Description of partnership and operations

GAR U.S. Portfolio Limited Partnership (“the Partnership”) was formed on April 12, 2011 in the state of Delaware in the United States of America. The Partnership was established for the primary purpose of indirectly acquiring, owning and leasing a portfolio of six diversified revenue-producing commercial real estate properties (the “Properties”) with a focus on anchored retail properties in the United States. The Partnership’s investment objective is to enhance the potential for long-term growth of capital through value-added enhancements to the properties indirectly owned by the Partnership and organic growth in rental rates, combined with an overall reduction in capitalization rates.

The Partnership’s registered office is 200 Front Street West, Suite 2400, Toronto, Ontario, M5V 3K2. The Partnership is owned by various individual investors through U.S. Grocery-Anchored Retail (IA) Limited Partnership, U.S. Grocery-Anchored Retail (IB) Limited Partnership and U.S. Grocery-Anchored Retail (IC) Limited Partnership.

2. Basis of preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

The financial statements were approved by the Advisory Committee and authorized for issue on February 3, 2014.

(b) Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair value.

The application of the going concern basis of presentation assumes that the Partnership will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Partnership expects to continue as a going concern for the foreseeable future, accordingly, these consolidated financial statements have been prepared on a going concern basis.

(c) Functional and presentation currency

These consolidated financial statements are presented in United States dollars, which is the Partnership’s functional currency and the functional currency of all of its subsidiaries.

3. Significant accounting policies

(a) Basis of consolidation

The Partnership applies IFRS 10 Consolidated financial statements, which establishes a single control model that applies to all entities including special purpose entities. IFRS 10 defines control as when an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in IFRS 10, all three criteria must be met, including: (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns.

The consolidated financial statements incorporate the financial statements of the Partnership and entities controlled by the Partnership (its subsidiaries). The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Significant inter-company balances and transactions are eliminated upon consolidation.

GAR U.S. PORTFOLIO LIMITED PARTNERSHIP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(b) Comprehensive income

Comprehensive income consists of net income and other comprehensive income ("OCI"). OCI represents changes in an enterprise's equity during a period arising from transactions and other events with non-owner sources and includes such items as unrealized gains and losses on financial assets classified as "available-for-sale" and changes in the fair value of the effective portion of cash flow hedging instruments. All changes in market value of such items are included in OCI. As there are no OCI items for the periods presented in the consolidated statements of income and comprehensive income, comprehensive income is the same as net income.

(c) Revenue recognition

The Partnership has determined that all of its leases with tenants meet the criteria for classification as operating leases in accordance with IAS 17 Leases. Rental revenue includes all amounts earned from tenants related to lease agreements, including property taxes and operating cost recoveries. Recoveries are recognized in rental revenue in the period in which the applicable expense is incurred.

Rental income from investment properties is recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognized as part of rental income, over the term of the lease. Lease cancellation fees are recognized as revenue when the tenant forgoes the rights and obligations from the use of the space. Revenue as stated above is only recognized when collection is reasonably assured.

(d) Financial instruments

(i) Non-derivative financial assets

The Partnership initially recognizes loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Partnership becomes a party to the contractual provision of the instrument.

The Partnership derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Partnership is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position when, and only when, the Partnership has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Cash, funds held in escrow, accounts receivable and due from related limited partnerships have been classified as loans and receivables. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Cash is comprised of cash balances held with financial institutions. Funds held in escrow represents funds held by the mortgage lender in respect of future leasing costs and tenant improvements to be paid by the Partnership.

(ii) Non-derivative financial liabilities

The Partnership initially recognizes debt on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which the Partnership becomes a party to the contractual provisions of the instrument.

The Partnership derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

GAR U.S. PORTFOLIO LIMITED PARTNERSHIP
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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The Partnership has classified accounts payable and accrued liabilities, tenant deposits, mortgages payable and due to related limited partnerships as other liabilities. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

(e) *Investment properties*

Investment properties are comprised of properties held either to earn rental income or for capital appreciation or for both. Investment properties, purchased outside of a business combination, are measured initially at its cost, including related transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating.

After initial recognition, investment properties are carried at fair value. The Partnership defines fair value to be the value a third party is willing to pay, in an arm's length transaction, for an investment property. Gains or losses arising from changes in fair values are included in profit or loss in the period in which they arise.

Investment properties are derecognized when they have been disposed. There was no property disposition during the period covered by these financial statements.

(f) *Leases*

(i) *Classification of leases*

The Partnership is the lessor in all leasing arrangements. Leases are classified according to the substance of the transaction. Leases that transfer substantially all the risks and benefits of ownership from the Partnership to the lessees are accounted for as finance leases. Upon initial recognition, the leased asset is recorded as an amount receivable and measured as the present value of the minimum lease payments. All other leases are accounted for as operating leases. All leases of the Partnership are operating leases.

(ii) *Leasing costs*

Initial direct leasing costs are comprised of initial direct incremental costs that are directly attributable to negotiating and arranging a lease, such as leasing commissions and legal fees. They are capitalized to the carrying amount of investment properties when incurred and then considered in the fair value adjustment of the investment properties at each reporting date. Lease incentives, including tenant improvements and rent free periods, are recognized as a reduction of rental income on a straight-line basis over the lease term.

(g) *Impairment of financial assets*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Partnership on terms that the Partnership would not consider otherwise or indications that a debtor or issuer will enter bankruptcy.

The Partnership considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

GAR U.S. PORTFOLIO LIMITED PARTNERSHIP
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In assessing collective impairment, the Partnership uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected as a provision for doubtful accounts which is netted against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(h) Provisions

A provision is recognized if, as a result of a past event, the Partnership has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(i) Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognized as it accrues in profit or loss using the effective interest method.

Finance costs comprise interest expense on loans and mortgages, amortization of transactions costs relating to mortgages, unwinding of the discount on provisions, distributions on Partnership units classified as liabilities and impairment losses recognized on financial assets.

(j) Property acquisitions and business combinations

Where property is acquired, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a property or a business combination. The basis of the judgment is set out in note 3(l).

Where such acquisitions are not judged to be an acquisition of a business, they are treated as a property acquisition. The cost to acquire the property is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Otherwise, acquisitions are accounted for as a business combination.

(k) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the person or entity that allocates resources to and assesses the performance of the operating segments of an entity. The Partnership has determined that its chief operating decision-maker is the Manager (as defined in note 5).

The Partnership owns and operates commercial properties in the United States. Management, in measuring the Partnership's performance, does not distinguish or group its operations on a geographical or other basis. Accordingly, the Partnership has a single reportable segment for disclosure purposes in accordance with IFRS 8 Operating Segments, which uses a management approach to segmented reporting under which the information reported would be that which management uses internally for evaluating the performance of operating segments.

All of the Partnership's revenues are earned in the United States and all its non-current assets are located in the United States.

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(l) Use of estimates and judgments

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported in the consolidated financial statements and accompanying disclosures. Although these estimates are based on management's knowledge of current events and actions the Partnership may undertake in the future, actual results may differ from these estimates.

(i) Judgments

Information about critical judgments in applying accounting policies that have the most significant effect on amounts recognized in the consolidated financial statements is discussed below:

Business combinations

The Partnership acquires individual real estate properties. At the time of acquisition, the Partnership considers whether or not the acquisition represents the acquisition of a business. The Partnership accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made to the extent to which significant processes are acquired and, in particular, the extent of ancillary services provided by the property (e.g. maintenance, cleaning, security, bookkeeping, etc.). The significance of any process is judged with reference to the guidance in IAS 40 about ancillary services.

When the acquisition of a property does not represent a business, it is accounted for as an acquisition of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill is recognized.

Lease contracts

The Partnership has entered into property leases on its investment property portfolio. The Partnership makes judgments in determining whether certain leases, in particular those leases with long contractual terms, are operating or finance leases.

(ii) Estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Estimates that have the most significant impact on the consolidated financial statements are the following:

Valuation of investment properties

The fair value of investment properties is determined by management, in conjunction with independent real estate valuation experts using recognized valuation techniques. The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets (such as tenant profiles, future revenue streams and overall repair and condition of the property), capitalization rates and discount rates applicable to those assets. These estimates are based on market conditions existing at the reporting date.

The following approaches, either individually or in combination, are used by management, together with the appraisers, in their determination of the fair value of the investment properties:

The Income Approach derives market value by estimating the future cash flows that will be generated by the property and then applying an appropriate capitalization rate or discount rate to those cash flows. This approach can utilize the direct capitalization method and/or the discounted cash flow analysis.

The Direct Comparison Approach involves comparing or contrasting the recent sale, listing or optioned prices of properties comparable to the subject and adjusting for any significant differences between them.

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Management reviews each appraisal and ensures the assumptions used by the appraisers are reasonable and the final fair value amount reflects those assumptions used in the various approaches above. Where an appraisal is not obtained at the reporting date, management reviews the approaches described above, for each investment property, and estimates the fair value.

The significant assumptions used by management in estimating the fair value of investment property are set out in note 7.

(m) New standards and interpretations not yet adopted

The following is a summary of recent accounting pronouncements which have not yet been adopted by the Partnership:

- IFRS 9 Financial Instruments

In October 2010, the IASB issued 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. This new standard is effective for the Partnership’s interim and annual consolidated financial statements commencing January 1, 2015. The Partnership is assessing the impact of this new standard on its consolidated financial statements.

- IFRIC 21 Levies

In May 2013, the IASB issued IFRIC 21 “Levies” (“IFRIC 21”). This interpretation addresses the accounting for a liability to pay a levy if that liability is within the scope of IAS 37. It also addresses the accounting for a liability to pay a levy whose timing and amount is certain. This interpretation is applicable for effective for the Partnership’s annual periods beginning on or after 1 January 2014. Earlier application is permitted. The Partnership is assessing the impact of this new interpretation on its consolidated financial statements.

4. Transition to IFRS

The Partnership has adopted IFRS in fiscal 2013, with an effective date of April 12, 2011 (“the transition date”), which is also the date of formation of the Partnership. Accordingly, the Partnership has prepared its opening IFRS statement of financial position as of that date. Prior to the adoption of IFRS, the Partnership prepared its financial statements in accordance with accounting principles generally accepted in the United States of America (“US GAAP”). The Partnership’s consolidated financial statements for the period from inception to December 31, 2011 will be the first annual financial statements that comply with IFRS. The Partnership has prepared its opening IFRS statement of financial position by applying existing IFRS with an effective date of April 12, 2011.

(a) Reconciliation of partners’ equity as reported under US GAAP and IFRS

The following is a reconciliation of the Partnership’s total equity reported in accordance with US GAAP to its total equity in accordance with IFRS as at the transition date of April 12, 2011, December 31, 2011, and December 31, 2012:

	December 31, 2012	December 31, 2011	April 12, 2011
Partners' equity as reported under US GAAP \$	8,091,818 \$	10,075,847 \$	1,000
Differences increasing reported amount			
Investment property	12,967,619	5,654,452	-
Partners' equity as reported under IFRS \$	21,059,437 \$	15,730,299 \$	1,000

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Investment property

The Partnership considers its commercial properties to be investment properties under IAS 40, “Investment Property” (“IAS 40”). Investment property includes land and buildings held primarily to earn rental income or for capital appreciation or both, rather than for use in the production or supply of goods or services or for sale in the ordinary course of business. Similar to US GAAP, investment property is initially recorded at cost under IAS 40. However, subsequent to initial recognition, IFRS requires that an entity choose either the cost or fair value model to account for investment property. The Partnership has elected to use the fair value model. This adjustment to equity represents the cumulative unrealized gain in respect of the Partnership’s investment property, net of the de-recognition of related intangible assets and liabilities which are inherently reflected in the fair value of property, and the reclassification of straight-line rent receivable. This adjustment also includes fair value adjustments, determined in a similar manner for all properties.

(b) Reconciliation of comprehensive income as reported under US GAAP and IFRS

The following is a reconciliation of the Partnership’s comprehensive income reported in accordance with US GAAP to its comprehensive income in accordance with IFRS for the year ended December 31, 2012 and the period from inception to December 31, 2011:

	Twelve months ended December 31, 2012	Period from April 12, 2011 (inception) to December 31, 2011
Comprehensive loss as reported under US GAAP	\$ (1,158,518)	\$ (1,348,502)
Differences increasing reported amount		
Investment property	7,313,167	5,654,452
Comprehensive income as reported under IFRS	\$ 6,154,649	\$ 4,305,950

Investment property

In accordance with IFRS and the Partnership’s policy choice, the Partnership measures investment property at fair value and records changes in fair value in income during the period of change. Under US GAAP commercial property was recorded at its initial cost of acquisition and depreciated over its estimated life. In addition, the amortization of intangible assets and liabilities recognized on the acquisition of investment property was amortized to revenue under US GAAP, which will no longer be the case under IFRS as the value of the intangible assets and liabilities are considered in the determination of the fair value of the investment property.

5. Related parties and other key contracts

Transactions with key management personnel

Pursuant to the terms of a management agreement dated April 29, 2011 (the “Management Agreement”), Slate Properties Inc. (the “Manager”), a Toronto-based real estate asset management company, provides all management services to the Partnership through one of its affiliates, GAR Management Inc. As such, the Manager is the only person or entity which meets the definition of “key management personnel” as defined in IAS 24 Related Party Disclosures. As described in Note 12, the Manager is paid a monthly asset management fee for its services. Asset management fees incurred and payable to the Manager during the periods are included in asset management and service fees and property acquisition costs, respectively on the consolidated statement of income and comprehensive income, as follows:

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	Three months ended September 30, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Twelve months ended December 31, 2012	Period from April 12, 2011 (inception) to December 31, 2011
Management Fees	\$ 83,953	\$ 83,953	\$ 251,859	\$ 251,859	\$ 335,812	\$ 226,778

Balances due from/to related parties, which are the limited partners of the Partnership, are non-interest bearing and are due on demand. These transactions are in the normal course of operations and are measured at the exchange amount which is the consideration established and agreed to by the parties.

6. Accounts receivable

Accounts receivable balance is comprised of the following:

	September 30, 2013	December 31, 2012	December 31, 2011	April 12, 2011
Rent receivable	\$ 394,893	\$ 211,062	\$ 93,747	\$ -
Accrued recovery income	591,919	486,393	346,188	-
Accounts receivable	\$ 986,812	\$ 697,455	\$ 439,935	\$ -

Rent receivable that is outstanding but has not been provided for, has an aging profile as follows:

	September 30, 2013	December 31, 2012	December 31, 2011	April 12, 2011
Current to 30 days	\$ 42,130	\$ 147,370	\$ 28,741	\$ -
31 to 60 days	151,552	16,766	16,980	-
Greater than 60 days	201,211	46,926	48,026	-
Rent receivable	\$ 394,893	\$ 211,062	\$ 93,747	\$ -

Accrued recovery income represents amounts that have not been billed to the tenants and are generally billed and paid in the following year to which they relate.

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7. Investment properties

Investment properties are composed of income-producing properties.

The Partnership has acquired wholly-owned interests in six income-producing properties for which the results of operations of these properties have been included in these consolidated financial statements from the respective dates of acquisition.

Property	Location	Purchase Date
Buckeye Plaza	Cleveland, OH	April 29, 2011
Kennywood	West Mifflin, PA	April 29, 2011
Pinewood	Dayton, OH	April 29, 2011
Springboro	Springboro, OH	April 29, 2011
Field Club	New Castle, PA	April 29, 2011
Cudahy Center	Cudahy, WI	April 29, 2011

The Partnership determines the fair value of investment properties based upon either the overall income capitalization rate method or the discounted cash flow method, both of which are generally accepted appraisal methodologies. Where the Partnership has used the overall income capitalization method, year one income is stabilized and capitalized at a rate appropriate for each investment property. Capitalization rates are the most significant assumption in determining fair values. The Partnership uses leasing history, market reports, tenant profiles and available appraisals, among other things, in determining the most appropriate assumptions. All valuations at September 30, 2013, September 30, 2012, December 31, 2012 and December 31, 2011 were performed by management of the Partnership.

The market “going in” capitalization rates and the weighted average capitalization rates used are as follows:

	September 30, 2013	December 31, 2012	December 31, 2011
Capitalization rates	7.75% - 8.02%	8.0% - 9.0%	8.8% - 11.2%
Weighted average capitalization rates	7.82%	8.57%	9.98%

Under the fair value hierarchy, the fair value of the Partnership’s investment properties is determined using methodology described above and using level three inputs. The fair value of investment property would change by approximately \$1.8 million for a 25 basis point change in capitalization rates, and by approximately \$1.3 million for a \$100,000 change in underlying annual net operating income.

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The changes in income-producing properties for the periods are as follows:

	Nine month ended September 30, 2013	Twelve months ended December 31, 2012	Period from April 12, 2011 (inception) to December 31, 2011
Balance, beginning of period	\$ 51,836,393	\$ 46,570,000	\$ -
Acquisitions	-	-	43,074,994
Leasing costs	137,189	222,720	42,121
Capital costs	599,714	682,406	66,116
Straight-line rent	136,523	23,502	72,694
Change in fair value	3,539,906	4,337,765	3,314,075
Balance, end of period	\$ 56,249,725	\$ 51,836,393	\$ 46,570,000

8. Mortgages payable

	2013	2012	2011
Mortgage # 1 - monthly repayment of \$169,571 maturing April 30, 2021 with an annual interest rate of 5.8% secured by five incoming producing properties.	\$ 28,041,264	\$ 28,327,169	\$ 28,680,423
Mortgage # 2 - monthly repayment of \$27,290 maturing April 30, 2016 with an annual interest rate of 5.25% secured by one income producing property.	3,754,722	3,850,392	3,972,242
Vendor take-back ("VTB") mortgage - monthly interest only repayment of \$1,000, maturing April 30, 2016 with an annual interest rate of 6.0% secured by one income producing property.	200,000	200,000	200,000
	\$ 31,995,986	\$ 32,377,561	\$ 32,852,665
Transaction costs	(1,085,799)	(1,085,799)	(978,006)
Amortization of transaction costs	381,675	271,672	60,068
	\$ 31,291,862	\$ 31,563,434	\$ 31,934,727
Balance consists of:			
Current portion	\$ 460,076	\$ 454,930	\$ 475,014
Non-current portion	30,831,786	31,108,504	31,459,713
	\$ 31,291,862	\$ 31,563,434	\$ 31,934,727

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9. Capital management

The primary objectives of the Partnership's capital management activities is to facilitate the investment in a diversified portfolio of well-located, quality income-producing properties with positive cash flows and to provide distributions to its limited partners, which are ultimately distributed to the investors of the limited partners. The Partnership is restricted in its use of capital to making investments in real property in the United States. The Partnership manages its capital structure and makes adjustments to it, in light of changes to prevailing economic conditions and its results of operations and financing and investing activities. The Partnership intends to make distributions if results of operations and cash flows permit in the future.

The capital structure of the Partnership consists of the following:

	September 30, 2013	December 31, 2012	December 31, 2011
Mortgages payable	\$ 31,291,862	\$ 31,563,434	\$ 31,934,727
Partners' equity	25,947,300	21,059,437	15,730,299
	\$ 57,239,162	\$ 52,622,871	\$ 47,665,026

There were no changes in the Partnership's approach to capital management during the period covered by these consolidated financial statements.

10. Fair value and risk management

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Partnership uses the following hierarchy to determine and disclose fair values:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly;

Level 3 – Inputs that are not based on observable market data, which are unobservable inputs.

The fair value of investment properties is outlined in note 7.

The carrying amounts and fair values of the Partnership's financial instruments as at September 30, 2013, December 31, 2012 and December 31, 2011 not measured at fair value are presented in the table below:

	September 30, 2013		December 31, 2012		December 31, 2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets						
Cash	\$ 274,732	\$ 274,732	\$ 483,640	\$ 483,640	\$ 359,179	\$ 359,179
Accounts receivable	986,812	986,812	697,455	697,455	439,935	439,935
Funds held in escrow	595,251	595,251	719,974	719,974	1,019,273	1,019,273
Due from related limited partnerships	328,980	328,980	44,121	44,121	246,018	246,018
Financial liabilities						
Account payable and accrued liabilities	\$ 1,027,969	\$ 1,027,969	\$ 1,003,757	\$ 1,003,757	\$ 931,317	\$ 931,317
Due to related limited partnerships	491,998	491,998	314,920	314,920	174,203	174,203
Mortgages payable	31,291,862	31,995,986	31,563,434	32,377,561	31,934,727	32,852,665

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Risk management framework

The Partnership's risk management policies are established to identify, analyze and manage the risks faced by the Partnership and to implement appropriate procedures to monitor risks and adherence to established controls. Risk management policies and systems are reviewed periodically in response to the Partnership's activities and to ensure applicability.

In the normal course of business, the main risks arising from the Partnership's use of financial instruments include credit risk, liquidity risk and market risk. These risks, and the actions taken to manage them, include:

Credit risk

Credit risk is the risk of financial loss to the Partnership associated with the failure of a tenant or other party to meet its contractual obligations related to lease agreements, including future lease payments, or the failure of the counterparty to meet its obligations.

For the three-month and nine-month periods ended September 30, 2013, one tenant accounted for 10.8% of the Partnership's rental revenue. For the three-month and nine-month periods ended September 30, 2012, one tenant accounted for 10.5% of the Partnership's rental revenue. For the twelve-month period ended December 31, 2012, one tenant accounted for 12.1% of the Partnership's rental revenue. For the period from April 12, 2011 (inception) to December 31, 2011, one tenant accounted for 10.5% of the Partnership's rental revenue.

Liquidity risk

Liquidity risk is the risk that the Partnership will not be able to meet its financial obligations as they fall due. The Partnership's approach to managing liquidity is to ensure that it will have sufficient financial resources available to meet its liabilities as they become due. This includes monitoring of cash, current receivables and payables and non-current liabilities as they become current.

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to the demand for and the perceived desirability of such investments. Such illiquidity may tend to limit the Partnership's ability to vary its portfolio promptly in response to changing economic or investment conditions. If the Partnership was required to liquidate a real property investment, the proceeds to the Partnership might be significantly less than the aggregate carrying value of such property.

The Partnership has the following contractual commitments:

	Total contractual cash flow	Within one year	More than one year
Accounts payable and accrued liabilities	\$ 1,027,969	\$ 1,027,969	\$ -
Mortgages payable	31,995,986	460,076	31,535,910
Mortgage interest payable ⁽¹⁾	10,608,308	1,845,054	8,763,253
Due to related limited partnerships	491,998	491,998	-
Tenant deposits	80,592	-	80,592
Total contractual commitments	\$ 44,204,852	\$ 3,825,097	\$ 40,379,755

⁽¹⁾ Mortgage interest payable is calculated on \$31,995,986 (balance outstanding) using an interest rate of 5.8% for Mortgage #1, 5.25% for Mortgage #2 and 6% on the VTB, under the "Within one year" column. There is no change to the long term interest rate.

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Market risk

Interest rate risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will vary as a result of changes in market interest rates. The Partnership manages its financial instruments with the objective of mitigating any potential interest rate risks. Interest rates risks are mitigated by the fact that the interest rates charged on the mortgages are fixed. The impact to the Partnership's income if interest rates at September 30, 2013 would have been 100 basis points higher, calculated on the outstanding mortgage balance, with all other variables held constant, would be approximately \$320,000 (December 31, 2012 - \$324,000, December 31, 2011 - \$329,000)

Currency risk

Currency risk is the risk associated with a fluctuation in the value of the U.S. dollar as related to other foreign currencies. The Partnership is exposed to currency risk as certain transactions related to payment of the Partnership's expenses are denominated in Canadian dollars.

11. Leases

Future minimum lease payments

The Partnership's existing leases have a weighted average outstanding term of 4.4 years and may include clauses to enable periodic upward revisions in rental rates. The future minimum lease payments from the Partnership's non-cancelable operating leases as a lessor are as follows:

	September 30, 2013	December 31, 2012	December 31, 2011
No later than one year	\$ 5,090,432	\$ 4,918,298	\$ 4,963,472
Later than one year but not later than five years	12,694,988	14,329,727	14,291,861
Later than five years	4,323,700	5,240,390	2,766,531
	\$ 22,109,120	\$ 24,488,415	\$ 22,021,864

12. Commitments

Asset management fee

Pursuant to a management agreement between the Partnership and GAR Management Inc., an affiliate of the Manager, the Manager shall provide certain asset management services, including the maintenance of ongoing relationships with lenders in respect of the mortgage loans for the Properties; conducting continuous analysis of market conditions; and advising the Partnership with respect to the disposition of the Properties. In return for its service, the Manager receives an annual asset management fee in an amount equal to 0.75% of the gross purchase price of each Property (or interest in a Property), including the price, due diligence costs, closing costs, legal fees, and additional capital costs for all Properties indirectly acquired by the Partnership.

General Partner interest

After (i) payment of all expenses of the Partnership, (ii) payment of the minimum return of 8% by the Partnership (the "Minimum Return"), and (iii) repayment of the limited partners' invested capital (the "Invested Capital") by the Partnership, the general partner of the Partnership (the "General Partner") will be entitled to receive 20% of all distributions made by the Partnership (the "General Partner Interest").

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The General Partner will only be entitled to receive its General Partner Interest after 100% of the equity invested in the Partnership has been returned to the limited partners, and the limited partners have received full payment of the Minimum Return.

The consolidated statement of changes in partners' equity makes an allocation between the limited partners and the General Partner Interest. The allocation of the General Partner Interest has been measured as at September 30, 2013 as 20% of the capital of the Partnership after first providing for the (i) payment of estimated expenses of the Partnership, (ii) payment of the Minimum Return to the limited partners and (iii) the repayment of the Invested Capital to the limited partners.

For purposes of measuring the General Partner Interest in the consolidated statements of changes in partners' capital, the capital of the Partnership, prior to the adjustments described above, has been deemed to be equal to partners' equity after adjusting for transaction costs relating to the mortgages and prior to income tax amounts, as the taxable income and gains from the sale of any U.S. real properties of the Partnership is allocable to the limited partners. Invested Capital as of September 30, 2013 is \$12,626,178 (September 30, 2012 - \$12,157,303, December 31, 2012 - \$12,161,728, December 31, 2011 - \$12,043,052), which is the amount equal to contributions from the limited partners of \$11,625,000 (September 30, 2012 - \$11,625,000, December 31, 2012 - \$11,625,000, December 31, 2011 - \$11,625,000), less distributions to limited partners of \$1,201,163 (September 30, 2012 - \$739,662, December 31, 2012 - \$1,026,162, December 31, 2011 - \$200,651). The Minimum Return as of September 30, 2013 is \$2,202,340 (September 30, 2012 - \$1,325,965, December 31, 2012 - \$1,562,890, December 31, 2011 - \$618,703), calculated on a cumulative, but compounded, return of 8% per year on the daily balance of Invested Capital.

13. Supplemental cash flow information

The net change in non-cash operating assets and liabilities consisted of the following:

	Nine months ended September 30, 2013	Nine months ended September 30, 2012	Twelve months ended December 31, 2012	Period from April 12, 2011 (inception) to December 31, 2011
Prepaid, deposits, sundry assets	\$ (166,984)	\$ (114,623)	\$ (15,801)	\$ (221,436)
Accounts receivable	(289,357)	(151,870)	(257,520)	(439,935)
Accounts payable and accrued liabilities	24,212	(79,224)	72,440	931,317
Tenant deposits	3,320	(3,023)	(8,023)	85,295
	\$ (428,809)	\$ (348,740)	\$ (208,904)	\$ 355,241

14. Subsequent event

An information circular has been filed whereby a proposed transaction (the "Combination Transaction") is being considered pursuant to which (i) Slate U.S. Opportunity (No. 1) Realty Trust ("SUSO 1") will acquire all of the assets of Slate U.S. Opportunity (No. 2) Realty Trust ("SUSO 2") in consideration for class U units of SUSO 1, (ii) SUSO 1 will effectively acquire, directly or indirectly, all of the assets of the Partnership in consideration for class U units of SUSO 1 or securities that are economically equivalent to class U units of the REIT (as defined below) (subject to certain adjustments) and redeemable for cash or class U units of the REIT, (iii) the class U units of the REIT are intended be listed on the Toronto Stock Exchange (the "TSX") and (iv) SUSO 1 will change its name to "Slate Retail REIT" (the "REIT"). SUSO 1 and SUSO 2 are entities under common management with the Partnership.

APPENDIX A
SUSO 1 COMBINATION TRANSACTION RESOLUTION

**FOR CONSIDERATION AT THE SPECIAL MEETING OF UNITHOLDERS OF SLATE U.S.
OPPORTUNITY (NO. 1) REALTY TRUST**

BE IT RESOLVED THAT:

1. The combination transaction (the “**Combination Transaction**”) pursuant to which (i) Slate U.S. Opportunity (No. 1) Realty Trust (“**SUSO 1**”) will effectively acquire, directly or indirectly, all of the assets of Slate U.S. Opportunity (No. 2) Realty Trust (“**SUSO 2**”) and U.S. Grocery Anchored Retail (1A), (1B) and (1C) Limited Partnerships in consideration for class U units of SUSO 1 or securities that are exchangeable into class U units of SUSO 1, (ii) the class U units of SUSO 1 will be listed on the Toronto Stock Exchange, and (iii) SUSO 1 will change its name to “Slate Retail REIT”, as more particularly described in the Management Information Circular dated February 3, 2014 of SUSO 1 and SUSO 2, is hereby approved and authorized;
2. The Proposed Amendments (as defined in the Circular) to the SUSO 1 declaration of trust be and it is hereby amended, effective as of date of Closing (as defined in the Circular);
3. Any trustee or officer of SUSO 1 is hereby authorized, for and on behalf of SUSO 1, to execute, with or without the corporate seal and, if appropriate, deliver any and all other agreements, applications, forms, waivers, notices, certificates, confirmations and other documents and instruments and to do, or cause to be done, any and all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the completion of the Combination Transaction or the implementation of the Proposed Amendments, and related transactions, including, without limitation, (i) all actions required to be taken by or on behalf of SUSO 1, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities and (ii) the signing of the certificates, consents and other documents or declarations required to effect the Combination Transaction or otherwise to be entered into by SUSO 1, such determination to be conclusively evidenced by the execution and delivery of any such document, agreement or instrument, and the taking or doing of any such action.

APPENDIX B
SUSO 1 TRUSTEE RESOLUTION

**FOR CONSIDERATION AT THE SPECIAL MEETING OF UNITHOLDERS OF SLATE U.S.
OPPORTUNITY (NO. 1) REALTY TRUST**

BE IT RESOLVED THAT:

1. Colum Bastable, who has consented to act as trustee of Slate U.S. Opportunity (No. 1) Realty Trust (“**SUSO 1**”), is hereby appointed as a trustee of SUSO 1 for a term expiring upon the next annual election of trustees or when successors have been elected or appointed;
2. Any trustee or officer of SUSO 1 is hereby authorized, for and on behalf of SUSO 1, to execute, with or without the corporate seal and, if appropriate, deliver any and all other agreements, applications, forms, waivers, notices, certificates, confirmations and other documents and instruments and to do, or cause to be done, any and all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the appointment of Colum Batable as a trustee and related transactions, including, without limitation, (i) all actions required to be taken by or on behalf of SUSO 1, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities and (ii) the signing of the certificates, consents and other documents or declarations required to appoint Colum Batable as a trustee or otherwise to be entered into by SUSO 1, such determination to be conclusively evidenced by the execution and delivery of any such document, agreement or instrument, and the taking or doing of any such action.

APPENDIX C
SUSO 1 RIGHTS PLAN RESOLUTION

**FOR CONSIDERATION AT THE SPECIAL MEETING OF UNITHOLDERS OF SLATE U.S.
OPPORTUNITY (NO. 1) REALTY TRUST**

BE IT RESOLVED THAT:

1. A unitholders' rights plan (the "**Rights Plan**") of Slate U.S. Opportunity (No. 1) Realty Trust ("**SUSO 1**") with Equity Financial Trust Company (or such other trust company as such trustee or officer of SUSO 1 may approve) as rights agent for the rights to be issued pursuant to the Rights Plan, be and it is hereby confirmed and approved.
2. Any trustee or officer of SUSO 1 is hereby authorized, for and on behalf of SUSO 1, to execute, with or without the corporate seal and, if appropriate, deliver any and all other agreements, applications, forms, waivers, notices, certificates, confirmations and other documents and instruments and to do, or cause to be done, any and all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the adoption of the Rights Plan, and related transactions, including, without limitation, (i) all actions required to be taken by or on behalf of SUSO 1, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities and (ii) the signing of the certificates, consents and other documents or declarations required to adopt of the Rights Plan or otherwise to be entered into by SUSO 1, such determination to be conclusively evidenced by the execution and delivery of any such document, agreement or instrument, and the taking or doing of any such action.

APPENDIX D THE SUSO 2 RESOLUTION

FOR CONSIDERATION AT THE SPECIAL MEETING OF UNITHOLDERS OF SLATE U.S. OPPORTUNITY (NO. 2) REALTY TRUST

BE IT RESOLVED THAT:

1. The combination transaction (the “**Combination Transaction**”) pursuant to which (i) Slate U.S. Opportunity (No. 1) Realty Trust (“**SUSO 1**”) will effectively acquire, directly or indirectly, all of the assets of Slate U.S. Opportunity (No. 2) Realty Trust (“**SUSO 2**”) and U.S. Grocery Anchored Retail (1A), (1B) and (1C) Limited Partnerships in consideration for class U units of SUSO 1 or securities that are exchangeable into class U units of SUSO 1, (ii) the class U units of SUSO 1 will be listed on the Toronto Stock Exchange, and (iii) SUSO 1 will change its name to “Slate Retail REIT”, as more particularly described in the Management Information Circular (the “**Circular**”) dated February 3, 2014 of SUSO 1 and SUSO 2, is hereby approved and authorized;
2. The amendments to the SUSO 2 declaration of trust, as described under the heading “*The Combination Transaction – Amendments to SUSO 2 Declaration of Trust*” in the accompanying Circular, be and it is hereby amended, effective as of date of Closing (as defined in the Circular);
3. Any trustee or officer of SUSO 2 is hereby authorized, for and on behalf of SUSO 2, to execute, with or without the corporate seal and, if appropriate, deliver any and all other agreements, applications, forms, waivers, notices, certificates, confirmations and other documents and instruments and to do, or cause to be done, any and all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the completion of the Combination Transaction or the implementation of the Proposed Amendments, and related transactions, including, without limitation, (i) all actions required to be taken by or on behalf of SUSO 2, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities and (ii) the signing of the certificates, consents and other documents or declarations required to effect the Combination Transaction or otherwise to be entered into by SUSO 2, such determination to be conclusively evidenced by the execution and delivery of any such document, agreement or instrument, and the taking or doing of any such action.

APPENDIX E
FAIRNESS OPINIONS

January 31, 2014

Special Committees of the Boards of Trustees
Slate U.S. Opportunity (No. 1) Realty Trust and
Slate U.S. Opportunity (No. 2) Realty Trust
c/o Slate Properties Inc.
200 Front Street West
Suite 2400
Toronto, ON M5V 3K2

To the Special Committees:

Brookfield Financial Corp. ("**BFC**") understands that Slate U.S. Opportunity (No.1) Realty Trust ("**SUSO1**", and following completion of the Combination Transaction (as defined below), the "**REIT**"), Slate U.S. Opportunity (No. 2) Realty Trust ("**SUSO2**") and U.S. Grocery Anchored Retail (1A), (1B) and (1C) Limited Partnerships (collectively, "**GAR**") are considering entering into a transaction (the "**Combination Transaction**") pursuant to which (i) SUSO1 will acquire all of the assets of SUSO2 in consideration for class U units of SUSO1, (ii) SUSO1 will effectively acquire, directly or indirectly, all of the assets of GAR in consideration for class U units of the REIT or securities that are economically equivalent to class U units of the REIT (subject to certain adjustments) and redeemable for cash or class U units of the REIT, (iii) the class U units of the REIT will be listed on the Toronto Stock Exchange, and (iv) SUSO1 will change its name to "Slate Retail REIT". Slate Properties Inc. ("**Slate Properties**") will continue as the manager of the REIT and its subsidiaries. In connection with the Combination Transaction, the general partner interests held by the principal of Slate Properties and certain other parties in Slate U.S. Opportunity (No. 1) Holding L.P. (the principal holding subsidiary of SUSO1) Slate U.S. Opportunity (No. 2) Holding L.P. (the principal holding subsidiary of SUSO2) and GAR U.S. Portfolio L.P. (the principal holding subsidiary of GAR) will be crystallized and exchanged for securities of a subsidiary of the REIT that will be economically equivalent to the class U units of the REIT (subject to certain adjustments) and redeemable for cash or class U units of the REIT.

BFC understands that the Boards of Trustees of SUSO1 and SUSO2 have each formed special committees (the "**Special Committees**") to, among other things, review the Combination Transaction and to make recommendations to the applicable Board of Trustees with respect to the Combination Transaction.

BFC further understands that the terms of the Combination Transaction and related matters will be more fully described in a notice of special meeting and management information circular (the "**Circular**") that will be mailed to the holders of units ("**Unitholders**") of SUSO1 and SUSO2 in connection with the Combination Transaction.

Engagement of Brookfield Financial Corp.

BFC was initially contacted by the Special Committees regarding a potential advisory assignment on October 25, 2013 and was formally engaged by the Special Committees pursuant to an engagement agreement (the "**Engagement Agreement**") dated November 22, 2013 to prepare and deliver an opinion (the "**Opinion**") as to the fairness, from a financial point of view, of the Combination Transaction to Unitholders.

BFC was not engaged or requested to prepare, nor has it prepared, a valuation pursuant to Multilateral Instrument 61-101 of the Ontario Securities Commission and the Québec Autorité des marchés financiers ("**MI 61-101**") and, accordingly, the Opinion should not be construed as such. BFC has been advised that the Special Committees have engaged CBRE Inc. to provide an independent estimate of the fair market value of each of the properties (collectively, the "**Properties**") owned by SUSO1, SUSO2 and GAR (collectively, the "**Appraisals**").

The terms of the Engagement Agreement provide that BFC is to be paid a fee for its services under the Engagement Agreement on delivery of the Opinion. The fee to be paid to BFC under the Engagement Agreement was agreed to between the Special Committees and BFC and is not contingent, in whole or in part, upon the conclusion reached by BFC in the Opinion or on the completion of the Combination Transaction. In the Engagement Agreement, SUSO1 and SUSO2 have agreed to indemnify BFC in respect of certain liabilities that might arise out of its engagement and to reimburse BFC for its reasonable out-of-pocket expenses. BFC consents to the inclusion of the Opinion in its entirety and a summary thereof in the Circular and to the filing thereof by SUSO1 and SUSO2 with the securities commissions or similar regulatory authorities in each province and territory of Canada.

Credentials of Brookfield Financial Corp.

BFC is a leading investment dealer that provides strategic and corporate advisory, debt and equity arranging, M&A advisory, valuation and investment brokerage services with a focus on the real estate, infrastructure and energy sectors. The Opinion is the opinion of BFC and the form and content hereof have been reviewed and approved for release by a group of managing partners of BFC, each of whom is experienced in merger, acquisition, divestiture, valuation and fairness opinion matters.

Relationship with Interested Parties

Neither BFC nor any of its affiliated entities (as such term is defined in MI 61-101): (i) is an associated or affiliated entity or issuer insider (as those terms are defined in MI 61-101) of Slate Properties, SUSO1, SUSO2, GAR or any of their respective associates or affiliates (collectively, the “**Interested Parties**”), (ii) is an advisor to any of the Interested Parties in connection with the Combination Transaction, other than BFC in its capacity as financial advisor to the Special Committees, (iii) is a manager or co-manager of a soliciting dealer group for the Combination Transaction (or a member of a soliciting dealer group for the Combination Transaction providing services beyond customary soliciting dealer’s functions or receiving more than the per security or per security holder fees payable to the other members of the group), or (iv) has a material financial interest in the completion of the Combination Transaction.

BFC and its affiliated entities have not been engaged to provide any financial advisory services, nor have they acted as lead or co-lead manager on any offering of securities for any of the Interested Parties, during the 24 months preceding the date on which BFC was first contacted in respect of the Opinion, other than as described herein.

The fees payable to BFC pursuant to the Engagement are not financially material to BFC, and do not give BFC any financial incentive in respect of the conclusion reached in the Opinion. There are no understandings or agreements between BFC and any of the Interested Parties with respect to future financial advisory or investment banking business. BFC may in the future, in the ordinary course of its business, perform financial advisory or investment banking services for any of the Interested Parties.

Scope of Review

In connection with the preparation of the Opinion, BFC has reviewed or carried out and, where deemed appropriate, relied upon, among other things, the following:

- SUSO1’s consolidated financial statements for the period from January 18, 2012 (inception) to December 31, 2012 and related management discussion and analysis
- SUSO1’s interim condensed consolidated financial statements for the period ended September 30, 2013 and related management discussion and analysis
- SUSO2’s consolidated financial statements for the period from September 18, 2012 (inception) to December 31, 2012 and related management discussion and analysis
- SUSO2’s interim condensed consolidated financial statements for the period ended September 30, 2013 and related management discussion and analysis

- Audited financial statements of SUSO1 and SUSO2 for the nine months ended September 30, 2013
- Financial statements of GAR for the six months ended June 30, 2013 and draft financial statements of GAR for the nine months ended September 30, 2013
- Draft REIT pro forma financial statements and forecast;
- Balance sheet estimations as of January 29, 2014
- The Appraisals
- 2014 budgets in respect of the Properties
- A draft dated January 24, 2014 of the Circular
- Lease agreements and abstracts for major tenants of the Properties
- Property specific information including cash flow forecasts and historical performance prepared by management of SUSO1, SUSO2 or GAR
- Publicly available information relating to the Properties and tenant credit ratings
- Discussions with senior management of Slate Properties, SUSO1, SUSO2 and GAR with respect to the information referred to above
- Discussions with the Special Committees and their legal counsel
- Public market data on recent investment sales and leasing activity in the relevant geographic areas including capitalization rates, prices per square foot and market rents
- Public data with respect to recent initial public offerings and other publicly traded real estate investment trusts considered by BFC to be of a relevant comparable nature to the Combination Transaction
- Such other corporate, industry and financial market information, investigations and analyses as BFC considered necessary or appropriate in the circumstances

BFC has not, to the best of its knowledge, been denied access by SUSO1, SUSO2, GAR or Slate Properties to any information requested by BFC.

Prior Valuations

Each of Slate Properties, SUSO1, SUSO2 and GAR has represented to BFC that, among other things, it has no knowledge of any prior valuations or appraisals relating to the Properties made in the preceding 24 months and in the possession or control of Slate Properties, SUSO1, SUSO2 and GAR other than the Appraisals provided to BFC. While BFC did not rely on the Appraisals in reaching its conclusion in the Opinion, BFC did review and consider, among other things, the Appraisals in completing its assessment of the reasonableness of the assumptions used and relied upon by BFC.

Assumptions and Limitations

BFC has not been asked to prepare and has not prepared a formal valuation or appraisal of any of the Properties and the Opinion should not be construed as such.

The Opinion has been prepared as of the date hereof and BFC has not undertaken to update it to any other date. Should information relevant to the Opinion conclusion become available to BFC subsequent to

the date of the Opinion, BFC reserves the right, but will be under no obligation, to revise the Opinion. BFC was provided with written information, oral information and data in electronic form by others (including management of Slate Properties, SUSO1, SUSO2 and GAR). BFC has relied upon the completeness, accuracy and fair presentation of all of the financial and other information obtained by it from public sources, and from Slate Properties, SUSO1, SUSO2 and GAR and their advisors, for purposes of the Opinion. BFC assumes no responsibility for the information furnished to BFC. The Opinion is conditional upon the completeness and accuracy of such information. Subject to the exercise of professional judgment and except as expressly described herein, BFC has not attempted to verify the completeness, accuracy or fair presentation of any of the information relied upon in the Opinion.

With respect to the budgets, forecasts, projections or estimates provided to BFC and used in its analyses, BFC notes that projecting future results is inherently subject to uncertainty. BFC has assumed, however, that such budgets, forecasts, projections and estimates were prepared using the assumptions identified therein and on bases reflecting the best currently available estimates and judgments of management of Slate Properties, SUSO1, SUSO2 and GAR as to the matters covered thereby and which, in the opinion of Slate Properties, SUSO1, SUSO2 and GAR, are (or were at the time of preparation and continue to be) reasonable in the circumstances. BFC expresses no independent view as to the reasonableness of such budgets, forecasts, projections and estimates or the assumptions on which they are based.

Two senior officers of each of Slate Properties, SUSO1, SUSO2 and GAR have represented to BFC in a management representation letter dated as of the date hereof, among other things, that: (i) the information, data and other material (financial and otherwise) (collectively, the “**Information**”) provided (whether orally or in writing) by or on behalf of Slate Properties, SUSO1, SUSO2 or GAR or any of their agents or representatives to BFC for the purpose of preparing the Opinion was, at the date the Information was provided to BFC by or on behalf of Slate Properties, SUSO1, SUSO2 or GAR, complete, true and correct in all material respects, and did not contain any untrue statement of a material fact in respect of SUSO1, SUSO2 or GAR or the Combination Transaction or omit to state a material fact in respect of SUSO1, SUSO2 or GAR or the Combination Transaction necessary to make the Information not misleading in light of the circumstances under which the Information was provided; and (ii) to the best of their knowledge, since the dates on which the Information was provided to BFC by or on behalf of Slate Properties, SUSO1, SUSO2 or GAR, there has been no material change, financial or otherwise in respect of SUSO1, SUSO2 or GAR or the Combination Transaction and no change of any material fact in respect of SUSO1, SUSO2 or GAR or the Combination Transaction has occurred which is of a nature as to render the Information untrue or misleading in any material respect.

In preparing the Opinion, BFC has made several assumptions, including that all final or executed versions of documents will conform in all material respects to the drafts provided to BFC, all conditions precedent to be satisfied to complete the Combination Transaction can be satisfied, that all approvals, authorizations, consents, permissions, exemptions or orders of relevant regulatory authorities required in respect of or in connection with the Combination Transaction will be obtained, without adverse condition or qualification, that all steps or procedures being followed to implement the Combination Transaction are valid and effective, that all required documents will be distributed to the Unitholders of SUSO1 and SUSO2 in accordance with applicable laws, and that the disclosure in such documents will be accurate in all material respects and will comply, in all material respects, with the requirements of all applicable laws. In its analyses in connection with the preparation of the Opinion, BFC made numerous assumptions with respect to industry performance, general business and economic conditions, and other matters, many of which are beyond the control of BFC, Slate Properties, SUSO1, SUSO2 or GAR.

The Opinion has been provided for the use of the Special Committees and is not intended to be, and does not constitute, a recommendation that any Unitholder vote in favour of the Combination Transaction. The Opinion may not be used by any other person or relied upon by any other person other than the Special Committees without the express prior written consent of BFC. The Opinion does not address the relative merits of the Combination Transaction as compared to other transactions or business strategies that might be available to SUSO1 or SUSO2, nor does it address the underlying business decision to implement the Combination Transaction. BFC expresses no opinion with respect to future trading prices of units of the REIT. In considering fairness, from a financial point of view, BFC considered the Combination Transaction from the perspective of Unitholders generally and did not consider the specific circumstances of any particular Unitholder, including with regard to income tax considerations.

The Opinion has been prepared in accordance with the Disclosure Standards for Formal Valuations and Fairness Opinions of the Investment Industry Regulatory Organization of Canada (“IIROC”), but IIROC has not been involved in the preparation or review of the Opinion.

Approach to Fairness

In considering whether: the (i) proportionate share of the equity of the REIT to be held by the current Unitholders of SUSO1 following completion of the Combination Transaction is fair, from a financial point of view, to such Unitholders and (ii) the consideration to be received by the current Unitholders of SUSO2 pursuant to the Combination Transaction is fair, from a financial point of view, to such Unitholders, BFC primarily used and relied upon the results of the Net Asset Value (“NAV”) analysis. The secondary methodology was a multiple of Funds From Operation (“FFO”).

The primary value drivers in the NAV analysis are the underlying values of the Properties. BFC used and relied upon the following methodologies to assess each of the Properties:

- Discounted cash flow (“DCF”) approach; and
- Direct capitalization rate (“Direct Cap Rate”) approach.

The DCF approach reflects the growth prospects, including risks inherent in each of the Properties by taking into account the amount, timing and relative certainty of projected unlevered free cash flows expected to be generated by each of the Properties on a going concern basis. Appropriate discount rates and terminal value capitalization rates were selected based on precedent private market transactions and BFC’s knowledge of current real estate pricing parameters. For the Direct Cap Rate approach, appropriate capitalization rates were selected and applied to the normalized and prospective (one year forward) net operating income (“NOI”) for each of the Properties based on precedent private market transactions and BFC’s knowledge of current real estate pricing parameters.

The following is a summary of BFC’s selected weighted average and range of (i) discount rates and terminal value capitalization rates that were applied to the free cash flow projections for each of the Properties under the DCF approach and (ii) cap rates that were applied to the NOI for each of the Properties under the Direct Cap Rate approach:

	DCF Approach		Direct Cap Rate Approach
	Discount Rate	Terminal Cap Rate	Cap Rate
Mean	9.1%	8.3%	8.0%
Low	7.9%	7.2%	6.9%
High	10.8%	9.8%	9.5%

After determining the range of values for each of the Properties of SUSO1, SUSO2, and GAR, BFC derived the NAVs by calculating the sum of the fair value of total assets less the total fair value of all liabilities. BFC then calculated the proportionate shares of equity of the REIT to be held by the Unitholders of each of SUSO1, SUSO2 and GAR based on the high and low ranges of the NAVs by applying both the DCF approach and Direct Cap Rate approach.

BFC also reviewed and considered the Appraisals, selected precedent transactions and comparable trading multiples for Canadian real estate investment trusts in assessing the reasonableness of the assumptions used and relied upon by BFC.

Conclusion

Based upon and subject to the foregoing, BFC is of the opinion that, as of the date hereof, (i) the proportionate share of the equity of the REIT to be held by the current Unitholders of SUSO1 following completion of the Combination Transaction is fair, from a financial point of view, to such Unitholders, and (ii) the consideration to be received by the current Unitholders of SUSO2 pursuant to the Combination Transaction is fair, from a financial point of view, to such Unitholders.

Yours very truly,

A handwritten signature in black ink that reads "Brookfield Financial Corp." in a cursive, flowing script.

Brookfield Financial Corp.

