slate retail REIT

Q1 2015

TSX: SRT.U / SRT.UN

LETTER TO UNITHOLDERS

March 31, 2015

"The entire pursuit of value investing requires you to see where the crowd is wrong so that you can profit from their misperceptions."

- Guy Spier

Dear Fellow Unitholders,

The first quarter was an excellent start to 2015. Our financial and operational achievements continue to validate Slate Retail REIT ("the REIT") strategy and management's unwavering commitment to execution.

Our business plan is straightforward and we do not deviate from it. We acquire high quality neighbourhood shopping centres in large U.S. markets where there is attractive pricing because capital is flowing elsewhere. We identify investment opportunities that are considered too small by large investors, or deemed too much work relative to the scale of the investment such that investors of size are not willing to put in the work required to unlock value.

Our deep background in real estate means we also focus on the fundamentals. We acquire properties at a discount to replacement value, with in-place rents that are below market. This "low cost basis" approach protects capital and, importantly, creates an opportunity to drive internal value when rents are reset to today's prices. We estimate that our in-place rents are as much as 30% below market - creating embedded growth.

Why are we finding these opportunities? Many observers are surprised to learn that, in the downturn, shopping centre occupancy fell no more than 1.5%. One big reason that occupancy held up so well was a tenant retention campaign in which landlords cut rents for fear of vacant space. We are the beneficiaries as those rents rebound in a stronger economy.

The Proof is in the Results

We have generated a fourth consecutive quarter of meaningful rental rate growth, this time achieving nearly 9% spreads on renewals below 10,000 square feet. On large tenancies above that threshold, spreads were 7.5%. In total, we completed more than 113,000 square feet of leasing and signed new leases at a premium to in-place rent of more than 35%.

In the first quarter we added two investment properties. Importantly, these purchases broadened our already strong tenant base by introducing new anchor tenants to the portfolio, as well as deepening relationships with existing anchor tenants.

Embedded Internal Growth

While our dedicated U.S. asset management team, fondly referred to at the REIT as "Team U.S.A.", deserves full credit for delivering the results, a perfect alignment of market fundamentals has also unfolded in the U.S. neighbourhood shopping centre segment. Most notably, new development remains 90% below pre-crisis levels and that gap is unlikely to close anytime soon. Supply growth is forecasted not to exceed 1.5% in the coming years. Marked lack of supply has put upward pressure on occupancy and, in turn, rent. Contrast the REIT's average in-place rental rate, still below $10 per square foot, with the "mid-teens" average for shopping centres in our markets and we anticipate ample runway for similar sized rent growth in the years ahead.

With this as a backdrop, we are particularly excited about the cash-generating ability of our growing portfolio. Adjusted Funds from Operations for the quarter was $6,590, or $0.32 per unit on a fully diluted basis, up 14.3% on a per unit basis over the previous quarter. As a publicly-traded REIT, it is instructive to point out that the REIT's average daily trading price for the quarter implied an Adjusted Funds from Operations, similar to Free Cash Flow, yield of over 12%. That is approximately two times the average of our North American peers.

Our conservative payout ratio of less than 70% affords us the ability to make acquisitions, execute on value creation strategies and sustain unforeseen business circumstances, all while alleviating the need to raise follow-on equity.

Abundant External Growth Opportunities

The opportunity is also larger-than-ever to acquire additional properties that we believe are attractively priced.

Our origination strategy is multi-faceted. First, sellers seek us out because we are a preferred counterparty. Having acquired 59 U.S. properties in just four years, the REIT is among the most active investors in the grocery anchored segment. Vendors know us, and they know we are well-capitalized and can be counted on to close transactions. Second, we are witnessing a considerable influx of buying opportunities from shopping centres that were financed with 10-year mortgage terms under the pre-crisis commercial mortgage-backed securities regime. Finally, the aforementioned anchor-tenant relationships we have fostered have resulted in grocers bringing forth attractive acquisition opportunities on the basis that, where possible, they would favour having the REIT as landlord.

Acquisition of SUSO 3

In the weeks ahead the REIT will also complete the acquisition of Slate U.S. Opportunity (No. 3) Realty Trust ("SUSO 3"). SUSO 3 was launched in the fourth quarter of 2013 with a C$75 million initial public offering and proceeded to acquire 13 high quality grocery anchored assets that are complementary to the asset base of the REIT. The $195 million acquisition of SUSO 3 by the REIT creates a larger, more diversified portfolio with total assets in excess of $800 million.

Our Commitment

For the remainder of 2015 and beyond we will stay the course and remain focused on the fundamentals. We will continue to pursue value and uncover opportunities where others are not prepared to do the work, or simply are not looking. We have an exceptional team that without question will be the driving force behind our continued success. Our independent trustees not only provide invaluable guidance but also empower us to pursue the opportunities that set the REIT apart. We thank our fellow unitholders for their continued trust and support.

Sincerely,

Blair Welch

Chief Executive Officer
May 13, 2015

CONTENTS

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 REIT's condensed consolidated financial statements and the accompanying notes for the period ended March 31, 2015 (the "consolidated financial statements").

A copy of the consolidated financial statements for the period ended March 31, 2015, and additional information relating to the REIT, is available on the REIT's SEDAR profile at www.sedar.com.

This MD&A is dated May 13, 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. The REIT 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 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

Slate Retail 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 units of the REIT trade on the Toronto Stock Exchange ("TSX") under the symbols SRT.U/SRT.UN. The principal, registered and head office of the REIT is 200 Front Street West, Suite 2400, Toronto, Ontario, M5V 3K2.

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") in consideration for class U units of the REIT ("class U units"), (ii) the REIT effectively acquired, directly and indirectly, all of the assets of U.S. Grocery Anchored Retail (1A), (1B) and (1C) Limited Partnerships ("GAR") in consideration for class U units of the REIT or securities that are economically equivalent to class U units of the REIT (subject to certain adjustments) and redeemable for cash or class U units of the REIT 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). For more information, refer to the REIT's annual audited consolidated financial statements as at and for the year ended December 31, 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 quarter include:

- On January 12, 2015, the REIT completed the acquisition of Glidden Crossing, a 98,683 square foot grocery-anchored shopping centre located in DeKalb, Illinois ("IL"). Glidden Crossing was acquired for $16.6 million ($168 per square foot). The property is 96% occupied and anchored by Schnucks.
- On January 22, 2015, the REIT completed the acquisition of Ocean Plaza, a 66,498 square foot grocery-anchored shopping centre located in North 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, 2015, the REIT entered into a binding agreement to acquire Roxborough Marketplace, a 107,818 square foot grocery-anchored shopping centre in Littleton, Colorado ("CO") for a purchase price of $15.6 million ($145 per square foot). The property is 88% occupied and is anchored by Safeway Inc. The acquisition is expected to be completed in the second quarter of 2015 subject to customary closing conditions.
- On March 19, 2015, the REIT completed a public offering of 4,125 class U units at a price of C$13.00 per unit for gross proceeds to the REIT of approximately C$53.6 million ($42.2 million). A private placement of 769 class U units for C$10.0 million ($7.9 million) was also completed, resulting in a total of 4,894 class U units for gross proceeds of C$63.6 million ($50.1 million).
- During the quarter, the REIT declared monthly distributions of $0.063 per class U unit. Holders of class A units, class I units and exchangeable units of subsidiaries of the REIT were also entitled to receive a distribution at the respective conversion rate attributable to the units.

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

SUBSEQUENT TO QUARTER END

- On April 6, 2015, the REIT completed the acquisition of City Center Plaza, a 97,670 square foot grocery-anchored shopping centre located in Westland, Michigan ("MI"). City Center Plaza was acquired for $12.45 million ($127 per square foot). The property is 97% occupied and anchored by Kroger.
- On April 15, 2015, the REIT declared monthly distributions of $0.063 per class U unit. Holders of class A units, class I units and exchangeable units of subsidiaries of the REIT were also entitled to receive a distribution at the respective conversion rate attributable to the units.
- On May 4, 2015, the REIT entered into a binding agreement to acquire Plaza St.Clair, a 97,459 square foot grocery-anchored shopping centre in Fairview Heights, IL for a purchase price of $7.2 million ($74 per square foot). The property is 80% occupied and anchored by Schnucks. The acquisition is expected to be completed in the second quarter 2015 subject to customary closing conditions.
- On May 5, 2015, the REIT announced that it has amended its deferred unit plan (the “Plan”) to limit non-employee trustee participation in the Plan. Under the amended Plan (i) the number of units of the REIT issuable to non-employee trustees under the Plan at any time may not exceed 1% of the total class U units that are issued and outstanding (on a fully-diluted basis and as adjusted to give effect to the acquisition of Slate U.S. Opportunity (No. 3) Realty Trust ("SUSO 3")); and (ii) the aggregate value of all deferred trust units issued to any non-employee trustee within any one financial year under the Plan may not exceed $150,000.
- On May 13, 2015, unitholders of the REIT approved the transaction previously announced on February 25, 2015, pursuant to which the REIT will acquire the assets of SUSO 3. The REIT will acquire SUSO 3's assets in a $195 million transaction (the "Acquisition"). As consideration for the Acquisition, the REIT will issue class U units of the REIT, and units of a subsidiary of the REIT that will be economically equivalent to class U units, at a deemed price of $10.47 per unit to unitholders of SUSO 3. The Acquisition is expected to close in the second quarter 2015. The transaction will add 13 grocery-anchored properties located in the U.S. to the REIT's existing portfolio of grocery-anchored shopping centers. The portfolio will be purchased at a 7.3% cap rate for $130 per square foot.

SUMMARY OF QUARTERLY INFORMATION AND KEY PERFOMANCE INDICATORS
(in thousands of dollars and units, unless otherwise stated)

	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Summary of Portfolio Information				
Number of properties	43	41	33	29
Gross leasable area ("GLA")	5,085,885	4,946,842	4,084,834	3,545,857
Occupancy as at quarter end	96%	96%	96%	96%
Grocery anchor weighted average lease term	5.7 Years	5.9 Years	5.9 Years	6.1 Years
Portfolio weighted average lease term	5.0 Years	5.4 Years	5.2 Years	5.4 Years
Square footage leased during the period	113,501	86,491	157,062	89,772
Summary of Financial Information				
Total assets / gross book value ("GBV")	$ 690,824	$ 648,166	$ 533,877	$ 463,208
Total debt	$ 339,580	$ 365,538	$ 292,920	$ 230,626
Revenue	$ 16,347	$ 14,508	$ 11,386	$ 9,885
NOI	$ 11,054	$ 10,085	$ 7,982	$ 6,890
FFO	$ 7,515	$ 3,500	$ 4,596	$ 4,335
AFFO	$ 6,590	$ 5,496	$ 4,244	$ 4,059
Distributions declared	$ 4,138	$ 3,766	$ 2,876	$ 2,396
Class U equivalent units outstanding	25,167	20,255	15,976	15,975
Weighted average class U equivalent ("WA") units outstanding	20,919	19,606	15,976	15,975
FFO per WA unit (1)	$ 0.36	$ 0.18	$ 0.29	$ 0.27
AFFO per WA unit (1)	$ 0.32	$ 0.28	$ 0.27	$ 0.25
Distributions declared per WA unit	$ 0.20	$ 0.19	$ 0.18	$ 0.15
Financial Ratios				
AFFO payout ratio (2)	62.5%	67.9%	66.7%	60.0%
Debt / GBV (3)	49.2%	56.4%	54.9%	49.8%
Weighted average interest rate	3.17%	3.27%	3.43%	3.44%
Interest coverage ratio (4)	3.40x	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:

i. Cash Flow Metrics

- NOI, the net operating income generated by the portfolio;
- FFO per unit, an earnings measure designed for real estate entities; and
- AFFO per unit, a measure of operating cash flow.

ii. Other Financial Metrics

- Interest Coverage Ratio, a measure of credit risk used by lenders; and
- Debt / GBV, a measure of credit risk used by lenders.

Cash Flow Metrics

	Three months ended March 31, 2015					
	Actual		**Forecast** [1]		**Variance**	
	Total	**Per WA unit**	**Total**	**Per WA unit**	**Total**	**Per WA unit**
NOI	**$ 11,054**	**$ 0.53**	$ 8,091	$ 0.51	**$ 2,963**	**$ 0.02**
FFO	**$ 7,515**	**$ 0.36**	$ 4,927	$ 0.31	**$ 2,588**	**$ 0.05**
AFFO	**$ 6,590**	**$ 0.32**	$ 4,155	$ 0.26	**$ 2,435**	**$ 0.06**

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

Performance of the business over the quarter exceeded the Forecast. For the three months ended March 31, 2015, NOI of $11,054 was $2,963 higher than the Forecast. This increase is primarily due to the operational results of the 14 investment properties acquired subsequent to the Combination Transaction not included in the Forecast. Amongst these properties, two grocery-anchored shopping centers were acquired in the first quarter of 2015 for a total purchase price of $22.1 million.

During the first quarter, management completed 106,553 square feet of renewals. The weighted average rental rate increase on renewals completed less than 10,000 square feet was $1.39 per square foot or 8.7% higher than expiring rent. The weighted average rental rate increase on renewals completed greater than 10,000 square feet was $0.41 per square foot or 7.5% higher than expiring rent.

Management also completed 6,948 square feet of new leasing in the first quarter. Three new leases were executed with complementary uses to the REIT's existing consumer staple and service based tenant mix. The weighted average base rent on all new leases was $14.79 per square foot which is $3.87 per square foot or 35.4% higher than the weighted average in-place rent for comparable space across the portfolio and compares favorably to the weighted average portfolio in-place rent of $9.86 per square foot.

For the three months ended March 31, 2015, FFO of $7,515 was $2,588 higher than the Forecast. The increase is primarily due to the acquisition of 14 investment properties that was not included in the Forecast.

For the three months ended March 31, 2015, AFFO of $6,590 was $2,435 higher than the Forecast. The increase is primarily attributed to increases in NOI and lower than forecasted capital and leasing costs.

Other Financial Metrics

At March 31, 2015, the REIT's Debt / GBV of 49.2%, a decrease from 53.0% at amalgamation.

SLATE RETAIL REIT PORTFOLIO ANALYSIS

Investment Properties

As of March 31, 2015, the REIT owns a portfolio of 43 grocery-anchored retail properties. The portfolio consists of 5,085,885 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	116,905	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	99%	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
Glidden Crossing	DeKalb, IL	Chicago - Naperville - Joilet	98,683	96%	Shnucks
Highland Square	Crossville, TN	Nashville	179,243	93%	Kroger
Independence Square	Charlotte, NC	Charlotte	190,361	97%	Walmart
Kennywood Shops	Pittsburgh, PA	Pittsburgh	194,819	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	95%	Food Lion
North Pointe	Columbia, SC	Columbia	64,255	100%	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
Ocean Plaza	North Myrtle Beach, SC	Myrtle Beach - Conway	66,498	91%	Kroger
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	96,960	96%	Harris Teeter
Westminster Plaza	Westminster, CO	Denver	97,013	95%	Safeway
TOTAL / WEIGHTED AVERAGE			**5,085,885**	**96%**	

Acquisition of Investment Properties

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 96% occupied and anchored by Schnucks.

Photo: Glidden Crossing - DeKalb, IL

Ocean Plaza

On January 22, 2015, the REIT completed the acquisition of Ocean Plaza, a 66,498 square foot grocery-anchored shopping centre located in North Myrtle Beach, SC. Ocean Plaza was acquired for $5.5 million ($83 per square foot). The property is 91% occupied and anchored by Kroger.

Photo: Ocean Plaza - North Myrtle Beach, SC

Roxborough Marketplace

On February 23, 2015, the REIT entered into a binding agreement to acquire Roxborough Marketplace, a 107,818 square foot grocery-anchored shopping centre located in Littleton, CO for a purchase price of $15.6 million ($145 per square foot). The property is 88% occupied and anchored by Safeway Inc. The acquisition is expected to be completed in the second quarter 2015 subject to customary closing conditions.

City Center Plaza

On April 6, 2015, the REIT completed the acquisition of City Center Plaza, a 97,670 square foot grocery-anchored shopping centre located in Westland, MI. City Center Plaza was acquired for $12.45 million ($127 per square foot). The property is 97% occupied and anchored by Kroger.

Plaza St. Clair

On May 4, 2015, the REIT entered into a binding agreement to acquire Plaza St.Clair a 97,459 square foot grocery-anchored shopping centre in Fairview Heights, IL for a purchase price of $7.2 million ($74 per square foot). The property is 80% occupied and anchored by Schnucks. The acquisition is expected to be completed in the second quarter 2015 subject to customary closing conditions.

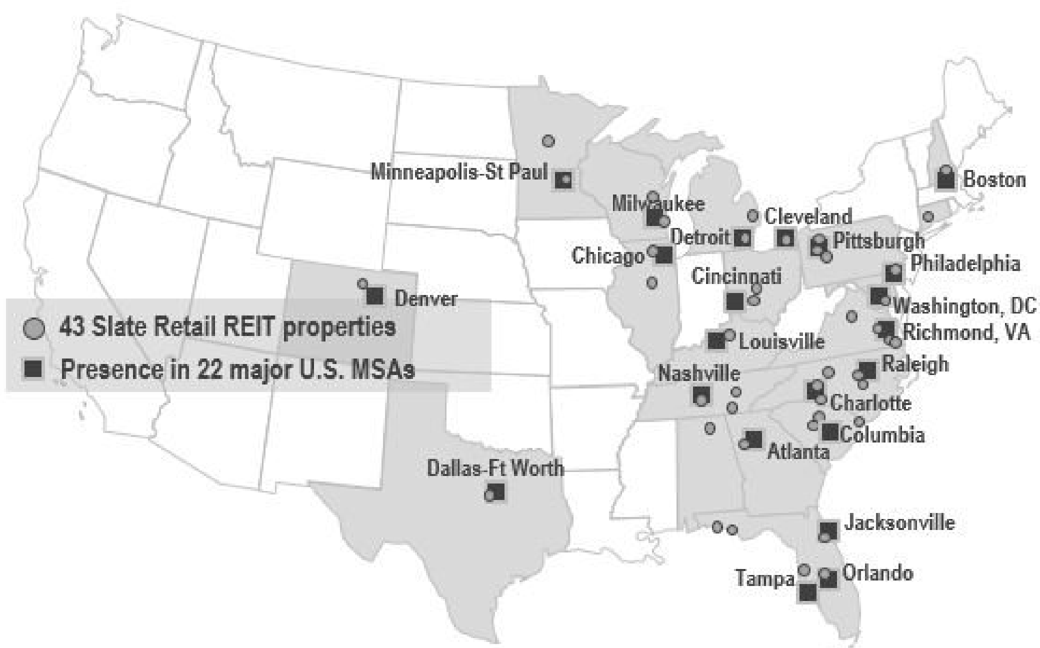
Slate U.S. Opportunity (No. 3) Realty Trust

On May 13, 2015, unitholders of the REIT approved the transaction previously announced on February 25, 2015, pursuant to which the REIT will acquire the assets of SUSO 3. It is expected to close in the second quarter 2015. The transaction will add 13 grocery-anchored properties located in the U.S. to the REIT's existing portfolio of grocery-anchored shopping centers. The portfolio was purchased at a 7.3% cap rate for $130 per square foot.

Geographic Overview

The REIT's portfolio is geographically diversified. As of March 31, 2015, the REIT has 43 properties, located in 19 states, totaling 5,085,885 leasable square feet:

State	Number of Assets	Total SF	% Total SF
North Carolina	5	683,590	13.4%
Pennsylvania	4	629,467	12.4%
Florida	5	596,575	11.7%
Ohio	3	359,639	7.1%
Tennessee	3	351,181	6.9%
Michigan	2	331,328	6.5%
Virginia	4	303,741	6.0%
Minnesota	2	265,137	5.2%
Wisconsin	2	226,282	4.4%
New Hampshire	1	186,997	3.7%
South Carolina	3	174,886	3.4%
Illinois	2	172,388	3.4%
Texas	1	167,961	3.3%
Maryland	1	145,402	2.9%
Connecticut	1	141,443	2.8%
Georgia	1	97,027	1.9%
Colorado	1	97,013	1.9%
Kentucky	1	90,991	1.8%
Alabama	1	64,837	1.3%
Total	**43**	**5,085,885**	**100%**

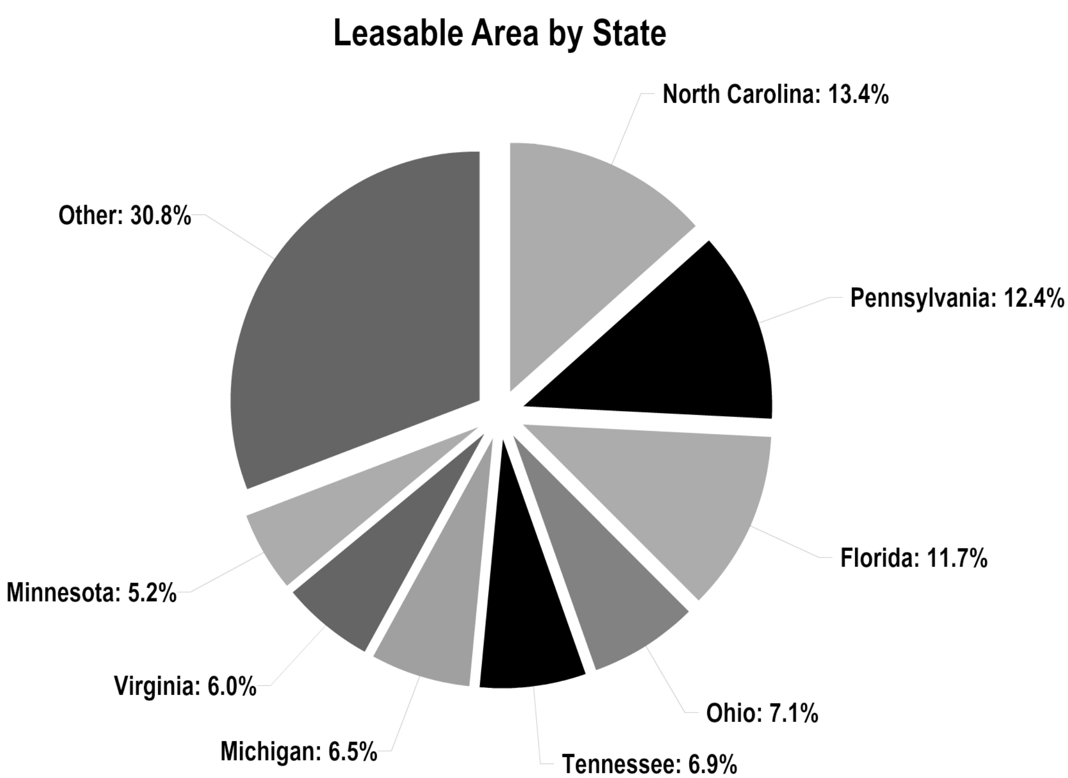


Anchor Tenants

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 Inc. represent the largest percentage of rent with a total of four stores and approximately 7.6% of the total tenant base rents.

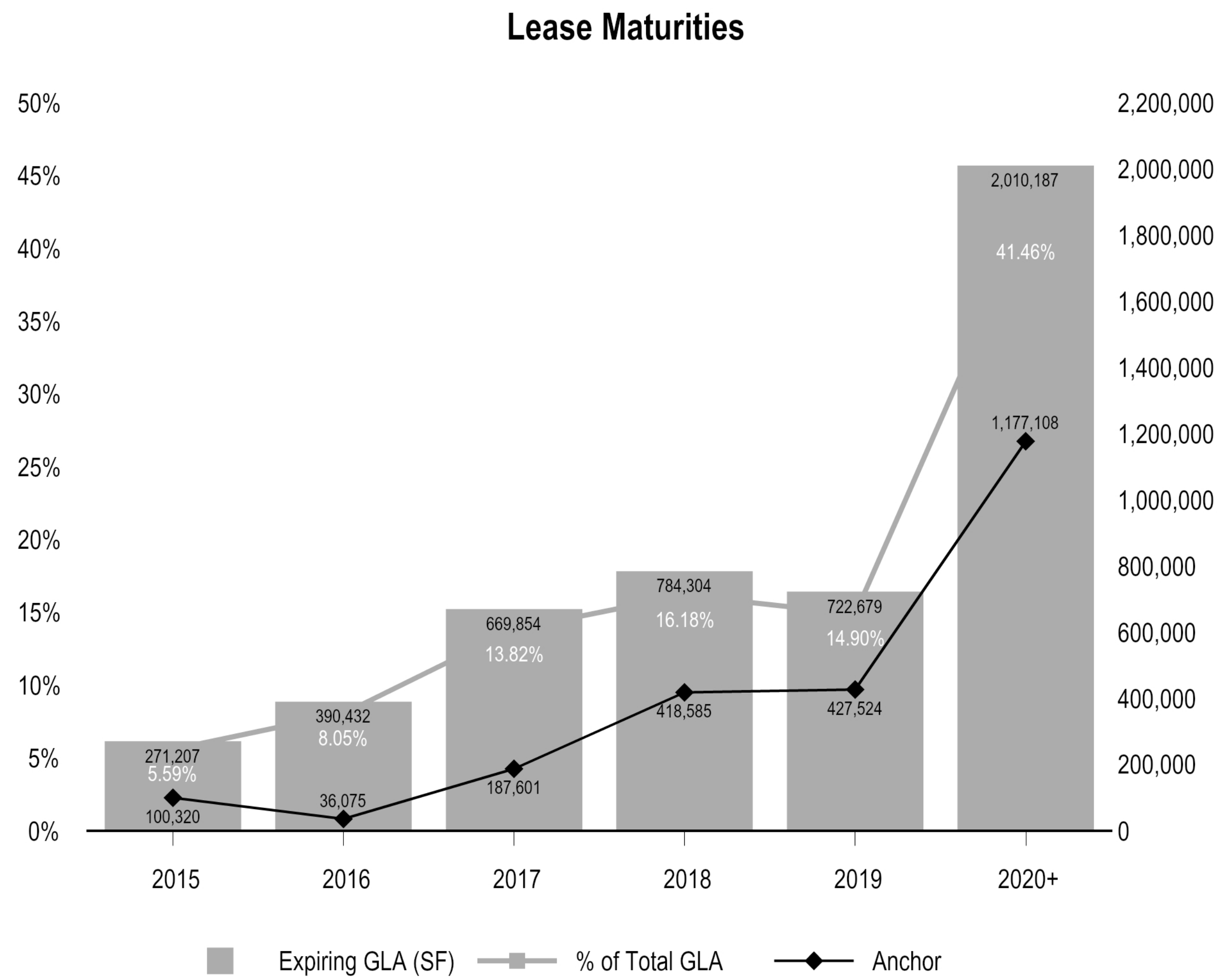
The largest tenants account for of 52.4% total GLA and 45.6% of base rent.

Parent company	Store brand(s)	Grocery	Revenue	Stores	% GLA	% Rent
Wal-Mart Stores Inc.	Wal-Mart, Sams Club	Yes	$ 3,692	4	10.2%	7.6%
The Kroger Co.	Kroger, Harris Teeter	Yes	3,032	9	10.7%	6.3%
SuperValu Inc.	Cub Foods, Farm Fresh, Save A Lot	Yes	2,662	5	4.9%	5.5%
Delhaize America	Food Lion, Hannaford	Yes	2,646	6	4.9%	5.5%
Bi-Lo Holdings Inc.	Winn Dixie, Bi-Lo	Yes	2,189	5	4.6%	4.5%
Ahold	Stop & Shop	Yes	1,233	1	1.3%	2.5%
Roundy's Supermarkets	Pick N' Save	Yes	1,102	2	2.5%	2.3%
Publix Super Markets	Publix	Yes	930	3	2.5%	1.9%
Giant Eagle, Inc.	Giant Eagle	Yes	820	2	2.3%	1.7%
Schnucks Market Inc.	Schnucks	Yes	729	1	1.1%	1.5%
LA Fitness International Texas LP	LA Fitness	No	693	1	1.2%	1.4%
Lowes Foods, LLC.	Lowes Foods	Yes	685	2	1.7%	1.4%
Raymour & Flanigan Furniture	Raymour & Flanigan	No	609	1	1.4%	1.3%
Albertsons LLC	Jewel-Osco	Yes	585	1	1.3%	1.2%
Sears Holding Corporation	K-Mart	No	479	1	1.8%	1.0%
TOTAL			**$ 22,086**	**44**	**52.4%**	**45.6%**



Lease Maturities

The majority of anchor tenants have leases that expire beyond 2016. The timing of upcoming lease expirations for all of the REIT's tenants is as follows:



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 rate 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 this 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 March 31, 2015, all valuations were completed by management of the REIT using the overall income capitalization rate method.

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

The Combination Transaction in fiscal year 2014 has been accounted for as a business combination in accordance with the REIT's policy. 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.

These 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 related to amounts included in the consolidated statements of comprehensive income reflect SUSO 2. For more information, refer to the REIT's annual audited consolidated financial statements as at and for the year ended December 31, 2014.

The following chart shows comparative consolidated statements of comprehensive income of the REIT for the three months ended March 31, 2015. The prior year comparative information reflects only SUSO 2.

	Three months ended March 31, 2015	2014	Variance
Net property income			
Rental revenue	**$ 16,347**	$ 5,664	**$ 10,683**
Property operating expenses	**(10,284)**	(3,757)	**(6,527)**
Net property income	**6,063**	1,907	**4,156**
Other income (expenses)			
General and administrative	**(1,025)**	(687)	**(338)**
Interest expense and other financing costs	**(1,121)**	(5,894)	**4,773**
Property acquisition costs	**(424)**	(131)	**(293)**
Change in fair value of investment properties	**21,289**	11,440	**9,849**
Net income before taxes	**$ 24,782**	$ 6,635	**$ 18,147**
Income tax expense			
Deferred income tax expense	**(9,240)**	(4,278)	**(4,962)**
Net income and comprehensive income	**$ 15,542**	$ 2,357	**$ 13,185**

The significant variance between the three months ended March 31, 2015 and 2014 is due to the operational results of 2014 only including the SUSO 2 investment properties. The remainder of this MD&A will focus on the variances between the three months ended March 31, 2015 and the Forecast published in the Management Information Circular issued February 3, 2014.

RESULTS OF OPERATIONS

Results of operations for the three months ended March 31, 2015 is summarized as follows:

	Three months ended, March 31, 2015		
	Actual	Forecast	**Variance**
Rental revenue	**$ 16,347**	$ 10,995	**$ 5,352**
Property operating expenses [1]	**(10,284)**	(2,991)	**(7,293)**
Net property income	**6,063**	8,004	**(1,941)**
General and administrative	**(1,025)**	(770)	**(255)**
Interest on short-term investments	**3**	—	**3**
Interest on debt	**(2,929)**	(2,084)	**(845)**
Amortization of finance charges	**(189)**	—	**(189)**
Amortization of mark to market premium	**195**	—	**195**
SUSO 3 transaction costs	**(130)**	—	**(130)**
Equity offering costs	**(2,018)**	—	**(2,018)**
Property acquisition costs	**(424)**	—	**(424)**
REIT and exchangeable units of subsidiaries distributions	**(4,138)**	(2,742)	**(1,396)**
Changes in fair values of investment properties	**21,289**	—	**21,289**
Changes in fair values of REIT units	**7,218**	—	**7,218**
Changes in fair values of exchangeable units of subsidiaries	**867**	—	**867**
Deferred income taxes	**(9,240)**	(951)	**(8,289)**
Net income and comprehensive income	**$ 15,542**	$ 1,457	**$ 14,085**

[1] The adoption of IFRIC 21, Levies ("IFRIC 21") results in the REIT recognizing the annual property tax liability and expense on its properties as at January 1, 2015 rather than progressively, i.e. ratably, throughout the year. For the three months ended March 31, 2015, 12 months of property tax is recognized.

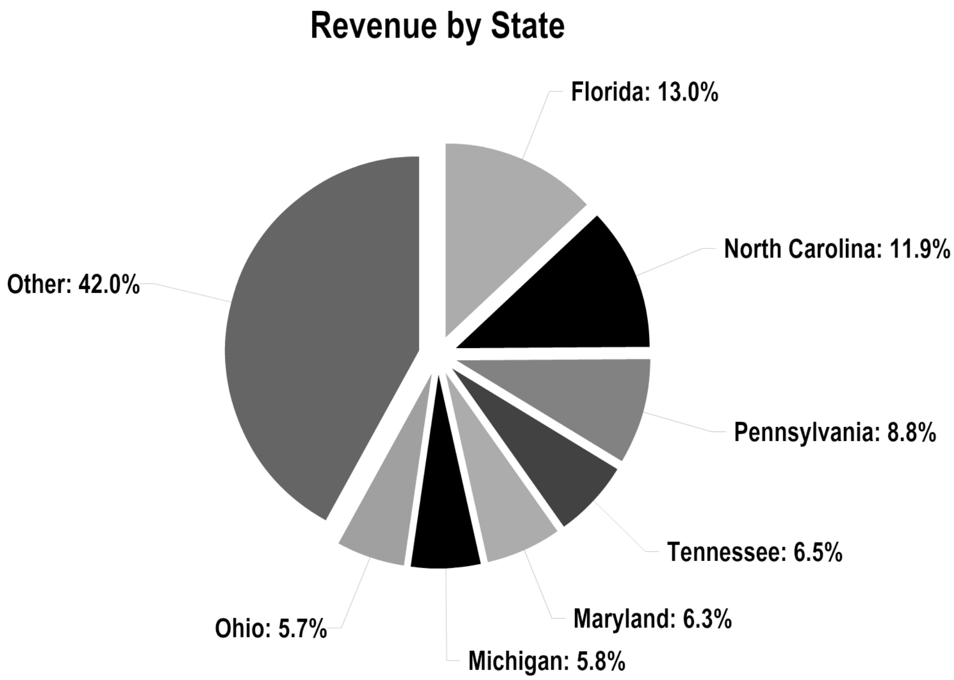
REVIEW OF FINANCIAL RESULTS

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 ended March 31, 2015, rental revenue of $16,347 was $5,352 higher than the Forecast. The variance is primarily due to operating results from properties acquired subsequent to the Forecast. Since the Combination Transaction on April 15, 2014, the REIT acquired 14 investment properties, each of which contributed to the increase in revenue.

The REIT's portfolio is located across 19 states in the United States with 58.0% of the first quarter's rental revenue from investment properties located in Florida, North Carolina, Pennsylvania, Tennessee, Maryland, Michigan and Ohio.



Property Operating Expenses

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

For the three months ended March 31, 2015, property operating costs of $10,284 were higher than the Forecast by $7,293. The variance is primarily due to the adoption of IFRIC 21, resulting in the REIT recognizing the annual property tax liability and expense on its existing properties as at January 1, 2015, rather than progressively, i.e. ratably, throughout the year. Property tax expense was not accounted for in this manner when preparing the Forecast. Also, property operating expenses were higher than the Forecast due to operating results from properties acquired subsequent to the Combination Transaction.

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

Net Property Income

For the three months ended March 31, 2015, net property income of $6,063 was $1,941 lower than the Forecast. The variance is due to the application of IFRIC 21, which recognized the annual property tax expense for investment properties owned by the REIT as at January 1, 2015, and the operational results of the 14 investment properties acquired since the Forecast.

	Three months ended March 31, 2015		
	Actual	Forecast	**Variance**
Rental revenue	**$ 16,347**	$ 10,995	**$ 5,352**
Property operating expenses	**(10,284)**	(2,991)	**(7,293)**
Net property income	**$ 6,063**	$ 8,004	**$ (1,941)**

General and Administrative

General and administrative expenses include asset management fees, professional fees, trustee fees, tax compliance fees and reporting fees.

	Three months ended, March 31, 2015		
	Actual	Forecast	**Variance**
Asset management fees	**$ 648**	$ 435	**$ 213**
Professional fees	**377**	335	**42**
General and administrative	**$ 1,025**	$ 770	**$ 255**

For the three months ended March 31, 2015, general and administrative expenses of $1,025 was $255 higher than the Forecast. The increase is primarily due to increased asset management fees as a result of properties acquired subsequent to the Combination Transaction.

Interest on Debt

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

For the three months ended March 31, 2015, the interest on debt of $2,929 was $845 higher than the Forecast, primarily due to the increase in debt related to the acquisition of 14 investment properties since the Combination Transaction.

REIT Units and Exchangeable Units of Subsidiaries Distributions

During the quarter, the REIT declared monthly distributions of $0.063 per unit. Distributions paid on the REIT units and exchangeable units are recorded as finance expenses. For the three months ended March 31, 2015, distributions of $4,138 were $1,396 higher than the Forecast. The increase is primarily due to the issuance of REIT units following the Combination Transaction. The distribution was also increased to $0.063 per unit in November 2014 and remains unchanged to date.

Changes in Fair Values of Investment Properties

The REIT has elected to use the fair value model to account for its investment properties. Under the fair value model, investment properties are carried at fair value on the consolidated statement of financial position. The unrealized gain of investment properties for the three months ended March 31, 2015 is $21,289.

The fair value change of investment properties is impacted by IFRIC 21 property tax adjustments recorded on the REIT's portfolio. The REIT has determined that the obligating event for property taxes is ownership of the property on January 1st of the fiscal year. As a result, the annual property tax liability and expense has been recognized on the properties owned as at January 1, 2015.

The Forecast did not incorporate the adoption of IFRIC 21 and has no impact on FFO or AFFO.

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

Changes in Fair Values of Financial Instruments

REIT units and exchangeable units of subsidiaries are classified as financial liabilities under IFRS and are measured at fair value with any changes in fair value recognized in the consolidated statements of comprehensive income. The fair value is re-measured at the end of each reporting period. An unrealized gain represents a decrease in the fair value per unit whereas an unrealized loss represents an increase in the fair value per unit. The fair value per unit on March 31, 2015 was $10.07. Changes in fair value of REIT units and exchangeable units of subsidiaries are non-cash in nature and are required under IFRS.

For the three months ended March 31, 2015, the REIT recognized an unrealized fair value gain of $7,218 and $867 on REIT units and exchangeable units of subsidiaries respectively. The Forecast did not include changes in fair value of the REIT units and exchangeable units of subsidiaries as unit price changes are a factor of market conditions.

Deferred Income Tax

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

For the three months ended March 31, 2015, deferred income tax expense of $9,240 was $8,289 higher than the Forecast. The variance is primarily due to the fair value adjustment to investment properties.

Statement of Financial Position

		March 31, 2015		December 31, 2014
Cash	**$**	**13,756**	$	13,174
Deposits on investment properties		**2,789**		500
Prepaids		**1,417**		2,065
Accounts receivable		**5,807**		4,539
Investment properties		**661,322**		622,295
Interest rate caps		**2**		2
TIF notes receivable		**3,984**		4,078
Funds held in escrow		**1,747**		1,513
Total assets		**690,824**		648,166
Accounts payable and accrued liabilities	**$**	**6,746**	$	5,337
Distributions payable		**1,586**		1,276
TIF notes payable		**3,872**		4,022
Other non-current liabilities		**1,277**		1,179
Long term debt		**339,580**		365,538
Deferred income taxes		**47,459**		38,219
REIT and exchangeable units of subsidiaries		**253,430**		211,263
Unitholders' equity		**36,874**		21,332
Total liabilities and unitholders' equity	**$**	**690,824**	$	648,166

The increase in total assets for the three months ended March 31, 2015 compared to the year ended December 31, 2014 is primarily due to the increase in fair value of existing properties and the acquisition of two investment properties during the quarter. Funds held in escrow represents funds held by the mortgage lender in respect of future leasing costs and tenant improvements to be paid.

The accounts receivable balance is comprised of the following:

		March 31, 2015		December 31, 2014
Rent receivable	**$**	**3,621**	$	891
Allowance for doubtful accounts		**(141)**		(168)
Accrued recovery income		**2,137**		3,317
Other receivables		**190**		499
Accounts receivable	**$**	**5,807**	$	4,539

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.

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

		March 31, 2015		December 31, 2014
Current to 30 days	$	2,861	$	409
31 to 60 days		259		77
Greater than 60 days		360		237
	$	3,480	$	723

Rent receivable is comprised of base rent and operating expense recoveries. Management anticipates that the remaining portion greater than 60 days is collectible and has provided for $141 as an allowance for doubtful accounts.

Debt

Debt held by the REIT as at March 31, 2015 is as follows:

	Maturity	Remaining Extension options	Coupon		March 31, 2015		December 31, 2014
Term loan	Dec. 19, 2018	One 1-year	L+225 bps	$	225,000	$	225,000
Revolver	Dec. 19, 2017	Two 1-year	L+225 bps		18,505		44,005
Mortgage	Jan. 1, 2025	None	3.80%		50,000		50,000
GAR mortgage	Apr. 30, 2021	None	5.80%		29,836		30,044
Cudahy Centre first mortgage	Apr. 1, 2031	None	5.25%		3,648		3,684
Cudahy Centre second mortgage	May. 1, 2016	None	6.00%		—		210
Derry Meadows mortgage	Mar. 1, 2021	None	5.75%		16,102		16,261
Unamortized finance charges					(3,511)		(3,666)
				$	339,580	$	365,538

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. In fiscal year 2014, the Term loan and Revolver were used to retire and replace approximately $240 million of existing corporate credit facilities.

REIT Units and Exchangeable Units of Subsidiaries

The REIT has class A units, class I units and class U units issued and outstanding. Since the 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.

On March 19, 2015, the REIT completed a public offering of 4,125 class U units at a price of C$13.00 per unit for gross proceeds to the REIT of approximately C$53.6 million ($42.2 million). A private placement of 769 class U units for C$10.0 million ($7.9 million) was also completed, resulting in a total of 4,894 class U units for gross proceeds of C$63.6 million ($50.1 million). The costs related to the offering totaled $2.0 million and were expensed as incurred.

The REIT made available a Distribution Reinvestment Plan ("DRIP") that allows holders of class A units, class I units and class U units to elect to receive their distributions in the form of class U units with an additional distribution of class U units equal to 3% of the distribution. For the three months ended March 31, 2015, 22 class U units were issued for $217 under the DRIP.

REIT units and exchangeable units of subsidiaries outstanding during the period and their respective class U equivalent amounts if converted are as follows:

	REIT units			Exchangeable units of subsidiaries		Total class U units equivalent
Class / Type	U	A	I	SR [1]	GAR B	
Balance as at December 31, 2014	16,875	528	358	1,880	590	**20,255**
Units issued under the DRIP	22	—	—	—	—	**22**
Units issued	4,894	—	—	—	—	**4,894**
Units redeemed	—	—	—	(4)	—	**(4)**
Exchanges	62	(23)	—	(39)	—	**—**
Balance as at March 31, 2015	21,853	505	358	1,837	590	**25,167**
Conversion ratio to class U units	1.0000	1.0078	1.0554	1.0000	1.0000	**—**
Class U units equivalent	**21,853**	**509**	**378**	**1,837**	**590**	25,167

[1] "SR" means Slate Retail exchangeable units.

OTHER MEASURES OF PERFORMANCE

Net Operating Income

	Three months ended March 31, 2015		
	Actual	Forecast	**Variance**
Rental revenue	**$ 16,347**	$ 10,995	**$ 5,352**
Straight-line rent revenue	**(406)**	(136)	**(270)**
Property operating expenses	**(10,284)**	(2,991)	**(7,293)**
IFRIC 21 property tax adjustment	**5,397**	223	**5,174**
Net operating income	**$ 11,054**	$ 8,091	**$ 2,963**

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 there is no standard definition. NOI may not be comparable with similar measures presented by other entities and is not to be construed as an alternative to net income or cash flow from operating activities determined in accordance with IFRS.

For the three months ended March 31, 2015, NOI of $11,054 was $2,963 higher than the Forecast. This increase is primarily due to operational results of 14 acquired investment properties not included in the Forecast.

Funds from Operations

		Three months ended March 31, 2015		
		Actual	Forecast	**Variance**
Net income and comprehensive income	**$**	**15,542**	$ 1,457	**$ 14,085**
IFRIC 21 property tax adjustment		**5,397**	—	**5,397**
Property tax normalization		**—**	(223)	**223**
SUSO 3 transaction costs		**130**	—	**130**
REIT unit offering costs		**2,018**	—	**2,018**
Property acquisition costs		**424**	—	**424**
REIT and exchangeable unit distributions		**4,138**	2,742	**1,396**
Changes in fair values of exchangeable units of subsidiaries		**(867)**	—	**(867)**
Changes in fair values of REIT units		**(7,218)**	—	**(7,218)**
Changes in fair values of investment properties		**(21,289)**	—	**(21,289)**
Deferred income taxes		**9,240**	951	**8,289**
Funds from operations	**$**	**7,515**	$ 4,927	**$ 2,588**
FFO per WA unit		**0.36**	0.31	**0.05**
Distributions per WA unit [(1)]		**(0.20)**	(0.17)	**(0.03)**
WA number of units outstanding		**20,919**	16,000	**4,919**

For the three months ended March 31, 2015, FFO of $7,515 was $2,588 higher than the Forecast. This increase is primarily due to increases in NOI, offset by higher general and administrative costs and finance costs related to the acquisition of investment properties subsequent to the Combination Transaction.

Adjusted Funds from Operations

		Three months ended March 31, 2015		
		Actual	Forecast	**Variance**
Funds from operations	**$**	**7,515**	$ 4,927	**$ 2,588**
Straight-line rental revenue		**(406)**	(136)	**(270)**
Income support payments		**3**	—	**3**
Adjustment to TIF notes		**13**	—	**13**
Amortization of finance charges		**189**	—	**189**
Amortization of mark to market premium		**(195)**	(17)	**(178)**
Capital and leasing costs		**(529)**	(619)	**90**
Adjusted funds from operations	**$**	**6,590**	$ 4,155	**$ 2,435**
AFFO per WA unit		**0.32**	0.26	**0.06**
WA number of units outstanding		**20,919**	16,000	**4,919**

For the three months ended March 31, 2015, AFFO of $6,590 was $2,435 higher than the Forecast. The increase is primarily due to increases in FFO as aforementioned, and the favourable capital and leasing costs, partially offset by increases in straight-line rental revenue above the Forecast.

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 first quarter, capital improvements were completed across six assets in the portfolio. The majority of capital improvements were completed concurrent to leasing at the asset with the remainder as minor improvements at the properties.

Leasing Costs

Leasing costs this quarter related mainly to renewal leasing activity with three new leases signed. Total leasing completed was 113,501 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.

Summary of Selected Quarterly Information

Quarter ended	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014 [(1)]	Q4 2013 [(1)]	Q3 2013 [(1)]	Q2 2013 [(1)]
Total assets	$ 690,824	$ 648,166	$ 533,877	$ 463,208	$ 209,876	$ 190,558	$ 188,899	$ 136,517
Total liabilities	$ 653,950	$ 626,834	$ 508,247	$ 460,328	$ 126,045	$ 113,971	$ 112,946	$ 62,986
Rental revenue	$ 16,347	$ 14,508	$ 11,386	$ 9,885	$ 5,664	$ 5,358	$ 4,361	$ 1,829
Net operating income	$ 11,054	$ 10,085	$ 7,982	$ 6,890	$ 3,848	$ 3,562	$ 2,876	$ 1,332
FFO	$ 7,515	$ 3,500	$ 4,596	$ 4,335	$ 2,194	$ 1,952	$ 1,764	$ 683
AFFO	$ 6,590	$ 5,496	$ 4,244	$ 4,059	$ 1,830	$ 1,414	$ 1,122	$ 442

(1) Comparative amounts relate solely to SUSO 2.

The growing trend in rental revenue, net operating income, FFO and AFFO was primarily driven by the acquisitions of 14 investment properties since the Combination Transaction.

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.

	Three months ended March 31, 2015
Operating activities	$ 4,846
Investing activities	(24,735)
Financing activities	20,471
Increase in cash	**$ 582**

Cash Flows from Operating Activities

Positive cash flows from operating activities were driven by a positive cash flow from net income before non-cash items, such as a positive change in non-cash working capital items and a non-cash adjustment related to IFRIC 21. Cash flows from operating activities will be used to fund on-going operations and expenditures for leasing capital and property capital.

Cash Flows from Investing Activities

In the current quarter, the REIT completed the acquisition of two additional investment properties.

Cash Flows from Financing Activities

Distributions were declared and paid in the quarter to REIT and exchangeable unitholders and the REIT drew on the Revolver for the acquisition of two additional investment properties.

LIQUIDITY AND CAPITAL RESOURCES

The principal liquidity needs of the REIT arise from:

i. working capital requirements;

ii. debt servicing and repayment obligations which includes the Term Loan, Revolver or the mortgages;

iii. distributions to unitholders;

iv. obligations to redeem outstanding puttable trust units at the option of the unitholders;

v. planned funding of maintenance capital expenditures and leasing costs; and

vi. 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 achieve and maintain:

i. staggered debt maturities that reduce its exposure to interest rate fluctuations and re-financing risk in any particular period;

ii. fix rates and extend loan terms upon stabilizing the properties; and

iii. 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. 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, 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.

RELATED PARTY TRANSACTIONS

		Three months ended March 31, 2015
Asset management and service	$	648
Acquisition		169
	$	**817**

Asset management and service fees, and acquisition fees incurred and paid to the Manager for the three months ended March 31, 2015 amounted to $817. 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.

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.

FUTURE ACCOUNTING POLICIES

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

IAS 1, *Presentation of Financial Statements*

The IASB issued amendments to IAS 1, *Presentation of Financial Statements* as part of its major initiative to improve presentation and disclosure in financial reports. These amendments will not require any significant change to current practice, but should facilitate improved financial statement disclosures. The amendments are effective for annual periods beginning on or after January 1, 2016. The REIT is assessing the impact of this amendment on its consolidated financial statements.

IFRS 9, *Financial Instruments*

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 annual periods beginning on or after January 1, 2018. The REIT is assessing the impact of this new standard on its consolidated financial statements.

IFRS 15, *Revenue from Contracts with Customers*

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

For a full list and explanation of the REIT's risks and uncertainties, please refer to the REIT's annual audited consolidated financial statements and management discussion and analysis as at and for the year ended December 31, 2014.

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 5.09 million square feet of gross leasable area and consists of 43 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

Samuel Altman (1)(2)(3)
President of Joddes Limited

Peter Tesche, CFA (1)(2)(3)
Principal at P.T. Lloyd Associates

Brady Welch
Chief Financial Officer of Slate Retail REIT

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

Patrick Flatley (3)
Senior Vice President, Fidelity National Title Insurance Co

Blair Welch (3)
Chief Executive Officer of Slate Retail REIT

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