Q4 2014

TSX: SRT.U / SRT.UN

LETTER TO UNITHOLDERS

December 31, 2014

> *" Absence of competition is another key thing for us. That we'd rather not try to outsmart somebody, we're not sure we could, we'd rather hunt where they're not looking. "*
>
> \- Seth Klarman

A note from the CEO:

Every quarter I look forward to writing the Letter to Unitholders. In my view, this communication is an important responsibility as CEO of Slate Retail REIT. In preparation for this, the year-end installment, I asked my colleagues to provide their thoughts on 2014. After all, Slate Retail REIT is managed by a dedicated team of real estate professionals at Slate Asset Management LP, or simply, "Slate". Our head of U.S. operations shared the following letter with me that I would like to share with you. I hope you enjoy it as much as I did.

Blair Welch
Chief Executive Officer

Fellow Unitholders,

2014 was a year of progress for us, as we continued to build on our strong foundation for future growth and success. We made significant strides towards achieving our strategic objectives, actively managed and enhanced the value of our existing properties, and continued to pursue opportunities in our target markets.

In April 2014, Slate Retail REIT (the "REIT") was listed on the Toronto Stock Exchange. This important milestone was the result of a vision dating back to 2010, when the Canadian economy's resilience during the economic downturn resulted in Canadian real estate appearing to be significantly more expensive relative to other countries around the world. At that time we shifted our attention to the United States, where grocery-anchored real estate, in particular, still maintained the qualities of an attractive asset class, that existed before the recession but was available at purchase prices offering greater value. The properties that we visited were well located, highly-occupied and generated meaningful amounts of free cash flow. We also knew that people would continue buying groceries and other staples from the large tenants occupying these properties. We found properties selling for significantly less than replacement cost and peak value. As a result of our due diligence, we made our first purchase of a grocery-anchored shopping centre in the United States not long after, in early 2011.

Today, we believe grocery-anchored real estate outside of the gateway cities in the United States remains undervalued. The growth of the U.S. economy continues to be on much better footing and capital flows into the U.S. have certainly picked up. We continue to focus our attention on large markets like Nashville, Pittsburgh, Charlotte and more than 40 other metro areas that are each home to one million or more people. These 'secondary' markets are growing, creating jobs, account for approximately 75% of the U.S. population, and just like in New York City, the residents in Charlotte continue to buy groceries. We believe in being adequately compensated for risk and feel that the return we are earning on our 96% occupied grocery-anchored real estate portfolio meets the criteria. This is largely because we have limited competition for grocery-anchored real estate in these markets which we believe allows us to purchase properties at attractive prices. We continue to look for one-off transactions that we know can deliver real value but are overlooked by some of our larger competitors.

We remain excited about the opportunities the year ahead may bring and hope that the competition continues to leave us to do what we do best: invest in well located, highly-occupied properties generating meaningful amounts of free cash flow.

2014 Results

The fourth quarter was another strong period for Slate Retail REIT. We began the quarter with a portfolio consisting of 33 grocery-anchored retail properties located throughout the United States. We grew the portfolio with the acquisition of eight grocery-anchored retail properties. We now own properties in 19 states. This growth has increased the stability of the REIT's cash flow and continued to diversify anchor tenant re-leasing risk. On a fully diluted basis, funds from operations ("FFO") for the fourth quarter was $3.5 million, or $0.18 per Unit, but included a non-cash write off of $2.9 million relating to the unamortized financing costs of a credit facility repaid during the year. Excluding the financing costs, FFO was $6.4 million or $0.33 per unit and the adjusted funds from operations ("AFFO") was $5.5 million, or $0.28 per Unit. The FFO (excluding the one- time write-off) and AFFO increased 14% and 4% over last quarter on a per Unit basis, respectively.

During the quarter, we actively managed and enhanced the value of our existing properties while maintaining an occupancy rate of 96%, with a 30 bps increase on a same-property basis. In addition to the occupancy uptick this quarter, we also achieved an increase in rental rates on renewal of approximately 6%, which we believe highlights the attractiveness of below market rents across a large part of our portfolio. There continues to be a lack of new supply of similar properties, reported to be at 35-year lows, and supply and demand fundamentals are working in our favour. In addition, employment levels in all of our markets have risen and our service-based tenant mix remains highly resistant to e-commerce.

Growth

We continue to recognize and act upon growth opportunities we see in our target markets. During the quarter we purchased eight properties and committed to purchase another four (two of those transactions closed in January 2015). Each of our acquisitions to date highlights our strategy of purchasing well located, historically strong performing real estate at an attractive price per square foot and with below market rents.

We believe we can create significant additional value across our portfolio by improving occupancy levels and increasing anchor lease terms, increasing average rental rates and the credit quality of shop space tenancy. We have a robust, accretive acquisition pipeline that will allow us to grow our footprint in strategic markets across the United States. We currently own 43 grocery-anchored retail properties in a country with over 37,000 grocery stores, so there is ample runway to grow when the right opportunities continue to present themselves.

During the quarter, we also finalized and entered into agreements on both a 10-year first mortgage financing totaling $50 million secured by three assets at a fixed rate of 3.80% and a new $450 million corporate credit facility. The corporate credit facility consists of a term loan and a revolving component. The term loan component has a four-year tenure with one 12-month extension option. The revolving component has a three-year term plus two 12-month extension options. The entire corporate facility bears interest at a rate of LIBOR plus 175 to 250 basis points. The credit facility replaced our existing credit facilities and includes structural enhancements providing the REIT with additional financing flexibility. Combined, this new debt financing provides the REIT extended debt maturity, significantly higher portion of fixed rate debt and lower interest costs.

We believe that the progress we have made throughout 2014, our strategic vision and strong financial performance all contribute to building more value on the already strong foundation of the REIT. We remain focused on the long-term potential of our portfolio and the returns to our stakeholders.

I would like to thank all of our investors for their trust and continued support.

Greg Stevenson

Vice-President, Asset Management and Operations
March 19, 2015

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INTRODUCTION

The following Management's Discussion and Analysis ("MD&A") for Slate Retail REIT and its subsidiaries (collectively, "REIT" or the "Trust") should be read in conjunction with the audited Consolidated Financial Statements and the accompanying notes for the year ended December 31, 2014 (the "Consolidated Financial Statements").

A copy of the Consolidated Financial Statements for the period ended December 31, 2014, and additional information relating to the REIT, is available on the REIT's SEDAR profile at www.sedar.com.

This MD&A is dated March 19, 2015. Disclosure contained in this document is current to that date, unless otherwise noted.

All amounts in this MD&A are in thousands of U.S. dollars and units, except square foot amounts and other data.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements and information within the meaning of applicable securities laws. Often, but not always, forward-looking statements can be identified by the use of the 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 include statements concerning the REIT's objectives, its strategies to achieve those objectives, as well as statements with respect to management's beliefs, plans, estimates, intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Readers should not place undue reliance on any such forward-looking statements.

Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the REIT to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained herein.

Forward-looking statements contained herein are based on a number of assumptions that may prove to be incorrect, including, but not limited to, the continued availability of mortgage financing and current interest rates; the extent of competition for properties; assumptions about the markets in which the REIT and its subsidiaries operate; the global and North American economic environment; and changes in governmental regulations or tax laws.

Although the forward-looking information contained in this MD&A is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. Certain statements included in this MD&A may be considered "financial outlook" for purposes of applicable securities laws, and such financial outlook may not be appropriate for purposes other than this MD&A. Except as required by applicable law, the REIT undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Investors are cautioned against placing undue reliance on forward-looking statements

NON-IFRS FINANCIAL MEASURES

The MD&A contains financial measures that do not have a standardized meaning under International Financial Reporting Standards ("IFRS") as prescribed by the International Accounting Standards Board. Slate Retail uses the following non-IFRS financial measures: funds from operations ("FFO"), adjusted funds from operations ("AFFO") on an aggregate and per unit basis and Net Operating Income ("NOI"). Management believes that in addition to conventional measures prepared in accordance with IFRS, investors in the real estate industry use these non-IFRS financial measures to evaluate the REIT's performance and financial condition. Accordingly, FFO and AFFO are used by real estate industry analysts, investors and management as supplemental measures of operating performance of investment property. Management uses AFFO and FFO in addition to net income to report operating results. FFO is an industry standard for evaluating operating performance. AFFO differs from FFO in that AFFO excludes from its definition certain non-cash revenues and expenses recognized under IFRS, such as straight-line rent and the amortization of finance costs, but also includes capital and leasing costs incurred during the period, but capitalized for IFRS purposes. Management also uses AFFO to evaluate the cash generation performance of the REIT available to fund distributions to unitholders, which is why certain non-cash items are excluded and capital expenditures capital and leasing costs are deducted. NOI is used by real estate industry analysts, investors and management to measure operating performance of the REIT's properties. NOI represents total property revenues less property operating and maintenance expenses. Accordingly, NOI excludes certain expenses included in the determination of net income such as investment property fair value gains and indirect operating expenses and financing costs. These items are excluded from NOI in order to provide results that are more closely related to a property's results of operations. Certain items, such as interest expense, while included in FFO, AFFO and net income, do not affect the operating performance of a real estate asset and are often incurred at the REIT level as opposed to the property level. As a result, management uses only those income and expense items that are incurred at the property level to evaluate a property's performance.

BUSINESS OVERVIEW AND RECENT DEVELOPMENTS

Overview

The REIT (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 focuses on acquiring, owning and leasing a portfolio of diversified revenue-producing commercial real estate properties in the United States with an emphasis on grocery anchored retail properties. The principal, registered and head office of the REIT is 200 Front Street West, Suite 2400, Toronto, Ontario, M5V 3K2.

Combination Transaction

On April 15, 2014, the REIT completed the unitholder approved combination transaction (the "Combination Transaction"). Pursuant to the Combination Transaction (i) the REIT acquired all of the assets of Slate U.S. Opportunity (No. 2) Realty Trust ("SUSO 2"), (ii) the REIT effectively acquired, 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 ("Class U Units") or securities that are economically equivalent to Class U Units (subject to certain adjustments) and redeemable for cash or Class U Units and (iii) the Class U Units were listed on the Toronto Stock Exchange on April 22, 2014 (TSX:SRT.U / SRT.UN). The Class U Units trade on the TSX in both US dollars (under the trading symbol SRT.U) and Canadian dollars (under the trading symbol SRT.UN). The REIT's initial portfolio (the "Initial Properties") includes 29 grocery-anchored retail commercial properties across the United States. The REIT acquired an additional 12 grocery-anchored retail commercial properties during the year.

As required under IFRS, the Combination Transaction has been accounted for as a business combination in the Consolidated Financial Statements. For accounting purposes only, SUSO 2 has been identified as the acquirer as the Unitholders of SUSO 2 collectively held a controlling interest in the REIT immediately following the completion of the Combination Transaction. Accordingly, the Consolidated Financial Statements have been issued under the name of the REIT, the legal acquirer, but reflect a continuation of the business of the accounting acquirer, SUSO 2. As a result, the notes and comparative periods in the Consolidated Financial Statements reflect SUSO 2. The three months and year ended December 31, 2014 relate to the full period of earnings of SUSO 2 and the acquisition of SUSO 1 and GAR portfolios on April 15, 2014.

Objectives and Management of the REIT

The objectives of the REIT are to:

i. provide Unitholders with stable cash distributions from a portfolio of diversified revenue-producing commercial real estate properties in the United States with a focus on anchored retail properties;

ii. enhance the value of the REIT's assets in order to maximize long-term Unitholder value through active management; and

iii. expand the asset base of the REIT and increase the REIT's earnings on a per unit basis, including accretive acquisitions.

The REIT is externally managed and operated by Slate Asset Management L.P. ("Slate" or the "Manager"). Slate has an experienced and dedicated team of real estate professionals with a proven track record of success in real estate investment and management. The Slate team has established a significant presence in key target markets, predominantly within the top 50 U.S. metro areas, and has the resources in place to quickly capitalize on opportunities for accretive growth. Management's interests are aligned with the Unitholders of the REIT through its sponsorship and as a significant Unitholder of the REIT.

Recent Developments

Significant developments during the year include:

- On January 10, 2014, the REIT completed the acquisition of Oak Hill Village, a 78,492 square foot grocery-anchored center in Jacksonville, Florida ("FL") for $6,850,000 ($87 per square foot). The property is currently 92% occupied and anchored by a Publix grocery store.
- On April 29, 2014, the REIT commenced its distribution policy. The REIT paid a distribution of $0.03 from completion of the Combination Transaction on April 15 to April 30, 2014 and paid monthly distributions of $0.06 per unit from May to October. The November and December distributions were increased to $0.063.
- The TSX has accepted the REIT's notice of intention to make a normal course issuer bid for a portion of its Class U units. The REIT may purchase for cancellation approximately 5% of the public float.
- The REIT negotiated an early renewal with the grocery-anchored tenant at Cudahy Centre in Milwaukee adding an additional 5 years to the existing contractual term. The tenant accounts for 61% of the Gross Leasable Area ("GLA") at the center and new remaining lease term is now 7.6 years.

- The REIT negotiated an early renewal with grocery-anchored tenant Winn-Dixie, at Uptown Station in Florida, adding an additional 5 years to the existing contractual term. Winn-Dixie accounts for 16% of the GLA at the centre and the new remaining lease term is now 9.0 years.
- The REIT negotiated an early renewal with grocery-anchored tenant Publix, at Oak Hill Village in Florida, adding an additional 5 years to the existing contractual term. Publix accounts for 51% of the GLA at the centre and the new remaining lease term is now 5.6 years.
- On July 24, 2014, the REIT completed the acquisition of North Summit Square, a 224,530 square foot shopping located in Winston-Salem, North Carolina ("NC") for a purchase price of $15.8 million ($70 per square foot). The property is currently 96% occupied and anchored by Sam's Club, a wholly-owned subsidiary of Wal-Mart Stores, Inc.
- On August 15, 2014, the REIT implemented a Distribution Reinvestment Plan ("DRIP"), unitholders of class A, class I and Class U units are eligible to participate in the DRIP.
- On August 25, 2014, the REIT completed the acquisition of East Little Creek, a 69,620 square foot grocery-anchored shopping centre in Norfolk, Virginia ("VA") for a purchase price of of $9.85 million ($141 per square foot). The property is currently 100% occupied and anchored by Farm Fresh, a local brand of SuperValu Inc., the third-largest food retailer in the United States.
- On August 28, 2014, the REIT completed the acquisition of Waterbury Plaza, a 141,443 square foot grocery-anchored shopping centre in Waterbury, Connecticut ("CT") for a purchase price of $27.15 million ($193 per square foot). The property is currently 100% occupied and anchored by Stop & Shop, a wholly-owned subsidiary of the Dutch supermarket operator Ahold.
- On September 10, 2014, the REIT completed the acquisition of Wellington Park, a 102,487 square foot grocery-anchored shopping centre in Cary, NC for a purchase price of $15.5 million ($151 per square foot). The property is currently 94% occupied and anchored by Lowes Foods.
- On October 10, 2014, the REIT completed the acquisition of Seminole Oaks, a 63,572 square foot shopping centre located in Seminole, Florida ("FL") for a purchase price of $11.35 million ($179 per square foot). The property is currently 97% occupied and anchored by Winn-Dixie.
- On October 14, 2014, the REIT closed on an agreement to sell to a syndicate of underwriters (the "Underwriters"), on a bought deal basis, 4,260,000 Class U Units at a price of C$11.75 per Unit (U.S.$10.72 per Unit) for gross proceeds to the REIT of approximately C$50 million (U.S.$46 million).
- On October 21, 2014, the REIT completed the acquisition of Smithfield Shopping Plaza, a 134,644 square foot grocery-anchored shopping centre located in Smithfield, VA for a purchase price of $13.95 million ($103 per square foot). The property is currently 92% occupied and anchored by Farm Fresh, a subsidiary of SuperValu, Inc.
- On October 23, 2014, the REIT completed the acquisition of Forest Plaza, a 123,028 square foot grocery-anchored shopping centre located in Fond du Lac, Wisoconsin ("WI") for a purchase price of $16.85 million ($137 per square foot). The property is currently 100% occupied and anchored by Pick'n Save, a subsidiary of Roundy's Supermarkets, Inc.
- On October 29, 2014, the REIT completed the acquisition of Stonefield Square, a 90,991 square foot grocery-anchored shopping centre located in Louisville, Kentucky ("KY") for a purchase price of $12.6 million ($138 per square foot). The property is currently 92% occupied and anchored by The Fresh Market.
- On November 5, 2014, the REIT completed the acquisition of Oakland Commons, a 73,705 square foot grocery-anchored shopping centre located in Bloomington, Illinois ("IL") for a purchase price of $8.2 million ($111 per square foot). The property is currently 96% occupied and anchored by Jewel-Osco, a subsidiary of Albertsons LLC.
- On November 11, 2014, the REIT completed the acquisition of Westminster Plaza, a 97,013 square foot grocery-anchored shopping centre located in Westminster, Colorado ("CO") for a purchase price of $12.7 million ($131 per square foot). The property is currently 97% occupied and anchored by Safeway Inc.
- On November 20, 2014, the REIT completed the acquisition of Derry Meadows, a 186,997 square foot grocery-anchored shopping located in Derry, New Hampshire ("NH") for a purchase price of $24.4 million ($131 per square foot). The property is currently 94% occupied and anchored by Hannaford's Foods, a Northeastern U.S. supermarket banner under the wholly-owned subsidiary of Delhaize Group.
- On December 4, 2014, the REIT completed the acquisition of Stadium Center, a 92,365 square foot grocery-anchored shopping centre located in Port Huron, Michigan ("MI") for a purchase price of $5.3 million ($58 per square foot). The property is currently 93% occupied and anchored by Kroger.

Note: for further information and photos of the REIT's properties go to www.slateretailreit.com

SUBSEQUENT TO QUARTER END

- On January 12, 2015, the REIT completed the acquisition of Glidden Crossing, a 98,683 square foot grocery-anchored shopping centre located in DeKalb, IL. Glidden Crossing was acquired for $16.6 million ($168 per square foot). The property is 96% occupied and anchored by a Schnucks supermarket.
- On January 22, 2015, the REIT completed the acquisition of Ocean Plaza, a 66,497 square foot grocery-anchored shopping centre located in Myrtle Beach, South Carolina ("SC"). Ocean Plaza was acquired for $5.5 million ($83 per square foot). The property is 91% occupied and anchored by Kroger.
- On February 23, 2014, the REIT entered into a binding agreement to acquire Roxborough Marketplace, an 88% occupied, 107,818 square foot grocery-anchored shopping centre in Littleton, CO for a purchase price of $15.62 million ($145 per square foot). The property is anchored by Safeway Inc. The acquisition is expected to be completed in the first quarter 2015 subject to customary closing conditions.
- On February 25, 2015, the REIT announced it has entered into an agreement to sell to a syndicate of underwriters (the "Underwriters"), on a bought deal basis, 3,850,000 Class U Units at a price of C$13.00 per Unit (U.S.$10.47 per Unit) for gross proceeds to the REIT of approximately C$50 million (the "Public Offering"). The REIT has also granted the Underwriters an overallotment option to purchase up to an additional 385,000 Class U Units on the same terms and conditions, exercisable at any time, in whole or in part, up to 30 days after the closing of the offering. Concurrently, the REIT entered into an agreement to sell to certain investors 769,230 Class U Units at a price of C$13.00 per Unit for gross proceeds of C$10 million (the "Private Placement"). Slate Asset Management L.P., the manager of the REIT, will subscribe for C$5 million of the Private Placement representing 10% of the gross proceeds of the Public Offering and Private Placement. On March 19, 2015, the REIT announced 275,000 Class U Units were issued and sold to the underwriters upon the partial exercise of the over-allotment option. The Public Offering, combined with the Private Placement resulted in total gross proceeds of C$63.6 million.
- On February 25, 2015, the REIT entered into an agreement to acquire the assets of Slate U.S. Opportunity (No. 3) Realty Trust ("SUSO 3"). The REIT will issue Units at a price of C$13.00 per Unit (U.S.$10.47 per Unit) to unitholders of SUSO 3 as consideration for the acquisition. In connection with closing the acquisition, SUSO 3 will also make a special distribution of its remaining cash balance, estimated to be approximately US$6 million to current investors, for total proceeds to current SUSO 3 investors of $201 million less debt. The proposed acquisition of SUSO 3 by the REIT is supported by the board of trustees of the REIT and SUSO 3 and both have formed independent committees to review it on behalf of the unitholders. The transaction is subject to unitholder approval of unitholders of the REIT and SUSO 3.
- On March 9, 2015, the REIT entered into a binding agreement to acquire City Center Plaza, a 97% occupied, 97,670 square foot grocery-anchored shopping centre in Westland, MI for a purchase price of $12.45 million ($127 per square foot). The property is anchored by Kroger. The acquisition is expected to be completed in the second quarter of 2015 subject to customary closing conditions.
- On each day of January 15, 2015, February 17, 2015 and March 17, 2015, the REIT declared monthly distributions of $0.063 per Class U Unit. Holders of Class A Units, Class I Units and units of subsidiaries of the REIT were also entitled to receive a distribution at the respective conversion rate attributable to the units.

SUMMARY OF QUARTERLY INFORMATION AND KEY PERFOMANCE INDICATORS

(in thousands of dollars and units except other specified data)	Q4 2014	Q3 2014	Q2 2014
Summary of Portfolio Information			
Number of properties	41	33	29
GLA	4,946,842	4,084,834	3,545,857
Occupancy as at quarter end	96%	96%	96%
Grocery anchor weighted average lease term	5.9 Years	5.9 Years	6.1 Years
Portfolio weighted average lease term	5.4 Years	5.2 Years	5.4 Years
Square footage leased during the period	86,491	157,062	89,772
Summary of Financial Information			
Total assets / gross book value ("GBV")	$648,166	$533,877	$463,208
Total debt	$365,538	$292,920	$230,626
Revenue	$14,508	$11,386	$9,885
NOI	$10,085	$7,982	$6,890
FFO	$3,500	$4,596	$4,335
AFFO	$5,496	$4,244	$4,059
Distributions declared	$3,766	$2,876	$2,396
Class U equivalent units outstanding	20,255	15,976	15,975
Weighted average ("WA") Class U equivalent units outstanding	19,606	15,976	15,975
FFO per WA unit (1)	$0.18	$0.29	$0.27
AFFO per WA unit (1)	$0.28	$0.27	$0.25
Distributions declared per unit	$0.19	$0.18	$0.15
Financial Ratios			
AFFO payout ratio (2)	67.9%	66.7%	60.0%
Debt / GBV (3)	56.4%	54.9%	49.8%
Weighted average interest rate	3.27%	3.43%	3.44%
Interest coverage ratio (4)	3.89x	3.10x	3.00x

1 FFO and AFFO divided by the WA Class U equivalent units outstanding
2 Distributions declared per unit divided by AFFO per WA unit
3 Total debt divided by total assets
4 NOI less G&A, divided by cash interest paid

Summary of Key Performance Indicators

The key performance indicators by which Management measures the REIT's performance are as follows:

- Cash Flow Metrics
  - NOI, the net operating income generated by the portfolio
  - FFO per Unit, an earnings measure designed for real estate entities
  - AFFO per Unit, a measure of operating cash flow
- Other Financial Metrics
  - Interest Coverage Ratio, a measure of credit risk used by lenders
  - Debt / GBV, a measure of credit risk used by lenders

Cash Flow Metrics

	Three months ended December 31, 2014					
	Actual		Forecast (1)		Variance	
	Total	Per Unit	Total	Per Unit	Total	Per Unit
NOI	$10,085	$0.51	$7,570	$0.47	$2,515	$0.04
FFO	$3,500	$0.18	$4,857	$0.30	($1,357)	($0.12)
AFFO	$5,496	$0.28	$4,095	$0.26	$1,401	$0.02

[1] The term "Forecast" is defined in the Management Information Circular dated February 3, 2014.

Management is pleased with the performance of the business over the quarter. NOI was higher than Forecast due to lower property operating expenses and higher revenues from the additional investment properties purchased. Occupancy has remained strong at 96% with a 30 bps increase in same property occupancy.

During the fourth quarter, management completed 66,462 square feet of renewals. The weighted average rental rate increase on renewals completed under 10,000 square feet was $0.91 or 5.7%. There were no renewals completed greater than 10,000 square feet.

Management also completed 20,029 square feet of new leasing in the fourth quarter. There were seven new leases executed with complimentary uses to the REITs existing consumer staple and service based tenant mix. The weighted average base rent on all new leases was $13.69 which compares favorably to the weighted average portfolio in-place rent of $9.65.

During the Operating Period (defined on page 21 under Results of Operations) ended December 31, 2014, the REIT completed 333,325 square feet of new and renewal leasing transactions with 86 tenants. The weighted average rental rate increase on renewals less than 10,000 square feet was $1.16 or 7.3%. The weighted average rental rate increase on renewals greater than 10,000 square feet was $0.15 or 2.4%. In regards to new leasing, the weighted average rental rate of all the new leases signed during the Operating Period was $13.42 which is $2.26 or 20.2% higher than the weighted average in-place rent for comparable space across the portfolio.

Management has renewed 100% of all grocery anchor tenants and continues to proactively renew their lease terms well in advance of expiry. Management continues to see an increase in demand for space at many of the REIT's shopping centers. The lack of new supply and the increase in market occupancy is driving rental rate increases. In addition, management remains focused continually on increasing lease term and the credit quality of tenants across the portfolio.

FFO was $1,357 lower than Forecast as a result of the non-cash write-off of the financing costs relating to the Credit facility 2, senior secured term facility and the secured revolving facility of $2,883. On December 18, 2014, management completed two financing arrangements, the proceeds of which were used to retire and replace approximately $240 million of existing corporate facilities. As a result , the deferred financing fees relating to the preceding facilities were fully amortized for accounting purposes. These costs are non-cash items and if excluded, then FFO would be $1,526 and $1,236 higher than forecast for the three months and Operating Period ended December 31, 2014. The Forecast did not include the full amortization of the financing costs, as it did not pertain to the portfolio at amalgamation but rather to the growth initiatives being pursued by Management.

AFFO exceeded the Forecast by $1,401 for the three months ended December 31, 2014, due in part to increased net operating income and the balance due to lower than Forecast capital and leasing costs. Capital and leasing costs were lower due to better than anticipated pricing on two large capital programs and lower than anticipated leasing costs associated with the 86,491 square feet of leasing in the quarter.

Other Financial Metrics

At December 31, 2014, the REIT's Debt / GBV was 56.4%, the increase from 53.0% at amalgamation was from the acquisition of the 12 additional investment properties with the primary source of funding from debt.

SLATE RETAIL REIT PORTFOLIO ANALYSIS

Investment Properties

As of December 31, 2014, the REIT owns a portfolio of grocery-anchored retail properties comprised of 41 assets. The portfolio consists of 4,946,842 square feet of GLA and a current weighted average occupancy rate of 96%.

Property	Location	Associated MSA	Area (SF)	Occupancy	Anchor
98 Palms	Destin, FL	Crestview-Fort Walton Beach-Destin	84,682	95%	Winn-Dixie
Alta Mesa Plaza	Fort Worth, TX	Dallas-Ft Worth	167,961	99%	Kroger
Bowling Green Plaza	Bowling Green, VA	Richmond	49,850	87%	Food Lion
Buckeye Plaza	Cleveland, OH	Cleveland	141,975	98%	Giant Eagle
Cambridge Crossings	Troy, MI	Detroit	238,963	97%	Walmart
County Line Plaza	Philadelphia, PA	Philadelphia	75,649	92%	Food Basics
Cudahy Centre	Milwaukee, WI	Milwaukee	103,254	89%	Pick ‘n Save
Derry Meadows	Derry, NH	Boston	186,997	94%	Hannaford's Foods
Douglas Commons	Douglasville, GA	Atlanta	97,027	98%	Kroger
East Brainerd Mall	Brainerd, MN	Minneapolis	191,459	98%	Cub Foods
East Little Creek	Norfolk, VA	VA-NC MSA	69,620	100%	Farm Fresh
Errol Plaza	Orlando, FL	Orlando	72,150	97%	Winn-Dixie
Field Club Commons	New Castle, PA	Pittsburgh	131,270	97%	Save-A-Lot
Forest Plaza	Fond du Lac, WI	Fond du Lac	123,028	100%	Pick'n Save
Fuquay Crossing	Fuquay-Varnia, NC	Raleigh	124,773	92%	Kroger
Gaston Marketplace	Gaston, SC	Columbia	44,133	94%	Food Lion
Highland Square	Crossville, TN	Nashville	179,243	93%	Kroger
Independence Square	Charlotte, NC	Charlotte	190,361	97%	Walmart
Kennywood Shops	Pittsburgh, PA	Pittsburgh	194,823	99%	Giant Eagle
Madison Centre	Madison, AL	Huntsville	64,837	96%	Publix
Madison Plaza	Madison, VA	Charlottesville	49,607	100%	Food Lion
Mitchellville Plaza	Mitchellville, MD	Washington, DC	145,402	94%	Food Lion
North Pointe	Columbia, SC	Columbia	64,255	97%	Publix
North Summit Square	Winston-Salem, NC	Winston-Salem	224,530	96%	Sam's Club
Oak Hill Plaza	Jacksonville, FL	Jacksonville	78,492	92%	Publix
Oakland Commons	Bloomington, IL	Bloomington	73,705	96%	Jewel-Osco
Phalen Retail Center	St Paul, MN	Minneapolis-St Paul	73,678	98%	Cub Foods
Pinewood Plaza	Dayton, OH	Dayton	88,700	92%	Kroger
Seminole Oaks	Seminole, FL	Tampa - St. Petersburg	63,572	97%	Winn-Dixie
Smithfield Shopping Plaza	Smithfield, VA	VA-NC MSA	134,664	92%	Farm Fresh
Springboro Plaza	Dayton, OH	Dayton	154,034	100%	Kroger
St. Elmo Central	Chattanooga, TN	Chattanooga	74,978	99%	BI-LO
Stadium Center	Port Huron, MI	Detroit	92,365	93%	Kroger
Stonefield Square	Louisville, KY	Louisville	90,991	92%	The Fresh Market
Summit Ridge	Mount Pleasant, PA	Pittsburgh	227,729	96%	Walmart
Triangle Food Lion	Charlotte, NC	Charlotte	41,439	100%	Food Lion
Uptown Station	Fort Walton Beach, FL	Crestview-Fort Walton Beach-Destin	297,679	95%	Winn-Dixie
Waterbury Plaza	Waterbury, CT	New Haven-Milford	141,443	100%	Stop & Shop
Wellington Park	Cary, NC	Raleigh	102,487	94%	Lowes
Westhaven Town Center	Franklin, TN	Nashville	98,024	98%	Harris Teeter
Westminster Plaza	Westminster, CO	Denver	97,013	97%	Safeway
TOTAL / WEIGHTED AVERAGE			**4,946,842**	**96%**	

Acquisition of Investment Property

North Summit Square

On July 24, 2014, the REIT completed the acquisition of North Summit Square, a 224,530 square foot shopping centre located in Winston-Salem, NC. North Summit Square was acquired for $15.8 million ($70 per square foot). The property is currently 96% occupied and anchored by Sam's Club, a wholly-owned subsidiary of Wal-Mart Stores, Inc.

Photo: North Summit Square - Winston-Salem, NC

East Little Creek

On August 25, 2014, the REIT completed the acquisition of East Little Creek, a 69,620 square foot grocery-anchored shopping centre located in Norfolk, VA. East Little Creek was acquired for $9.85 million ($141 per square foot). The property is currently 100% occupied and anchored by Farm Fresh, a local brand of SuperValu Inc., the third-largest food retailer in the United States.

Photo: East Little Creek - Norfolk, VA

Waterbury Plaza

On August 28, 2014, the REIT completed the acquisition of Waterbury Plaza, a 141,443 square foot grocery-anchored shopping centre located in Waterbury, CT. Waterbury Plaza was acquired for $27.15 million ($193 per square foot). The property is currently 100% occupied and anchored by Stop & Shop, a wholly owned subsidiary of the Dutch supermarket operator Ahold.

Photo: Waterbury Plaza - Waterbury, CT

Wellington Park

On September 10, 2014, the REIT completed the acquisition of Wellington Park, a 102,487 square foot grocery-anchored shopping centre located in Cary, NC. Wellington Park was acquired for $15.5 million ($151 per square foot). The property is currently 94% occupied and anchored by Lowes Foods.

Photo: Welllington Park - Cary, NC

Seminole Oaks

On October 10, 2014, the REIT completed the acquisition of Seminole Oaks, a 63,572 square foot grocery-anchored shopping centre located in Seminole, FL. Seminole Oaks was acquired for $11.35 million ($179 per square foot). The property is currently 97% occupied and anchored by Winn-Dixie.

Photo: Seminole Oaks - Seminole, FL

Smithfield Shopping Plaza

On October 21, 2014, the REIT completed the acquisition of Smithfield Shopping Plaza, a 134,644 square foot grocery-anchored shopping centre located in Smithfield, VA. Smithfield Shopping Plaza was acquired for $13.95 million ($103 per square foot). The property is currently 92% occupied and anchored by Farm Fresh, a subsidiary of SuperValu, Inc.

Photo: Smithfield Shopping Plaza - Smithfield, VA

Forest Plaza

On October 23, 2014, the REIT completed the acquisition of Forest Plaza, a 123,028 square foot grocery-anchored shopping centre located in Fond du Lac, WI. Forest Plaza was acquired for $16.85 million ($137 per square foot). The property is currently 100% occupied and anchored by Pick'n Save, a subsidiary of Roundy's Supermarkets, Inc.

Photo: Forest Plaza - Fond du Lac, WI

Stonefield Square

On October 29, 2014, the REIT completed the acquisition of Stonefield Square, a 90,991 square foot grocery-anchored shopping centre located in Louisville, KY. Stonefield Square was acquired for $12.6 million. ($138 per square foot). The property is currently 92% occupied and anchored by The Fresh Market.

Photo: Stonefield Square - Louisville, KY

Oakland Commons

On November 5, 2014, the REIT completed the acquisition of Oakland Commons, a 73,705 square foot grocery-anchored shopping centre located in Bloomington, IL. Oakland Commons was acquired for $8.2 million ($111 per square foot). The property is currently 96% occupied and anchored by Jewel-Osco, a subsidiary of Albertsons LLC.

Photo: Oakland Commons - Bloomington, IL

Westminster Plaza

On November 14, 2014, the REIT completed the acquisition of Westminster Plaza, a 97,013 square foot grocery-anchored shopping centre located in Westminster, CO. Westminster Plaza was acquired for $12.7 million ($131 per square foot). The property is currently 97% occupied and anchored by Safeway.

Photo: Westminster Plaza - Westminster, CO

Derry Meadows

On November 20, 2014, the REIT completed the acquisition of Derry Meadows, a 186,997 square foot grocery-anchored shopping centre located in Derry, NH. Derry Meadows was acquired for $24.4 million ($131 per square foot). The property is currently 94% occupied and anchored by Hannaford's Foods, a Northeastern U.S. supermarket banner under the wholly owned subsidiary of Delhaize Group.

Photo: Derry Meadows - Derry, NH

Stadium Center

On December 4, 2014, the REIT completed the acquisition of Stadium Center, a 92,365 square foot grocery-anchored shopping centre located in Port Huron, MI. Stadium Center was acquired for $5.3 million ($58 per square foot). The property is currently 93% occupied and anchored by Kroger.

Photo: Stadium Center - Port Huron, MI

Glidden Crossing

On January 12, 2015, the REIT completed the acquisition of Glidden Crossing, a 98,683 square foot grocery-anchored shopping centre located in DeKalb, IL. Glidden Crossing was acquired for $16.6 million ($168 per square foot). The property is currently 96% occupied and anchored by a Schnucks supermarket.

Ocean Plaza

On January 22, 2015, the REIT completed the acquisition of Ocean Plaza, a 66,497 square foot grocery-anchored shopping centre located in Myrtle Beach, SC. Ocean Plaza was acquired for $5.5 million ($83 per square foot). The property is currently 91% occupied and anchored by Kroger.

Roxborough Marketplace

On February 23, 2015, the REIT entered into a binding agreement to acquire Roxborough Marketplace, an 88% occupied, 107,818 square foot grocery-anchored shopping centre in Littleton, CO for a purchase price of $15.62 million ($145 per square foot). The property is anchored by Safeway Inc. The acquisition is expected to be completed in the first quarter 2015 subject to customary closing conditions.

City Center Plaza

On March 9, 2015, the REIT entered into a binding agreement to acquire City Center Plaza, a 97% occupied, 97,670 square foot grocery-anchored shopping centre in Westland, MI for a purchase price of $12.45 million ($127 per square foot). The property is anchored by Kroger. The acquisition is expected to be completed in the second quarter 2015 subject to customary closing conditions.

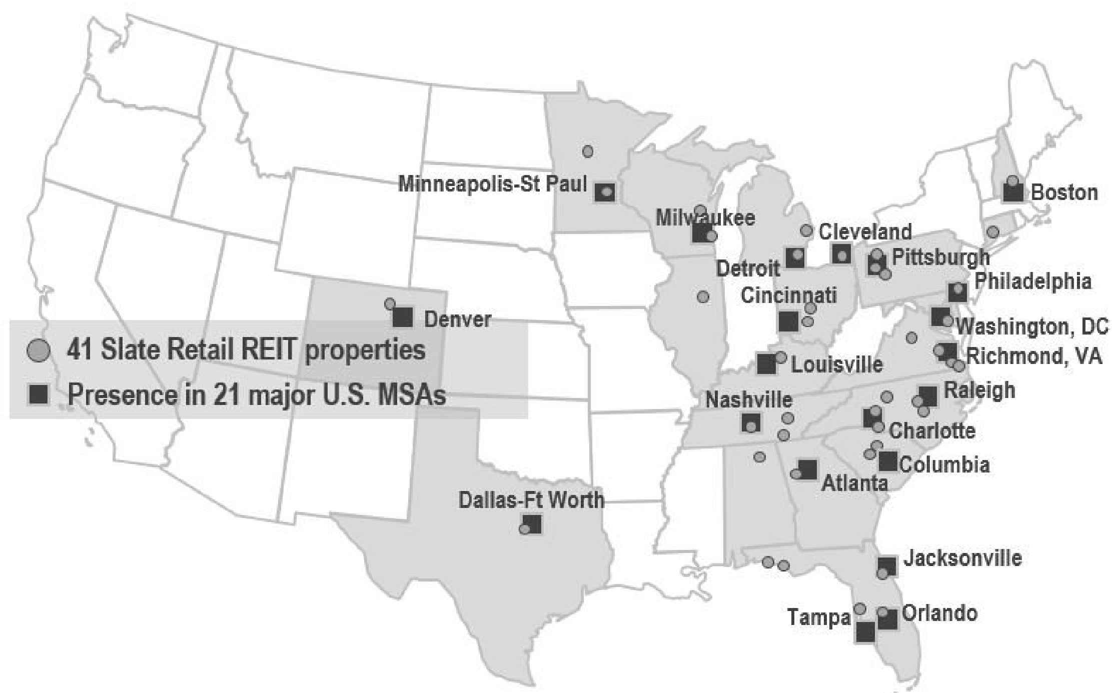
Slate U.S. Opportunity (No. 3) Realty Trust

On February 25, 2015, the REIT entered into an agreement to acquire the assets of SUSO 3. The REIT will issue Units at a price of C $13.00 per Unit (U.S.$10.47 per Unit) to unitholders of SUSO 3 as consideration for the acquisition. The acquisition is subject to the completion of due diligence by each of SUSO 3 and the REIT, including receipt by the REIT of a formal valuation in respect of SUSO 3, approval of the unitholders of each of the REIT and SUSO 3, approval of the Toronto Stock Exchange, and other customary closing conditions. Subject to satisfaction of the conditions to closing, it is anticipated that the transaction will be completed in the second quarter of 2015.

Geographic Overview

The REIT's portfolio is geographically diversified. As of December 31, 2014, the REIT has 41 properties, located in 19 states, totaling 4,946,842 leasable square feet:

State	Number of Assets	Total SF	% Total SF
North Carolina	5	683,590	13.8%
Pennsylvania	4	629,471	12.7%
Florida	5	596,575	12.0%
Ohio	3	384,709	7.8%
Tennessee	3	352,245	7.1%
Michigan	2	331,328	6.7%
Virginia	4	303,741	6.1%
Minnesota	2	265,137	5.4%
Wisconsin	2	226,282	4.6%
New Hampshire	1	186,997	3.8%
Texas	1	167,961	3.4%
Maryland	1	145,402	2.9%
Connecticut	1	141,443	2.9%
South Carolina	2	108,388	2.2%
Georgia	1	97,027	2.0%
Colorado	1	97,013	2.0%
Kentucky	1	90,991	1.8%
Illinois	1	73,705	1.5%
Alabama	1	64,837	1.3%
Total	**41**	**4,946,842**	**100%**

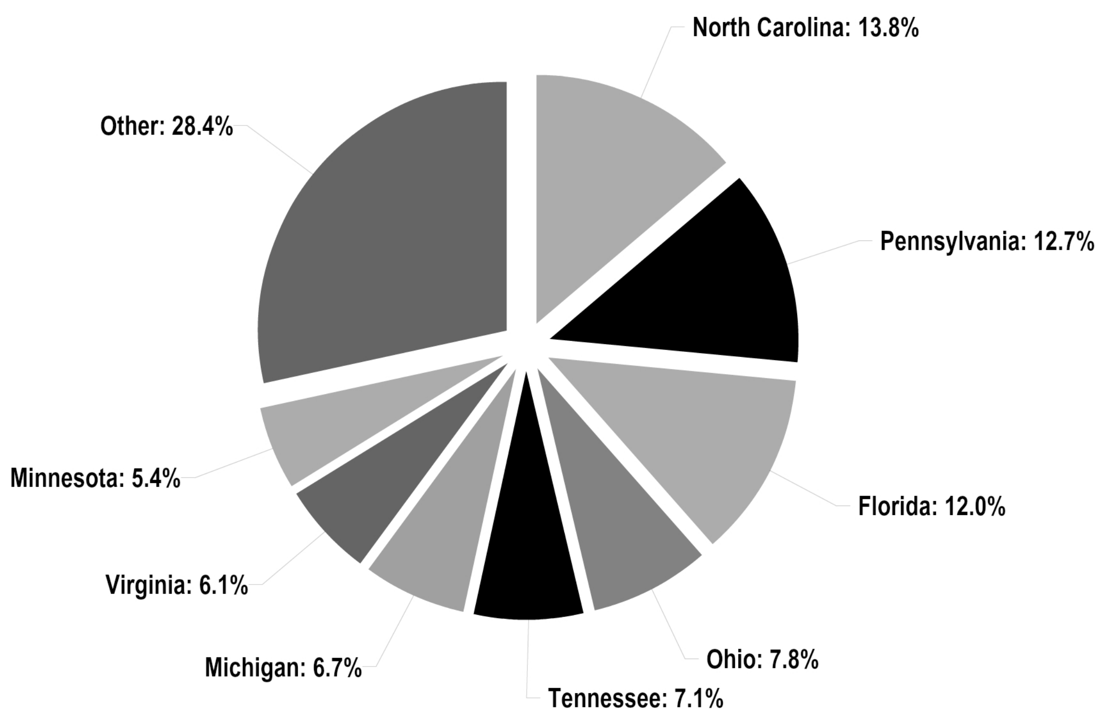


Anchor Tenants

The following table illustrates the REIT's largest anchor tenants including their annual minimum rent, number of stores, percentage of GLA of the total portfolio and the percentage of estimated total revenue. Wal-Mart stores represent the largest percentage of rent with a total of four stores and approximately 6.4% of the total tenant base rents.

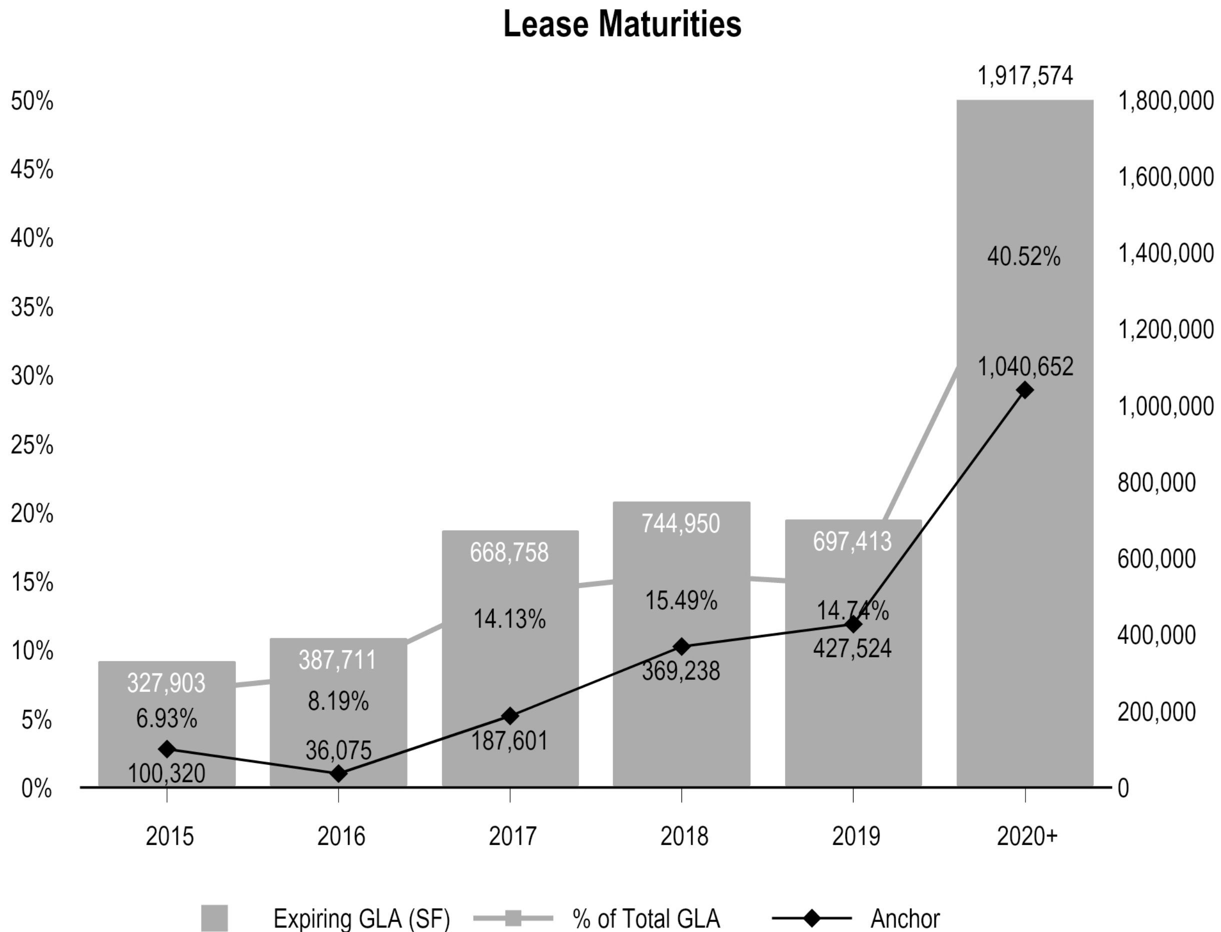
Grocery-anchored tenants account for 46.5% of total GLA and 39.4% of base rent.

Parent Co.	Store Brand(s)	Grocery	Revenue	Stores	% GLA	% Rent
Wal-Mart Stores, Inc	Wal-Mart, Sams Club	Yes	$3,009	4	10.5%	6.4%
Super Valu, Inc.	Cub Foods, Farm Fresh, Save A Lot	Yes	2,617	4	5.1%	5.6%
Delhaize America	Food Lion	Yes	2,577	6	5.0%	5.5%
Bi-Lo Holdings Inc.	Winn Dixie, Bi-Lo	Yes	2,196	5	4.8%	4.7%
The Kroger Co.	Kroger, Harris Teeter	Yes	2,176	8	8.5%	4.7%
Ahold USA	Stop & Shop	Yes	1,233	1	1.3%	2.6%
Roundy's Supermarkets	Pick 'n Save	Yes	1,100	2	2.5%	2.4%
Publix Super Markets	Publix	Yes	925	3	2.5%	2.0%
Giant Eagle, Inc.	Giant Eagle	Yes	810	2	2.3%	1.7%
LA Fitness International Texas LP	LA Fitness	No	693	1	1.2%	1.5%
Lowes Foods, LLC.	Lowes Foods	Yes	685	2	1.7%	1.5%
Raymour’s Furniture Company	Raymour & Flanigan	No	609	1	1.4%	1.3%
Albertsons LLC	Jewel-Osco	Yes	585	1	1.3%	1.3%
Sears Holdings Corporation	K-Mart	No	479	1	1.8%	1.0%
Super Global Mart LLC	Super Global Mart	Yes	461	1	1.0%	1.0%
TOTAL			$20,155	42	50.9%	43.2%



Lease Maturities

The majority of anchor tenants have leases that expire beyond 2017. The following table illustrates the timing of upcoming lease expirations for all of the REIT's tenants.



Valuation Method

The REIT determines the fair value of investment properties based upon either the overall income capitalization rate method or the discounted cash flow method, or in certain circumstances a combination of both methods. Both methods are generally accepted appraisal methodologies. Under the overall income capitalization method, year one net operating income is stabilized and capitalized at a rate appropriate for each investment property. Capitalization rates and estimates of stabilized income are the most significant assumptions in determining fair values under the overall capitalization method. 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 REIT uses leasing history, market reports, tenant profiles and available appraisals, among other things, in determining the most appropriate assumptions. At December 31, 2014, all valuations were completed by management of the REIT using the income capitalization method.

PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS AS A RESULT OF THE COMBINATION TRANSACTION

The Combination Transaction has been accounted for as a business combination in accordance with the REIT's policy as described in Note 3 of the Consolidated Financial Statements. For accounting purposes, SUSO 2 has been identified as the acquirer as the Unitholders of SUSO 2 collectively hold a controlling interest in the REIT immediately following the completion of the Combination Transaction.

Accordingly, the Consolidated Financial Statements have been issued under the name of the REIT, the legal acquirer, but reflect a continuation of the business of the accounting acquirer, SUSO 2. As a result under IFRS, the notes and comparative periods in the Consolidated Financial Statements are required to reflect only SUSO 2.

The following chart shows a comparative statement of net income and comprehensive income of the REIT for the three months and year ended December 31, 2014 and December 31, 2013. As noted above, for accounting purposes SUSO 2 acquired the net assets of GAR and SUSO 1 on April 15, 2014. The prior year comparative information reflects only SUSO 2. SUSO 2 for the year ended December 31, 2013 was not fully invested and represented the activity of nine investment properties.

	Three months ended December 31,			Year ended December 31,		
	2014	**2013**	**Variance**	**2014**	**2013**	**Variance**
Net property income						
Rental revenue	**$14,508**	$5,358	**$9,150**	**$41,443**	$12,569	**$28,874**
Property operating expenses	**(2,483)**	(1,795)	**(688)**	**(9,715)**	(2,952)	**(6,763)**
Net property income	**12,025**	3,563	**8,462**	**31,728**	9,617	**22,111**
Other income (expenses)						
General and administrative	**(1,340)**	(912)	**(428)**	**(5,435)**	(1,924)	**(3,511)**
Interest and other financing charges	**(10,949)**	(3,726)	**(7,223)**	**(4,931)**	(12,441)	**7,510**
Property acquisition costs	**(1,918)**	(7)	**(1,911)**	**(3,027)**	(1,954)	**(1,073)**
Fair value change of investment properties	**(83)**	1,602	**(1,685)**	**39,682**	13,487	**26,195**
Impairment of goodwill	**—**	—	**—**	**(14,987)**	—	**(14,987)**
Net income before taxes	**($2,265)**	$520	**($2,785)**	**$43,030**	$6,785	**$36,245**
Income taxes						
Current	**—**	233	**(233)**	**—**	—	**—**
Deferred	**(2,032)**	(1,409)	**(623)**	**(17,475)**	(6,142)	**(11,333)**
Net income and comprehensive income	**($4,297)**	($656)	**($3,641)**	**$25,555**	$643	**$24,912**

The significant variance between the three and year ended 2013 and 2014 relates to the acquisition of the remaining investment properties in SUSO 2 and the acquisition of the SUSO 1 and GAR portfolios on April 15, 2014. The remainder of this MD&A will focus on the variances between the three months and Operating Period ended December 31, 2014 and the financial forecast published in the Management Information Circular.

RESULTS OF OPERATIONS

The REIT's financial forecast presented in the Management Information Circular dated February 3, 2014 (the "Forecast") covered the period from January 1, 2014 to December 31, 2014 and assumed the combination of SUSO 1, SUSO 2 and GAR occurred on January 1, 2014. The Combination Transaction was however completed on April 15, 2014. The actual three months and year ended December 31, 2014 results included in the Consolidated Financial Statements include the full year earnings of SUSO 2 and the acquisition of SUSO 1 and the GAR portfolio on April 15, 2014. To increase comparability between the Forecast and the actual results, the REIT's results from operations covered in the period from April 1, 2014 to December 31, 2014 ("Operating Period") are compared to an adjusted Forecast.

The Operating Period ended December 31, 2014 included in this MD&A is adjusted for the three months ended March 31, 2014 for SUSO 2. The Operating Period includes the full period of earnings of SUSO 2 from April 1, 2014 and the acquisition of the SUSO 1 and GAR portfolios on April 15, 2014.

The results summarized below are for the Operating period ended December 31, 2014:

	Year ended December 31, 2014 (audited)	**Slate U.S. Opportunity (No. 2) Realty Trust three months ended March 31, 2014**	**Operating Period ended December 31, 2014**
Rental revenue	$41,443	$5,664	**$35,779**
Property operating expenses [1]	(9,715)	(3,757)	**(5,958)**
Net property income	31,728	1,907	**29,821**
General and administrative expenses	(5,435)	(686)	**(4,749)**
Interest on debt	(7,478)	(814)	**(6,664)**
Amortization of loan costs	(3,577)	(196)	**(3,381)**
Equity offering costs	(2,499)	—	**(2,499)**
Other interest income	9	3	**6**
Property acquisition costs	(3,027)	(131)	**(2,896)**
SUSO 2 Trust unit distributions	(120)	—	**(120)**
REIT and exchangeable unit distributions	(9,038)	—	**(9,038)**
Fair value adjustment on investment properties	39,682	13,098	**26,584**
Fair value adjustment on REIT Units	13,079	—	**13,079**
Fair value on exchangeable units	4,693	—	**4,693**
Impairment of goodwill	(14,987)	—	**(14,987)**
Deferred income taxes	(17,475)	(4,981)	**(12,494)**
Net income and comprehensive income	$25,555	$8,200	**$17,355**

The results summarized below are for the three months ended and the Operating Period ended December 31, 2014.

	Three months ended December 31, 2014			Operating period ended December 31, 2014		
	Actual	Forecast	**Variance**	**Actual**	Forecast [2]	**Variance**
Rental revenue	**$14,508**	$10,930	**$3,578**	**$35,779**	$31,878	**$3,901**
Property operating expenses [1]	**(2,483)**	(3,225)	**742**	**(5,958)**	(9,608)	**3,650**
Net property income	**12,025**	7,705	**4,320**	**29,821**	22,270	**7,551**
General and administrative expenses	**(1,340)**	(770)	**(570)**	**(4,749)**	(2,310)	**(2,439)**
Interest on debt	**(2,714)**	(2,087)	**(627)**	**(6,664)**	(6,072)	**(592)**
Amortization of loan costs	**(2,914)**	—	**(2,914)**	**(3,381)**	—	**(3,381)**
Equity offering costs	**(2,108)**	—	**(2,108)**	**(2,499)**	—	**(2,499)**
Other interest income	**3**	—	**3**	**6**	—	**6**
Property acquisition costs	**(1,918)**	—	**(1,918)**	**(2,896)**	—	**(2,896)**
SUSO 2 Trust unit distributions	**—**	—	**—**	**(120)**	—	**(120)**
REIT and exchangeable unit distributions	**(3,762)**	(2,742)	**(1,020)**	**(9,038)**	(7,801)	**(1,237)**
Fair value adjustment on investment properties	**(83)**	—	**(83)**	**26,584**	—	**26,584**
Fair value adjustment on REIT Units	**504**	—	**504**	**13,079**	—	**13,079**
Fair value on exchangeable units	**42**	—	**42**	**4,693**	—	**4,693**
Impairment of goodwill	**—**	—	**—**	**(14,987)**	—	**(14,987)**
Deferred income taxes	**(2,032)**	(916)	**(1,116)**	**(12,494)**	(2,586)	**(9,908)**
Net income (loss) and comprehensive income (loss)	**($4,297)**	$1,190	**($5,487)**	**$17,355**	$3,501	**$13,854**

[1] The adoption of IFRIC 21, Levies ("IFRIC 21"), resulted in the REIT recognizing 12 months of property tax liability and expense on its properties as at January 1, 2014, rather than recognizing them progressively (i.e., ratably) throughout the year. Since the full amount of property tax expense was realized on January 1, no amount of property tax is being recognized in the three months period ended December 31, 3014.

[2] The Forecast has been adjusted for 15 days of activity in SUSO 1 and GAR.

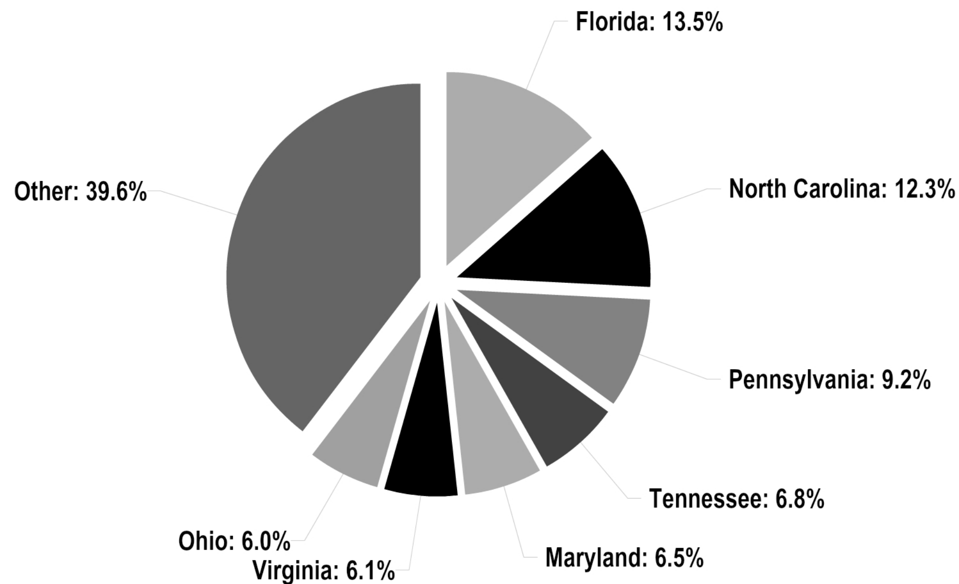
REVIEW OF FINANCIAL RESULTS

Rental Revenue

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

For the three months and Operating Period ended December 31, 2014, rental revenue of $14,508 and $35,779 was 32.7% and 12.2%, respectively, higher than the Forecast. The increase was driven primarily by operating results from properties acquired subsequent to the Combination Transaction on April 15, 2014. During the Operating Period, the REIT acquired 12 investment properties each of which contributed to the increase in revenue. Tenant base rents on the Initial Properties were consistent with the Forecast.

The REIT's portfolio is located across 19 states in the United States with 60.4% of the quarters' rental revenue from investment properties located in Florida, Pennsylvania, North Carolina, Tennessee, Maryland, Virginia and Ohio.



Property Operating Expenses

Property operating expenses consists of property taxes, property management fees, and other expenses such as common area costs, utilities and insurance. The majority of the REIT's operating expenses are recoverable from tenants in accordance with the terms of their lease agreements. Operating expenses fluctuate with changes in occupancy levels and levels of repairs and maintenance. The property operating costs were lower than Forecast by $742 and $3,650 for the three months and Operating Period ended December 31, 2014, respectively.

The adoption of IFRIC 21, resulted in the Trust recognizing 12 months of property tax liability and expense on its properties as at January 1, 2014, rather than recognizing them progressively (i.e., ratably) throughout the year. IFRIC 21 was not accounted for in this manner when preparing the Forecast. The change in the application of this accounting policy accounts for the large variance between the Forecast and the actual results. Based on the application of IFRIC 21, no amount has been recognized as property tax expense for the assets previously held in the SUSO1 and GAR portfolios and the thirteen properties acquired in 2014. Had property tax expenses been recognized progressively throughout the year, property operating expenses would increase by $1,565 and $4,315 respectively.

The foregoing change in the recognition of property taxes as a result of IFRIC 21 had no impact on FFO or AFFO.

Net Property Income

For the three months and Operating Period ended December 31, 2014, net property income of $12,025 and $29,821 was $4,320 and $7,551 higher than the Forecast, respectively. A portion of this difference relates to the application of IFRIC 21 which does not recognize property tax expense for the SUSO 1 and GAR portfolios nor does it include the thirteen properties acquired in 2014 subsequent to the Combination Transaction.

	Three months ended December 31, 2014			**Operating period ended December 31, 2014**		
	Actual	Forecast	**Variance**	**Actual**	Forecast	**Variance**
Rental revenue	**$14,508**	$10,930	**$3,578**	**$35,779**	$31,878	**$3,901**
Property operating expenses	**(2,483)**	(3,225)	**742**	**(5,958)**	(9,608)	**3,650**
Net property income	**$12,025**	$7,705	**$4,320**	**$29,821**	$22,270	**$7,551**

General and Administrative Expenses

General and administration expenses comprised primarily of asset management fees, professional fees, trustee fees, and tax compliance and reporting fees.

	Three months ended December 31, 2014			Operating period ended December 31, 2014		
	Actual	Forecast	**Variance**	**Actual**	Forecast	**Variance**
Asset management	**$533**	$435	**$98**	**$1,389**	$1,263	**$126**
REIT start up costs	**—**	—	**—**	**1,665**	—	**1,665**
Professional fees	**807**	335	**472**	**1,526**	1,047	**479**
Other administrative costs	**—**	—	**—**	**169**	—	**169**
General and administrative expenses	**$1,340**	$770	**$570**	**$4,749**	$2,310	**$2,439**

General and administrative expenses for the three months and Operating Period ended December 31, 2014 of $1,340 and $4,749 were $570 and $2,439 higher than the Forecast, respectively. The discrepancy results primarily from REIT start up costs associated with listing on the Toronto Stock Exchange and fees associated with the Combination Transaction. Asset management fees for the three months and Operating Period ended December 31, 2014 were $98 and $126 higher than the Forecast, respectively as a result of the acquisitions completed since the completion of the Combination Transaction.

Interest on debt

Interest expense on debt consists of interest paid on the various credit facilities, the standby fee paid on the secured revolving facility and senior secured term facility and the amortization of mark-to-market adjustments recorded as a result of the Combination Transaction and the acquisition of Derry Meadows. For the three months and Operating Period ended December 31, 2014, the interest expense was $627 and $592 higher than the Forecast primarily as a result of the amortization of the mark-to-market premium on debt of $131 for the three months ended and $320 for the Operating period ended December 31, 2014. The amortization on the mark-to-market premium is a non cash amount.

Tax increment financing

On March 6, 2014, the REIT acquired tax incremental revenue notes issued by the City of St. Paul (the “Phalen City Note”) and by the City of Brainerd (the “Brainerd City Notes”, and collectively the "TIF notes receivable") in Minnesota, related to the REIT’s Phalen and Brainerd properties, respectively. The Phalen City Note and Brainerd City Note obligates each municipality to pay certain tax increments resulting from increases, if any, from a reference amount in the taxable valuation of the respective property to the REIT. The Phalen City Note had an original principal amount of $3,100 and a current outstanding balance of $3,028 at the time of purchase. The Brainerd City Note had an original principal amount of $2,400 and a current outstanding balance of $2,288 consisting of $1,290 in principal and $998 in interest at the time of purchase. The outstanding principal of the Brainerd City Note bear interest payable on February 1 and August 1 at a rate of 8% per annum. The outstanding principal of the Phalen City Note bear interest payable on March 1 and September 1 at a rate of 6% per annum. The Brainerd City Note and Phalen City note receivable matures on February 1, 2029. The effective interest rate of the TIF notes receivable are 2.731% and 3.304%, respectively.

Also, on March 6, 2014, the REIT entered into two separate tax increment financing agreements with a third party (the “TIF notes payable”) whereby the REIT borrowed in aggregate $4,297. The TIF notes payable mature on February 28, 2019 and bear interest at a fixed rate equal to 5.25%. The TIF notes payable require annual blended interest and principal payments of $205. All proceeds from the TIF notes receivable are required to be applied against interest and then the principal of the TIF notes payable.

Transaction costs related to the TIF notes payable in the amount of $155 are amortized over the term to initial maturity based on the effective interest rate method. Included in interest on the TIF notes on the consolidated statement of comprehensive income is amortization of transaction costs of $26.

The REIT acquired the TIF notes receivable for $4,175. However, on acquisition, the REIT estimated the fair value of the TIF notes receivable to be $5,488. Accordingly, the REIT adjusted the measurement amount of the TIF notes receivable to defer the difference between the fair value at acquisition and transaction price of $1,313. The REIT recognizes the difference in income on a straight-line basis over the term of the maturity of the TIF notes receivable.

Distributions

During the year, the REIT paid a distribution of $0.03 per unit from April 15 to April 30 and commenced monthly distributions of $0.06 per unit from May to October. The distribution was increased to $0.063 per unit for November and December. Distributions are greater than the Forecast, as a result of the increase to distributions in the fourth quarter. Under IFRS, the distributions paid on the REIT Units and exchangeable units are recorded as finance expenses.

For the purposes of the Forecast, GAR (1B) Limited Partnership's ("GAR B") ownership in the net assets of the REIT was considered a non-controlling interest. As a result, the REIT and exchangeable unit distributions forecasted does not include distributions paid to GAR B Unitholders. The distribution payable to the GAR B Unitholders and the redemption of 25 units and the increase to the distribution amount accounts for the discrepancy between the actual distributions and the amount forecasted.

Fair Value Adjustments on Investment Properties

Under IFRS, the REIT has elected to use the fair value model to account for its investment in properties. Under the fair value model, investment properties are carried on the consolidated statement of financial position at fair value. There was a decrease to investment properties of $83 for the three months ended December 31, 2014 and and an increase of $26,584 for the Operating Period ended December 31, 2014.

For the Operating Period ended December 31, 2014, a portion of the gain is related to an increase in the fair market value of investment properties for property tax adjustments recorded on the REIT's portfolio as part of the adoption of IFRIC 21. The REIT has determined that the liability to pay property taxes on its properties should be recognized at a point in time, being the start of the fiscal year. This resulted in the REIT recognizing the full property tax liability and expense on the properties owned as at January 1, 2014 with a retrospective adjustment to January 1, 2013.

Under IFRS, the fair values of investment properties are measured individually without consideration to their aggregate value on a portfolio basis. Accordingly, under IFRS no consideration is given to diversification benefits related to single property tenant risk and geography, the value of assembling a portfolio or to the utilization of a common management platform amongst other benefits. As a result, the fair value of the Trust's investment properties taken as a whole would differ from that appearing on the REIT's consolidated statements of financial position.

Fair Value Adjustments to Financial Instruments

As described in the REIT's accounting policy in the notes to the Consolidated Financial Statements, the REIT Units and the exchangeable units are classified as financial liabilities under IFRS and are measured at fair value with any changes in fair value recognized in net and comprehensive income. The fair value is re-measured at the end of each reporting period. During the three months and Operating Period ended December 31, 2014, the REIT recognized a $504 and a $13,079 unrealized fair value gain on the REIT Units and a $42 and a $4,693 unrealized fair value gain on the exchangeable units, respectively. An unrealized gain represents a decrease in the fair value per unit whereas an unrealized loss represents an increase in the fair value per unit. The fair value per unit on December 31, 2014 was $10.43. Changes in fair value of the exchangeable and REIT Units are a factor of market conditions with the changes in unit prices, as such no change was included in the Forecast. The movements are non-cash in nature and are a requirement under IFRS.

Impairment of Goodwill

As discussed above, for accounting purposes the REIT acquired 100% of the combined net assets of SUSO 1 and GAR. Under IFRS, the allocation of the fair value of consideration exchanged to the net assets acquired gave rise to goodwill of $14,987. The goodwill arises primarily from the difference between how deferred tax is calculated for accounting purposes for SUSO 1 and GAR and the value ascribed to it in negotiations. The former is based on the difference between the values of the assets and liabilities concerned for accounting purposes and those applying for taxation. The latter is based on tax payments likely to be made on the sale of the investment properties. In management's opinion, the carrying amount of this goodwill cannot be justified by reference to future cash flows and the ongoing business plan to operate and own the Initial Properties in the foreseeable future. As a result, in the second quarter it was determined that the goodwill has been impaired and a impairment charge has been recognized in the Consolidated Financial Statements.

Deferred Income Tax

The deferred income tax expense for the three months ended December 31, 2014 was $2,032 and for the Operating Period was $12,494 which was $1,116 and $9,908 higher than the Forecast, respectively. The variance is primarily due to the fair value adjustment to investment properties.

The REIT's operations and the associated net income occur within partially owned, flow through entities such as partnerships. Any tax liability on taxable income attributable to the Slate Retail Exchangeable Unitholders is incurred by the Unitholders as opposed to Slate Retail Investment L.P. ("Investment LP"). As such, although the REIT's consolidated net income includes income attributable to Slate Retail Exchangeable unitholders, the consolidated tax provision includes only the REIT's proportionate share of the tax provision. In other words, the REIT is consolidating all of the net income, but only its share of the tax provision.

Statement of Financial Position

	December 31, 2014	December 31, 2013
Cash	13,174	10,962
Deposits on investment properties	500	540
Prepaids	2,065	695
Accounts receivable	4,539	1,230
TIF note receivable	4,078	—
Funds held in escrow	1,513	—
Interest rate caps	2	81
Investment properties	622,295	177,050
Total assets	648,166	190,558
Current and non current liabilities	11,814	3,688
Total debt	365,538	104,526
Deferred income taxes	38,219	5,757
REIT and exchangeable units	211,263	75,944
Unitholders' equity	21,332	643
Total liabilities and unitholders' equity	$648,166	$190,558

There was a significant increase in total assets for the period ended December 31, 2014 compared to the period ended December 31, 2013 as a result of the completion of the Combination Transaction for $103,635 and the acquisition of additional investment properties for $180,866. Funds held in escrow represents funds held by the mortgage lender in respect of future leasing costs and and tenant improvements to be paid.

The accounts receivable balance is comprised of the following:

	December 31, 2014	December 31, 2013
Rent receivable	$891	$271
Allowance for doubtful accounts	(168)	(16)
Accrued recovery income	3,317	975
Other receivables	499	—
Accounts receivable	$4,539	$1,230

The following is an aging analysis of rents receivable past due, net of allowance for doubtful accounts:

	December 31, 2014	December 31, 2013
Current to 30 days	$409	$211
31 to 60 days	77	29
Greater than 60 days	237	15
	$723	$255

Rent receivable consists of base rent and operating expense recoveries. Management has done an analysis and anticipates that the remaining portion greater than 60 days is collectible and has provided for $168 as an allowance for doubtful accounts.

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

Debt

The following is a summary of the debt held by the REIT as of December 31, 2014:

	Maturity	Remaining Extension options	Coupon	December 31, 2014	December 31, 2013
Credit facility 2	N/A	N/A	N/A	**$ —**	$ 106,730
Term loan	Dec. 19, 2018	One 1-year	L+225 bps	**225,000**	—
Revolver	Dec. 19, 2017	Two 1-year	L+225 bps	**44,005**	—
Mortgage	Jan. 1, 2025	None	3.80%	**50,000**	—
GAR mortgage	Apr. 30, 2021	None	5.80%	**30,044**	—
Cudahy Centre first mortgage	Apr. 1, 2031	None	5.25%	**3,684**	—
Cudahy Centre second mortgage	May. 1, 2016	None	6.00%	**210**	—
Derry Meadows mortgage	Mar. 1, 2021	None	5.75%	**16,261**	—
Net Financing Costs				**(3,666)**	(2,204)
Total				**$365,538**	$104,526

On December 18, 2014, the REIT completed two financing arrangements. The first arrangement is a $50 million, 10-year fixed rate mortgage at 3.80%, secured by three of the REIT's existing properties (the "Mortgage"). The second arrangement is a $450 million corporate credit facility comprised of a term loan (the "Term loan") and a revolving credit facility (the "Revolver"), each for $225 million. The Term loan and Revolver were used to retire and replace approximately $240 million of existing corporate credit facilities.

The combination of the above-mentioned debt financings extends the REIT's debt maturity to approximately 5.2 years, effectively matching the REIT's weighted average lease term. Additionally, the REIT now has a significantly higher percentage of fixed rate debt and lower overall interest costs with a weighted average interest rate of 3.27% compared to 3.42% in the previous quarter. The new facilities include structural enhancements that provide the REIT with the flexibility to convert to an unsecured structure in the future.

REIT Units and Exchangeable Units of Subsidiaries

The REIT has class A units, class I units and Class U units issued and outstanding. Generally, since these different classes of units do not have identical features, the REIT is required under IFRS to classify the units as financial liabilities. The Slate Retail Exchangeable Units and the GAR B Exchangeable Units (collectively "exchangeable units of subsidiaries") are redeemable for Class U Units at the option of the holder and are also required to be classified as financial liabilities under IFRS. The REIT units and the exchangeable units of subsidiaries are measured at fair value at each reporting period with any changes in fair value recognized in net and comprehensive income. The distributions paid on the REIT Units and the exchangeable units of subsidiaries are recorded as finance expenses.

On April 15, 2014, the REIT completed the unitholder approved Combination Transaction. Pursuant to the Combination Transaction (i) the REIT acquired all of the assets of SUSO 2 in consideration for Class U units of the REIT, (ii) the REIT effectively acquired, directly or indirectly, all of the assets of U.S. Grocery Anchored Retail (1A), (1B) and (1C) Limited Partnerships 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 and (iii) the Class U units of the REIT were listed on the Toronto Stock Exchange on April 22, 2014 (TSX:SRT.U / SRT.UN).

On October 14, 2014, the REIT closed on an agreement to sell to a syndicate of underwriters ("the Underwriters"), on a bought deal basis, 4,260 Class U Units at a price of C$11.75 per Unit (U.S.$10.72 per Unit) for gross proceeds to the REIT of approximately C$50 million (or U.S.$46 million). The net proceeds to the REIT on the equity offering was $44,719. Additionally, the REIT incurred total costs of $2,499 related to the equity offering.

The REIT made available a Distribution Reinvestment Plan ("DRIP") that allows class A, class I and Class U unitholders to elect to have their cash distributions used to purchase Class U Units and will receive a bonus distribution of units in value equal to 3% of each distribution. Twenty Class U units were issued for $204 under the DRIP during the year.

The following is a summary of REIT Units and exchangeable units of subsidiaries outstanding during the period and their Class U equivalent amounts if converted basis:

	Units of the REIT			Exchangeable Units of Subsidiaries		Total (Class U equivalent)
Class / Type	U	A	I	SR [(1)]	GAR B	
Balance, December 31, 2013	1,298	3,702	703	—	—	5,771
Issued for Combination Transaction	7,759	—	—	1,880	590	10,229
Issuance of units under the DRIP	20	—	—	—	—	20
Units issued	4,260	—	—	—	—	4,260
Units redeemed	(25)	—	—	—	—	(25)
Exchanges	3,563	(3,174)	(345)	—	—	—
Balance, December 31, 2014	16,875	528	358	1,880	590	20,255
Conversion ratio to Class U Units	1.0000	1.0078	1.0554	1.0000	1.0000	—
Class U Units equivalent	16,875	532	378	1,880	590	20,255

(1) "SR" means Slate Retail Exchangeable Units

If all of the exchangeable units of subsidiaries, 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 20,255 Class U Units outstanding.

OTHER MEASURES OF PERFORMANCE

Net Operating Income

	Three months ended December 31, 2014			**Operating period ended December 31, 2014**		
	Actual	Forecast	**Variance**	**Actual**	Forecast	**Variance**
Rental revenue	**$14,508**	$10,930	**$3,578**	**$35,779**	$31,878	**$3,901**
Straight-line rent revenue	**(375)**	(126)	**(249)**	**(550)**	(369)	**(181)**
Property operating expenses	**(2,483)**	(3,225)	**742**	**(5,958)**	(9,608)	**3,650**
Property tax normalization for IFRIC 21 adjustment	**(1,565)**	(9)	**(1,556)**	**(4,315)**	(184)	**(4,131)**
Net operating income	**$10,085**	$7,570	**$2,515**	**$24,956**	$21,717	**$3,239**

NOI is defined as property rental revenue less property operating costs. In Management's opinion, NOI is common and useful in analyzing the operating performance of the REIT, and it is a primary method for analyzing real estate in Canada. NOI is not a measure defined by IFRS and as such there is no standard definition. As a result, NOI may not be comparable with similar measures presented by other entities. NOI is not to be construed as an alternative to net income or cash flow from operating activities determined in accordance with IFRS.

NOI of $10,085 and $24,956 was $2,515 and $3,239 higher than the Forecast for the three months and Operating Period ended December 31, 2014, respectively. The increase is primarily related to the additional investment properties acquired in the quarter.

Funds from Operations

	Three months ended December 31, 2014			Operating period ended December 31, 2014		
	Actual	Forecast	**Variance**	**Actual**	Forecast	**Variance**
Net income and comprehensive income	**($4,297)**	$1,190	**($5,487)**	**$17,355**	$3,501	**$13,854**
Property tax adjustment IFRIC 21	**(1,565)**	—	**(1,565)**	**(4,315)**	—	**(4,315)**
Property tax normalization	**—**	9	**(9)**	**—**	184	**(184)**
REIT start up costs	**—**	—	**—**	**1,665**	—	**1,665**
REIT unit offering costs	**2,108**	—	**2,108**	**2,499**	—	**2,499**
Property acquisition costs	**1,918**	—	**1,918**	**2,896**	—	**2,896**
Fair value adjustment on interest rate caps	**5**	—	**5**	**42**	—	**42**
Fair value adjustment on exchangeable units	**(42)**	—	**(42)**	**(4,693)**	—	**(4,693)**
Fair value adjustment on REIT Units	**(504)**	—	**(504)**	**(13,079)**	—	**(13,079)**
Fair value adjustment on investment properties	**83**	—	**83**	**(26,584)**	—	**(26,584)**
Impairment of goodwill	**—**	—	**—**	**14,987**	—	**14,987**
REIT and exchangeable unit distributions [1]	**3,762**	2,742	**1,020**	**9,158**	7,801	**1,357**
Deferred income taxes	**2,032**	916	**1,116**	**12,494**	2,586	**9,908**
Funds from operations	**$3,500**	$4,857	**($1,357)**	**$12,425**	$14,072	**($1,647)**
FFO per WA unit	**0.18**	0.30	**(0.12)**	**0.72**	0.88	**(0.16)**
Distributions per Unit [1]	**(0.19)**	(0.18)	**(0.01)**	**(0.53)**	(0.51)	**(0.02)**
WA number of units outstanding	**19,606**	16,000	**3,606**	**17,185**	16,000	**1,185**

[1] For the purposes of the Forecast, GAR B's ownership in the net assets of the REIT was considered a non-controlling interest. As a result, the distribution amount of $2,742 does not include distributions paid to these unitholders. The distribution per unit for the Forecast has been adjusted to account for this discrepancy.

FFO of $3,500 and $12,425 was $1,357 and $1,647 lower than Forecast for the three months and Operating Period ended December 31, 2014, respectively. This difference relates primarily to the de-recognition of the deferred financing costs relating to Credit facility 2, senior secured term facility and secured revolving facility of $2,883. These costs were non-cash items and if excluded, the FFO would be $6,383 and $15,308 in the three month and Operating Period ended December 31, 2014, which would have been higher than the previous periods by $1,526 and $1,236, respectively. The increase is a result of net operating income offset by higher general and administrative costs and finance costs all due to the properties acquired subsequent to the Combination Transaction.

Adjusted Funds from Operations

	Three months ended December 31, 2014			Operating period ended December 31, 2014		
	Actual	Forecast	**Variance**	**Actual**	Forecast	**Variance**
Funds from operations	**$3,500**	$4,857	**($1,357)**	**$12,425**	$14,072	**($1,647)**
Straight-line rental revenue	**(375)**	(126)	**(249)**	**(550)**	(369)	**(181)**
Amortization of finance charges	**2,913**	—	**2,913**	**3,381**	—	**3,381**
Mark to market adjustment of debt	**(131)**	(17)	**(114)**	**(320)**	(48)	**(272)**
Capital and leasing costs	**(411)**	(619)	**208**	**(1,144)**	(1,761)	**617**
Adjusted funds from operations	**$5,496**	$4,095	**$1,401**	**$13,792**	$11,894	**$1,898**
AFFO per WA unit	**0.28**	0.26	**0.02**	**0.80**	0.74	**0.06**
WA number of units outstanding	**19,606**	16,000	**3,606**	**17,185**	16,000	**1,185**

AFFO of $5,496 and $13,792 was $1,401 and $1,898 higher than Forecast for the three months and Operating Period ended December 31, 2014, respectively. The increase is a result of FFO compared to the forecast as explained above, and the favourable capital and leasing costs.

Capital and Leasing Costs

AFFO was reduced by property capital and leasing costs. Capital improvements may include, but are not limited to, items such as parking lot resurfacing and roof replacements. These items are recorded as part of investment properties.

Capital Costs

During the year ended December 31, 2014, there was a variety of major and minor capital improvements performed on several properties. Some of the major projects included a new roof installation at Winn-Dixie at Uptown Station, a parking lot and landscaping project completed at North Pointe, and a parking lot overlay and pylon sign upgrade at Oak Hill Village and Cambridge Crossings. The capital improvements were completed concurrent to leasing at the assets or as long-term enhancements to the properties.

Leasing Costs

Leasing costs this quarter related to a good balance of new and renewal leasing activity totaling approximately 87,000 square feet. Leasing costs to secure new tenants are generally higher than the costs to renew in-place tenants. The leasing capital this quarter was comprised of fees related to tenant improvement allowances and other direct leasing costs, such as broker commissions and legal costs.

To date the REIT has funded capital and leasing costs using cash flows from operations.

RESULTS OF QUARTERLY OPERATIONS

The selected quarterly information highlights total assets over the most recently completed eight quarters and is reflective of the timing of acquisitions, leasing and maintenance expenditures. Similarly, debt reflect financing activities relating to an asset which serve to increase AFFO in the future, as well as ongoing financing activities for the existing portfolio.

Property rental revenues and AFFO are reflective of changes in the underlying income-producing asset base and changing leverage.

2014 quarterly information

Quarterly ended	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
Total assets	$648,166	$533,877	$463,208	$209,876
Total liabilities	619,147	508,247	454,818	126,045
Rental revenue	14,508	11,386	9,885	5,664
Net operating income	10,085	7,982	6,890	3,848
FFO	3,500	4,596	4,335	2194
AFFO	5,496	4,244	4,059	1,830

2013 quarterly information

Quarterly ended	December 31, 2013	September 30, 2013	June 30, 2013	March 31, 2013
Total assets	$190,558	$188,899	$136,517	$72,271
Total liabilities	113,971	112,946	62,986	630
Rental revenue	5,358	4,361	1,829	1,021
Net operating income	3,562	2,876	1,332	738
FFO	1,952	1,764	683	401
AFFO	1,414	1,122	442	401

MAJOR CASH FLOW COMPONENTS

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

Cash flow from (used in)	Year ended December 31, 2014
Operating activities	9,809
Investing activities	(160,643)
Financing activities	153,046
Increase in cash and cash equivalents	2,212

Operating Activities Cash Flows

The positive cash flow from operating activities was driven by a positive cash flow from net income before non-cash items and a positive change in non-cash working capital items. Cash flows from operating activities will be used to fund on-going operations and expenditures for leasing capital and property capital.

Investing Activities Cash Flows

In the current quarter, the REIT completed acquisition of eight additional investment properties for $105,746.

Financing Activities Cash Flows

Distributions were declared and paid in the quarter to REIT and exchangeable unitholders. The REIT secured a new fixed rate mortgage, a new $225 million Term Loan and a new $225 million Revolver.

LIQUIDITY AND CAPITAL RESOURCES

The principal liquidity needs of the REIT arise from working capital requirements; debt servicing and repayment obligations, which include the Term Loan, Revolver or the mortgages; distributions to unitholders; obligations to redeem outstanding puttable trust units at the option of the unitholders; planned funding of maintenance capital expenditures and leasing costs; and future investment property acquisition funding requirements.

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

DEBT STRATEGY

The REIT's obligations with respect to debt repayments, redemption of outstanding trust units which are puttable at the option of the unitholders and funding requirements for future investment property acquisitions will be primarily funded by operating cash flow, refinancing the REIT's maturing debt or future issuances of trust units.

The REIT's overall borrowing strategy is to obtain financing with terms to maturity that are appropriate having regard to the lease maturity profiles of the underlying properties and which allows the REIT to (i) achieve and maintain staggered debt maturities that reduce its exposure to interest rate fluctuations and re-financing risk in any particular period and (ii) fix rates and extend loan terms upon stabilizing the properties; and (iii) provide flexibility with respect to property operations. Subject to market conditions and the growth of the REIT, management currently intends to maintain total indebtedness at approximately 55% of the REIT's gross book value ("GBV"). The success of this strategy is dependent upon debt market parameters existing at the time of borrowing, as well as the particular features and quality of the underlying assets being financed. If this strategy is unsuccessful, mortgage principal repayments would be funded by operating cash flows, additional draws under the REIT's Revolver, financing of income-producing properties or by issuances of equity.

In accordance with the Declaration of Trust dated January 18, 2012, which was amended and restated on April 15, 2014 ("DOT"), 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 exceed 60% of the GBV of the REIT's assets.

CONTRACTUAL COMMITMENTS

The REIT has the following contractual commitments:

	Total contractual cash flow	Less than one year	1-6 years
Accounts payable and accrued liabilities	$5,337	$5,337	$—
Term loan	225,000	—	225,000
Revolver	44,005	—	44,005
Mortgage	50,000	—	50,000
GAR mortgage	27,545	425	27,120
Cudahy Centre first mortgage	3,587	142	3,445
Cudahy Centre second mortgage	200	200	—
Derry Meadows mortgage	14,120	298	13,822
Term loan interest payable [1]	32,789	5,622	27,167
Revolver interest payable [1]	4,291	1,100	3,191
Mortgage interest payable	34,323	4,342	29,981
TIF note payable	4,001	193	3,808
TIF note interest payable	931	218	713
REIT units	185,499	400	185,099
Exchangeable units of subsidiaries	25,764	400	25,364
Total contractual commitments	$657,392	$18,677	$638,715

(1) Term Loan and Revolver interest payable is calculated on $225,000 and $44,005 (balance outstanding) using an estimated "all in" interest rate of 2.50% 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 and revolver results in an anticipated increase to the "all-in" interest rate to 4.07%. The total term loan and revolver interest payable is calculated until maturity of the Initial Term.

RELATED PARTY TRANSACTIONS

	Three months ended December 31, 2014	Operating period ended December 31, 2014
Asset management	$534	$1,389
Acquisition fees	798	1,323
Related party fees	$1,332	$2,712

Asset management and acquisition fees incurred and paid to the Manager for the three months and Operating Period ended December 31, 2014 amounted to $1,332 and $2,712, respectively. These transactions are in the normal course of operations and are in accordance with the management agreement and are measured at the exchange amount. The exchange amount is the consideration established and agreed to by the related parties.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

As of December 31, 2014, the Trust had $13,174 of cash on hand.

	December 31, 2014		December 31, 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Cash	$13,174	$13,174	$10,962	$10,962
Accounts receivable	4,539	4,539	1,230	1,230
TIF note receivable	4,078	5,346	—	—
Funds held in escrow	1,513	1,513	—	—
Financial liabilities				
Accounts payable and accrued liabilities	$5,337	$5,337	$1,771	$1,771
Distributions payable	1,276	1,276	1,480	1,480
Other non-current liabilities	1,179	1,179	437	437
Credit facility 2	—	—	104,526	106,730
Term loan	222,470	225,000	—	—
Revolver	44,005	44,005	—	—
Mortgage	49,020	50,000	—	—
GAR mortgage	30,044	30,044	—	—
Cudahy Centre first mortgage	3,684	3,684	—	—
Cudahy Centre second mortgage	209	209	—	—
Derry Meadows mortgage	16,106	14,120	—	—
REIT units	185,499	185,499	75,944	75,944
Exchangeable units of subsidiaries	25,764	25,764	—	—
TIF notes payable	4,022	4,151	—	—

The REIT Units and the exchangeable units of subsidiaries are considered financial instruments under IFRS and are recognized as financial liabilities measured at fair value through profit and loss. The fair value is re-measured at the end of each reporting period based on the closing market price of the trust units.

CRITICAL ACCOUNTING ESTIMATES

The REIT prepares its financial statements in accordance with IFRS. A summary of significant accounting policies is included in Note 3 of the audited Consolidated Financial Statements of the REIT as at and for the year ended December 31, 2014.

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 property

The fair value of investment property 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 property:

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.

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.

CHANGES IN ACCOUNTING POLICIES

IFRIC 21, *Levies*

The REIT has retrospectively adopted IFRIC 21, in its Consolidated Financial Statements for the period beginning January 1, 2013. The interpretation provides guidance on when to recognize a liability for levies that are accounted for in accordance with the requirements of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, and those where the timing and amount of the levy are certain. Levies are outflows from an entity imposed by a government in accordance with legislation. The REIT has assessed property taxes as being within the scope of IFRIC 21, given that property taxes are non-reciprocal charges imposed by a government, in accordance with legislation, and are based on property value. IFRIC 21 confirms that an entity recognizes a liability for a levy when, and only when, the triggering event specified in the legislation occurs. The REIT has determined that the liability to pay property taxes on its U.S. properties should be recognized at a point in time, being the start of the fiscal year. This resulted in the REIT recognizing the full property tax liability and expense on its U.S. properties as at January 1, 2014 with a retrospective adjustment to January 1, 2013.

The retrospective application of IFRIC 21 resulted in the REIT recording a decrease in operating expenses of $107 for the three months ended December 31, 2013; and a decrease of $107 to fair value of investment properties for the three months ended December 31, 2013.

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 REIT's annual consolidated financial statements commencing January 1, 2018. The REIT is assessing the impact of this new standard on its consolidated financial statements.

IFRS 15, *Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"). The new standard provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standard on leases, insurance contracts and financial instruments. IFRS 15 becomes effective for annual periods beginning on or after January 1, 2017, and is to be applied retrospectively. Early adoption is permitted. The REIT is currently assessing the impact of the new standard on its consolidated financial statements.

RISKS AND UNCERTAINTIES

The following describes the types of risks that the REIT is exposed to and some objectives and policies for managing those risk exposures:

Risk Factors Related to the Real Estate Industry

Real Property Ownership and Tenant Risks

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 investment 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 investment properties generate income through rent payments made by the REIT's tenants. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less favourable to the REIT than the existing lease. In the event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and substantial costs in protecting the REIT's investment may be incurred. Furthermore, at any time, a tenant of any of the properties in which the REIT has an interest may seek the protection of bankruptcy, insolvency or similar laws that could result in the disclaimer and termination of such tenant's lease, any of which events could have an adverse effect on the REIT's financial condition and results of operations and decrease the amount of cash available for distribution to Unitholders. The ability to rent vacant 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 vacant space on a timely basis or at all would likely have an adverse effect on the REIT's financial condition and results of operation and decrease the amount of cash available for distribution to Unitholders. Certain significant expenditures, including property taxes, ground rent, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether a property is producing any income. If the REIT is unable to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or sale or the landlord's exercise of remedies. Costs may also be incurred in making improvements or repairs to property required by a new tenant and income may be lost as a result of any prolonged delay in attracting suitable tenants to the vacant space.

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

Liquidity

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

Competition

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

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

Current Economic Environment

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

Risk Factors Related to the Business of the REIT

Acquisitions

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

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

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

Access to Capital

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

Variable Rate Indebtedness

Until such time as the REIT fixes the interest rate on all of a portion of its indebtedness, borrowings under the REIT's credit facilities bear interest at variable rates and expose the REIT to interest rate risk. If interest rates were to increase, the REIT's debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same and the REIT's net income and cash flows will correspondingly decrease. Assuming all loans under the Credit Facilities remain outstanding, each quarter point change in interest rates would result in a U.S. $673 change in annual interest expense on the REIT's indebtedness.

Financing Risks

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

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

The credit facilities contain covenants that require the REIT 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 investment properties, and is not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of the Properties, there is no assurance that this will continue to be the case.

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

Potential Conflicts of Interest

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

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

Same Management Group for Various Slate Entities

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

General Insured and Uninsured Risks

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

Reliance on Key Personnel

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

Reliance on Property Management

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

Limit on Activities

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

Occupancy by Tenants

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

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

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

Lease Renewals and Rental Increases

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

External Management Arrangements

The REIT relies on Slate to act as manager of its properties. Consequently, the REIT's ability to achieve its investment objectives depends in large part on Slate. This means that the REIT's investments are dependent upon Slate's business contacts, its ability to successfully hire, train, supervise and manage its personnel and its ability to maintain its operating systems. If the REIT were to lose the services provided by Slate or its key personnel, the REIT's investments and growth prospects may significantly decline. The REIT may be unable to duplicate the quality and depth of management available to it by becoming a self-managed company or by hiring another asset manager.

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

Asset Class Diversification

The REIT's investments are not widely diversified by asset class. All or substantially all of the REIT's investments, 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 investment properties are 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 REIT cannot predict when the real estate markets will return to their pre-downturn levels. The value of investment properties and future REIT properties may decline if current market conditions remain stagnant or worsen.

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 which collectively account for 24.7% of the GLA. 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 Unitholders.

Cash Distributions are Not Guaranteed

The Board may reduce or suspend cash distributions indefinitely, which could have a material adverse effect on the market price of Units.

There can be no assurance regarding the amount of income to be generated by the REIT's properties. The ability of the REIT to make cash distributions, and the actual amount distributed, will be entirely dependent on the operations and assets of the REIT, and will be subject to various factors including financial performance, obligations under applicable credit facilities, fluctuations in working capital, the

sustainability of income derived from the tenant profile of the REIT's properties and capital expenditure requirements. Distributions may be increased, reduced or suspended entirely depending on the REIT's operations and the performance of the REIT's assets. The market value of the Units will deteriorate if the REIT is unable to meet its distribution targets in the future, and that deterioration may be significant. In addition, the composition of cash distributions for tax purposes may change over time and may affect the after-tax return for investors.

Restrictions on Redemptions

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

Potential Volatility of Unit Prices

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

Nature of Investment

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

Availability of Cash Flow

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

Currency Exchange Rate Risk

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

Dilution

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

Limited Trading History for Units

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

Risk Factors 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 Units and the Trustees will have various powers that can be used for the purpose of monitoring and controlling the extent of Non-Resident ownership of Units, as set out in the Declaration of Trust.

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

Taxation of REITs and Partnerships

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

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

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

Distribution of Additional Units

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

Foreign Taxes

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

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

Differences in Canadian and U.S. Tax Laws

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

Dispositions of Real Property

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

Tax Filing Positions

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

Change of Law

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

Non-Residents of Canada

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

Foreign Currency

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

Risk Factors Relating to U.S. Tax Matters

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

Investment LP and GAR B are subject to U.S. Federal Income Tax

Each of Investment LP and GAR B is subject to U.S. federal income tax as a "foreign" corporation engaged in a U.S. trade or business, and each will have U.S. source income subject to U.S. federal income tax law. The REIT also will have U.S. source income from interest paid on the Investment LP Notes. Each of Investment LP and GAR B hopes to benefit from certain deductions under U.S. federal income tax rules in order to reduce its overall tax burden, including deduction of interest expense on the Investment LP Notes, but such deductions may be restricted depending upon a variety of factors. If Investment LP's or GAR B's deductions were limited, the IRS were to successfully challenge a U.S. tax position Investment LP or GAR B were to take, the REIT or Investment LP 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 Unitholders and the value of the Units.

Change of Law

There can be no assurance that U.S. federal income tax laws, the terms of the U.S.-Canada Tax Treaty, and the U.S. administrative, legislative and judicial policies and positions respecting the U.S. federal income tax consequences described herein will not be changed, possibly on a retroactive basis, in a manner that adversely affects Unitholders. In particular, any such change could increase the amount of U.S. federal income tax or withholding tax payable by the REIT or its subsidiaries, reducing the amount of distributions which the REIT would otherwise receive and thereby reducing the amount available to pay distributions to Unitholders and, potentially, the value of the Units.

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

CONTROL AND PROCEDURES

Disclosure Controls and Procedures

The REIT's Chief Executive Officer and Chief Financial Officer have designed, or caused to be designed under their supervision, the REIT's disclosure controls and procedures (as defined by National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), adopted by the Canadian Securities Administrators) to provide reasonable assurance that (i) material information relating to the REIT, including its consolidated subsidiaries, is made known to them by others within those entities, particularly during the period in which the interim filings are being prepared, and (ii) material information required to be disclosed in the interim fillings or other reports filed or submitted by the REIT under securities legislation is recorded, processed, summarized and reported on a timely basis and within the time period specified by securities legislation.

Internal Controls over Financial Reporting

The REIT's Chief Executive Officer and Chief Financial Officer have designed the REIT's internal control over financial reporting (as defined in NI 52-109) to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Inherent Limitation

Internal controls over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of their inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusions or improper management override. Because of such limitations, there is risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

USE OF ESTIMATES

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

Additional information regarding the Trust can be found on SEDAR at www.sedar.com.

For further information contact: Blair Welch (416) 644-4267 or Brady Welch (416) 644-4263

CORPORATE INFORMATION

Corporate profile

Slate Retail REIT is an unincorporated, open-ended investment trust fund under, and governed by, the laws of the Province of Ontario. The REIT focuses on acquiring, owning and leasing a portfolio of diversified revenue-producing commercial real estate properties in the United States with an emphasis on grocery-anchored retail properties. The REIT has a current portfolio that spans 4.95 million square feet of gross leasable area and consists of 41 grocery anchored retail commercial properties located in the United States. The units of the REIT trade on The Toronto Stock Exchange ("TSX") under the symbol SRT.U/SRT.UN. The principal, registered and head office of the REIT is 200 Front Street West, Suite 2400, Toronto, ON, M5V 3K2.

Head Office
Slate Retail REIT
200 Front Street West, Suite 2400
Toronto, ON
Tel: 416.644.4264
Fax: 416.947.9366
E-mail: info@slateretailreit.com

Stock exchange listing and symbol
The REIT's units are listed on the Toronto Stock Exchanged and traded under the symbol SRT.U (quoted in US) and SRT.UN (quoted in CDN)

Independent Auditors
Deloitte LLP
Chartered Professional Accountants, Chartered Accountants
Toronto, Canada

Registrar and transfer agent
TMX Equity Transfer Services Inc.
200 University Ave, Suite 300
Toronto, ON, M5H 4H1
Tel: 416.361.0930
Fax: 416.361.0470

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

Trustees

Thomas Farley, Chairman [3]
Chairman of the Board of Trustees, Brookfield Canada Office Properties

Colum Bastable, FCA (IRL) [1][2]
Chairman of Cushman & Wakefield Inc.

Samuel Altman [1][2][3]
President of Joddes Limited

Patrick Flatley [3]
Senior Vice President, Fidelity National Title Insurance Co

Peter Tesche, CFA [1][2][3]
Principal at P.T. Lloyd Associates

Blair Welch [3]
Chief Executive Officer of Slate Retail REIT

Brady Welch
Chief Financial Officer of Slate Retail REIT

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