Retail REIT
SLATE

Q2 2017

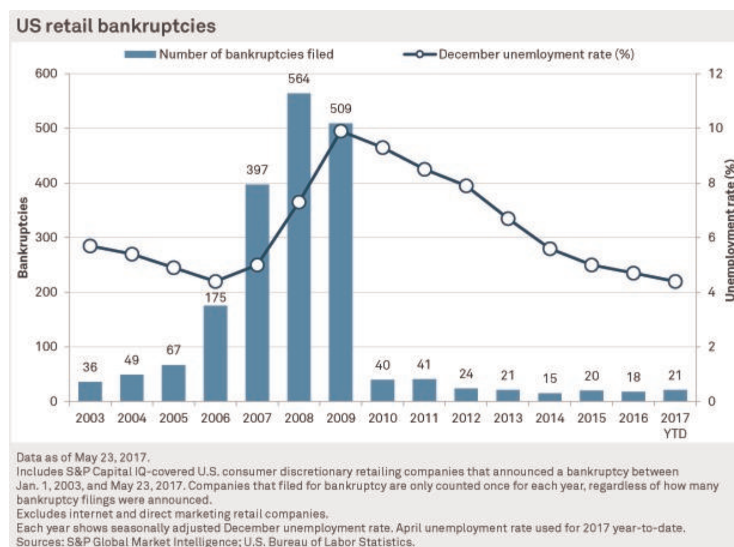
TSX: SRT.U and SRT.UN

"Denial ain't just a river in Egypt."

— *Mark Twain*

DEAR FELLOW UNITHOLDERS

Retail is changing. However, our view is that things are not as bad as the headlines suggest. Retail bankruptcies are still muted and although store closures have certainly increased they are dominated by out-of-touch big box retailers that offer no value proposition or service to their customers. A good example of this is the department store that we've all walked through that looks the same as it did 25 years ago. It seems we are not as surprised as other investors that these retailers are closing dying stores. And it's not all bad news because a lot of these vacant units are being redeveloped into vibrant retail spaces with new and exciting retail concepts that are rejuvenating shopping malls and driving increased sales and foot traffic.



Data as of May 23, 2017.
Includes S&P Capital IQ-covered U.S. consumer discretionary retailing companies that announced a bankruptcy between Jan. 1, 2003, and May 23, 2017. Companies that filed for bankruptcy are only counted once for each year, regardless of how many bankruptcy filings were announced.
Excludes internet and direct marketing retail companies.
Each year shows seasonally adjusted December unemployment rate. April unemployment rate used for 2017 year-to-date.
Sources: S&P Global Market Intelligence; U.S. Bureau of Labor Statistics.

Nevertheless, Slate Retail doesn't own enclosed shopping malls and we have virtually zero exposure to these dying brands or large format retailers. These tenants account for effectively zero percent of our base rent. In addition, only 12% of our non-grocery leasable area is dedicated to tenants over 10,000 square feet and our average non-grocer tenant size is just 4,100 square feet. All to say, we do not compete with shopping malls and power centres for tenants. On the other hand, as mall retailers shrink their stores and try to do more with less our centres may become their new home as they look to move closer to households and provide a more convenient shopping experience.

Slate Retail is now home to over 1,000 tenants and locations in 21 states, we are very well diversified and no one tenant makes up a significant portion of our revenue. Our largest is tenant Kroger at 7.4% of base rent and we are excited about their future. Kroger's moat is huge. In 2016, their sales totaled $115.3 billion, serving over 8.5 million customers via 2,796 stores (they also operate 1,445 fuel stations, and 784 convenience stores). Next to only Walmart, they have the second largest retail footprint and distribution network in North America. Further, they donated more than 330 million meals last year alone. Kroger sold more organic and natural products than Whole Foods in 2016 for the first time ever. They will offer click and collect at more than 700 locations by the end of this year leveraging technology and their bricks and mortar platform. In other words, Kroger is not sitting passively on the sidelines, we continue to believe they are the 800-pound gorilla in the grocery sector.

In our view, Amazon's acquisition of Whole Foods highlights the importance of physical real estate in grocery retail. While Amazon took a shot, the fact is bricks-and-mortar still accounts for over 90 percent of sales in the clear majority of sectors (more than 99% in grocery) and virtually 100 percent of the operating profits. Amazon will focus its innovation and ingenuity to improve the shopping experience of consumers in grocery stores. What Amazon knows is how to sell to its customers and it knows that its customers will continue to go to the grocery store. The grocery store, as we know it, will change but it will not go away. We are excited about the change and continue to believe our stores will retain their relevance. As retailers strive to better understand and reduce the cost of delivery for the last mile, our centres will increase in value as the importance of being close to households becomes more and more evident.

Slate Retail has only 2 locations out of 73 within 3 miles (4.8 km) of a Whole Foods highlighting that there is little to no overlap and we are not targeting the top zip codes in America. This has been a focused strategy since day one. We do not want to compete in these markets we feel are already over-competed.

Moreover, we believe that the cost of the last mile and the importance of density in allowing grocery delivery economics to be viable are being largely overlooked and misinterpreted. As an example, we often hear "online grocery delivery is being adopted at a much faster pace in the United Kingdom and the US is next". To put facts into perspective, the UK is a very small country ranking behind other countries like Finland, Norway, New Zealand, and Vietnam in terms of land area. However, it is home to over 65 million people. To put that it into a Canadian context, the province of Ontario is five times the size of the UK in terms of land area, with one-fifth the amount of people. Relative to the US, the UK is 8.2 times denser. The Greater London Area (8.8 million people) is 24 times denser than the Orlando MSA (2.4 million people), which is one of SRT's largest markets. The US has one of the lowest population densities in the world and outside of its six major cities, the lack of density makes it very hard for grocery delivery to become economically viable. While technology may improve convenience, like faster checkout times, consumers in the US will need to rely on the proximity of the local grocery store. As a result, we remain focused on markets and grocery stores where sales are stable and growing and the community relies on our locations for their weekly convenience and service-based shopping needs.

Slate Retail's dedicated team continues to do a phenomenal job executing on our business plans which is reflected in our strong leasing activity again this quarter. Furthermore, we continue to have tailwinds from there being a lack of new strip centre supply, at historically low levels, and demand for well-located real estate continuing to grow.

We have been active on the investment side as well already surpassing 2016 levels half way through the year. The real estate we have purchased this year, and more importantly, the opportunities to create value as hands-on managers at our newly acquired centres are some of the best we've seen.

Thank you for your continued support. We value your trust in us and look forward to the opportunity to build wealth together in the future.

With appreciation,

Greg Stevenson
Chief Executive Officer
August 1, 2017

Management's Discussion and Analysis

SLATE RETAIL REIT

June 30, 2017

TSX: SRT.U and SRT.UN

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FORWARD-LOOKING STATEMENTS

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

These forward-looking statements are not guarantees of future events or performance and, by their nature, are based on the REIT's current estimates and assumptions, which are subject to significant risks and uncertainties. The REIT believes that these statements are made based on reasonable assumptions; however, there is no assurance that the events or circumstances reflected in these forward-looking statements will occur or be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to the risks that are more fully discussed under the "*Risk Factors*" section of the annual information form of the REIT for the year ended December 31, 2016 ("Annual Information Form"). Factors that could cause actual results to differ materially from those contemplated or implied by forward-looking statements include, but are not limited to: risks incidental to ownership and operation of real estate properties including local real estate conditions; financial risks related to obtaining available equity and debt financing at reasonable costs and interest rate fluctuations; operational risks including timely leasing of vacant space and re-leasing of occupied space on expiration of current leases on terms at current or anticipated rental rates; tenant defaults and bankruptcies; uncertainties of acquisition activities including availability of suitable property acquisitions and integration of acquisitions; competition including development of properties in close proximity to the REIT's properties; loss of key management and employees; potential environmental liabilities; catastrophic events, such as earthquakes and hurricanes; governmental, taxation and other regulatory risks and litigation risks.

Forward-looking statements included in this MD&A are made as of August 1, 2017, and accordingly are subject to change after such date. The REIT does not undertake to update any forward-looking statements that are included in this MD&A, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities laws. Certain statements included in this MD&A may be considered "financial outlook" for purposes of applicable securities laws, and such financial outlook may not be appropriate for purposes other than this MD&A. Investors are cautioned against placing undue reliance on forward-looking statements.

FINANCIAL AND INFORMATIONAL HIGHLIGHTS

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

	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Summary of Portfolio Information						
Number of properties	73	71	69	64	68	66
Gross leasable area ("GLA")	9,141,538	8,513,110	8,335,625	7,841,401	7,941,699	7,726,055
GLA occupied by grocery-anchors	4,162,756	3,968,924	3,909,716	3,669,595	3,776,105	3,691,654
Occupancy	91.7%	93.2%	93.5%	93.6%	95.0%	94.4%
Grocery-anchor occupancy	98.7%	99.1%	99.1%	99.0%	99.1%	99.0%
Non-anchor occupancy	86.4%	87.9%	89.2%	88.7%	91.2%	90.2%
Grocery-anchor weighted average lease term (years)	5.4	5.4	5.8	5.7	5.9	5.9
Portfolio weighted average lease term (years)	4.9	4.9	5.1	5.1	5.2	5.1
Square feet ("SF") leased	337,706	276,310	258,168	117,805	255,623	283,847
Summary of Financial Information						
IFRS gross book value ("GBV") (1)	$ 1,225,065	$ 1,158,102	$ 1,114,606	$ 1,076,668	$ 1,072,823	$ 1,033,985
Total debt	608,035	597,787	624,892	589,213	589,731	592,297
Revenue	26,614	27,233	25,044	23,699	24,088	24,205
Net income (loss)	16,049	8,652	(12,397)	(15,309)	(605)	(760)
Net operating income ("NOI") (2)	19,172	19,411	17,931	17,019	17,438	17,077
Funds from operations ("FFO") (2) (3)	12,741	12,859	8,688	11,193	11,998	10,685
Adjusted funds from operations ("AFFO") (2) (3) (4)	10,713	11,587	7,110	9,114	10,208	7,517
Distributions declared	$ 9,018	$ 8,308	$ 7,179	$ 6,990	$ 6,894	$ 6,201
Per Unit Financial Information						
Class U equivalent units outstanding	46,291	41,031	35,456	35,440	35,425	31,858
WA class U equivalent units outstanding ("WA units")	42,832	39,847	35,494	35,469	34,627	31,872
FFO per WA units (2) (3)	$ 0.30	$ 0.32	$ 0.24	$ 0.32	$ 0.35	$ 0.34
AFFO per WA units (2) (3) (4)	0.25	0.29	0.20	0.26	0.29	0.24
Declared distributions per unit	$ 0.2025	$ 0.2025	$ 0.2025	$ 0.1973	$ 0.1947	$ 0.1947
Financial Ratios						
FFO payout ratio (2) (3) (5)	70.8%	64.6%	82.6%	62.4%	57.5%	58.0%
AFFO payout ratio (2) (3) (4) (6)	84.2%	71.7%	101.0%	76.7%	67.5%	82.5%
Debt / GBV	49.6%	51.6%	56.1%	54.7%	55.0%	57.3%
Weighted average interest rate (7)	3.10%	3.20%	3.10%	3.00%	3.00%	3.05%
Interest coverage ratio (8)	3.52x	3.72x	3.35x	3.31x	3.57x	3.27x

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

(1) GBV is defined as total assets.

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

(3) In the fourth quarter of 2016, the REIT completed a defeasance of a mortgage during the fourth quarter, at a cost of $4.5 million representing the excess of the U.S. Treasury securities required to be funded over the outstanding principal balance of the mortgage. A $2.8 million charge to income was recorded which was determined as the $4.5 million cost, less $1.7 million, representing the unamortized mark-to-market premium associated with the mortgage. Adjusting to exclude the impact of the defeasance of a mortgage, FFO and FFO payout ratio would be $0.32 per unit and 62.3%, respectively and AFFO and AFFO payout ratio would be $0.28 and 72.2%, respectively.

(4) The REIT has changed its methodology to calculate AFFO in the current period. In February 2017, the Real Property Association of Canada issued its White Paper on FFO and AFFO for IFRS. Accordingly, the REIT has adopted the definition of AFFO provided by REALPAC, beginning for periods beginning on or after January 1, 2017. The REIT has restated prior periods on a retrospective basis in order to maintain comparability.

(5) Distributions declared divided by FFO.

(6) Distributions declared divided by AFFO.

(7) Includes the impact of pay-fixed receive-float swaps.

(8) NOI less other expenses, divided by interest on debt.

PART I – OVERVIEW

INTRODUCTION

This MD&A of the financial position and results of operations of Slate Retail REIT (TSX: SRT.U and SRT.UN) and its subsidiaries (collectively, the "REIT") is intended to provide readers with an assessment of performance and summarize the financial position and results of operations of the REIT for the period ended June 30, 2017. The presentation of the REIT's financial results, including the related comparative information, contained in this MD&A are based on the REIT's condensed consolidated interim financial statements for the period ended June 30, 2017 (the "consolidated financial statements"), which have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). This MD&A should be read in conjunction with those financial statements. All amounts are in thousands of United States dollars, unless otherwise noted, which is the functional currency of the REIT and all of its subsidiaries.

The information contained in this MD&A is based on information available to the REIT and is dated as of August 1, 2017, which is also the date the Board of Trustees, upon the recommendation of its Audit Committee, approved the contents of this MD&A.

PROFILE

The REIT is an unincorporated open-ended real estate mutual fund trust constituted in accordance with the laws of the Province of Ontario pursuant to an amended and restated Declaration of Trust dated as of April 15, 2014, as amended on May 11, 2016. As of June 30, 2017, the REIT owns 73 grocery-anchored retail commercial properties located in the United States of America (the "U.S.") comprising 9.1 million square feet of GLA.

The REIT is externally managed and operated by Slate Asset Management L.P. (the "Manager" or "Slate"). The Manager has an experienced and dedicated team of real estate professionals with a proven track record of success in real estate investment and management. Management's interests are aligned with the unitholders of the REIT through its sponsorship and as a significant unitholder of the REIT. Slate is the largest unitholder in the REIT, with an approximate 6.2% interest, and accordingly, is highly motivated to increase the value to unitholders and provide reliable growing returns to the REIT's unitholders.

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

STRATEGY AND OUTLOOK

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

We are focused on the following areas to achieve the REIT's objectives:

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

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

NON-IFRS FINANCIAL MEASURES

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

The definition of non-IFRS financial measures are as follows:

- NOI is defined as rental revenue less operating expenses, prior to straight-line rent and IFRIC 21, *Levies* ("IFRIC 21") adjustments. Same-property NOI includes those properties owned by the REIT for each of the current period and the relevant comparative period excluding those properties under development. NOI margin is defined as NOI divided by revenue.

- FFO is defined as net income (loss) adjusted for certain items including transaction costs, change in fair value of properties, deferred income taxes, unit expense and IFRIC 21 property tax adjustments.
- AFFO is defined as FFO adjusted for straight-line rental revenue and sustaining capital, leasing costs and tenant improvements.
- FFO payout ratio and AFFO payout ratio are defined as distributions declared divided by FFO and AFFO, respectively.
- FFO per WA unit and AFFO per WA unit are defined as FFO and AFFO divided by the weighted average class U equivalent units outstanding, respectively.
- Adjusted EBITDA is defined as NOI less other expenses.
- Interest coverage ratio is defined as adjusted EBITDA divided by cash interest paid.

RISK AND UNCERTAINTIES

The REIT's business is subject to a number of risks and uncertainties which are described in its most recently filed Annual Information Form for the year ended December 31, 2016, available on SEDAR at www.sedar.com. Additional risks and uncertainties not presently known to the REIT or that the REIT currently considers immaterial also may impair its business and operations and cause the price of the REIT's units to decline. If any of the noted risks actually occur, the REIT's business may be harmed and the financial condition and results of operation may suffer significantly. In that event, the trading price of the units could decline, and unitholders may lose all or part of their investment.

RECENT DEVELOPMENTS

The following is a summary of the key financial and operational highlights and recent developments for the REIT for the three month period ended June 30, 2017:

- Completed 258,083 square feet of lease renewals in the second quarter, with two grocery-anchor leases signed in advance of their expiry. Winn-Dixie at Errol Plaza, which accounts for 64% of the GLA, renewed for an additional 9 years and Kroger at Stadium Centre, which accounts for 50% of the GLA, renewed for an additional 5 years. At the end of the first half of the year, the REIT has proactively renewed four grocery-anchored tenants in advance of their expiry totaling 167,351 square feet for a weighted average lease term of 6.0 years.
- Completed 79,623 square feet of new leasing this quarter. A new lease was signed at County Line Plaza, in Philadelphia, PA to backfill the vacant anchor space. A 15-year lease was signed with an average base rent of $13.24 which represents a 47.1% increase compared to the former A&P rent and creates a new destination at the centre that we believe will drive further leasing gains.
- The REIT executed 14 new shop space leases at an average rental rate of $17.19 per square foot which is $4.89 per square foot or 39.8% higher than the weighted average in-place rent for comparable space. The weighted average retention rate for this quarter is 86.0%.
- On May 31, 2017, the REIT completed a sale of 5.2 million class U units by way of a public offering of 5.0 million class U units and a private placement to the Manager of 0.2 million class U units, at a price of $11.00 or C$14.75 per unit, for gross proceeds to the REIT of approximately $57.7 million or C$77.3 million. This total includes an over-allotment option that was fully exercised by the REIT's underwriters. Funds were initially used to reduce indebtedness, and has been redrawn to fund the acquisition of two properties in the period for a total purchase price of $71.2 million ($113 per square foot) at a weighted average capitalization rate of 7.0%. At the end of the first half of the year, the REIT has redeployed proceeds from the January 20, 2017 and May 31, 2017 equity offering to acquire four properties for a total purchase price of $103.8 million ($118 per square foot) at a weighted average capitalization rate of 7.1%. Subsequent to June 30, 2017, the REIT has committed to redeploy funds for $142.6 million of announced acquisitions.
- In June 2017, the REIT increased the revolver and term loan each to $362.5 million or in aggregate by an additional $140.0 million. Proceeds from the increase in the term loan were used to reduce the outstanding amount on the revolver, providing additional borrowing capacity.
- Rental revenue was $26.6 million for the three month period ended June 30, 2017, which represents an increase of $2.5 million compared to the same period in the prior year. The increase is primarily due to rental rate growth and the acquisition of 10 properties, partially offset by the loss of revenue from the disposition of 5 properties and two outparcels since June 30, 2016.
- Net income was $16.0 million for the three month period ended June 30, 2017, which represents a $16.7 million increase from the comparative period. The increase is mainly due to the decrease in fair value of REIT units and exchangeable units of subsidiaries, partially offset by the change in fair value of properties.
- NOI was $19.2 million for the three month period ended June 30, 2017, compared to $19.4 million in the first quarter of 2017. The decrease is primarily due to the $0.6 million termination fee paid by Giant Eagle at Buckeye Plaza received in the prior quarter, offset by a full quarter of NOI results from the two properties acquired during the March 31, 2017 quarter.
- FFO on a per unit basis has decreased by $0.05 to $0.30 per unit compared to $0.35 per unit for the same quarter in the prior year, as a result of the timing between the aforementioned equity raise and timing of deploying such funds.
- AFFO on a per unit basis was $0.25 for the quarter, which represents a $0.04 per unit decrease compared to the same quarter in 2016. The REIT's AFFO pay-out ratio for the current quarter and on an annualized basis for 2017 was 84.2% and 81.0%, respectively.

PART II – LEASING AND PROPERTY PORTFOLIO

LEASING

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

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

Square feet	Deal type		Q2 2017	Q1 2017	Q4 2016	Q3 2016
Less than 10,000	Renewal	Leases signed	40	34	33	28
		Total square feet	93,195	84,293	75,918	67,458
		Average base rent	19.69	17.19	17.27	$ 20.83
		Rental spread	7.8 %	2.8%	10.1%	8.4%
Greater than 10,000	Renewal	Leases signed	3	6	3	2
		Total square feet	164,888	159,742	55,028	33,974
		Average base rent	3.46	6.83	8.11	$ 10.60
		Rental spread	(4.2)%	2.6%	9.2%	9.6%
Total renewals (square feet)			**258,083**	**244,035**	**130,946**	**101,432**
Less than 10,000	New lease	Leases signed	14	10	10	11
		Total square feet	44,229	16,633	21,999	16,373
		Average base rent	17.19	17.00	16.48	$ 16.56
		Rental spread [(1)]	39.8 %	40.1%	38.8%	39.2%
Greater than 10,000	New lease	Leases signed	1	1	1	—
		Total square feet	35,394	15,642	105,223	—
		Average base rent	13.24	12.60	3.00	$ —
		Rental spread [(1)]	52.9 %	40.6%	53.7%	—%
Total new leases (square feet)			**79,623**	**32,275**	**127,222**	**16,373**
Total leasing activity (square feet)			**337,706**	**276,310**	**258,168**	**117,805**

(1) The rental spread is calculated based on the average base rent of the new lease term compared to the average in-place rent of the previous lease term.

During the second quarter, management completed 258,083 square feet of renewals. The weighted average rental rate increase on renewals completed for leases less than 10,000 square feet was $0.47 per square foot or 7.8% higher than expiring rent. The weighted average rental rate increase on renewals completed for leases greater than 10,000 square feet was $0.17 per square foot or 4.2% lower than expiring rent. The weighted average base rent on all new leases completed less than 10,000 square feet was $17.19 per square foot which is $4.89 per square foot or 39.8% higher than the weighted average in-place rent for comparable space across the portfolio. These transactions compare favorably to the current weighted average in place rent of $10.31.

Notable this quarter was the new lease signed at County Line Plaza to backfill a vacant anchor space. A 15-year lease was signed with an average base rent of $13.24 which represents a 47.1% increase compared to the former A&P rent and creates a new destination at the centre that we believe will drive further leasing gains.

In addition, two grocery-anchor leases were signed in advance of their expiry. Winn-Dixie at Errol Plaza, who accounts for 64% of the GLA, renewed for an additional 9 years and Kroger at Stadium Centre, who accounts for 50% of the GLA, renewed for an additional 5 years. As of December 31, 2016, we had no grocery-anchor tenants expiring in 2017 and at the end of the second quarter we have proactively renewed four grocery-anchored tenants in advance of their expiries totaling 167,351 square feet for a weighted average lease term of 6.0 years.

Lease maturities

The REIT generally enters into leases with initial terms to maturity between 5 and 10 years with our grocery-anchor tenants. The initial terms to maturity for non-anchor space tends to be of a shorter duration between 3 and 5 years. The weighted average remaining term to maturity at June 30, 2017 of the REIT's grocery-anchor and non-grocery-anchor tenants was 5.4 years and 4.5 years, respectively, not including tenants on month-to-month leases. On a portfolio basis, the weighted average remaining term to maturity is 4.9 years.

The following table summarizes the composition of the remaining term to maturity of the REIT's leases at June 30, 2017:

	Weighted average term to maturity	GLA	GLA %
Grocery-anchor	5.4	4,162,756	45.5%
Non-anchor	4.5	4,131,461	45.2%
Total occupied	4.9	8,294,217	90.7%
Month-to-month		91,273	1.0%
Vacant		756,048	8.3%
Total GLA		**9,141,538**	**100.0%**

The following table shows the change in occupancy during the three month period ended June 30, 2017:

	Total GLA	Occupied GLA	Occupancy
March 31, 2017	8,513,110	7,931,478	93.2%
Acquisitions	629,109	610,145	97.0%
Disposition	(7,948)	(7,948)	100.0%
Leasing changes [1]	—	(155,449)	N/A
Re-measurements	7,267	7,264	N/A
June 30, 2017	**9,141,538**	**8,385,490**	**91.7%**

(1) Leasing changes include new leases, lease buyouts, expirations and terminations.

Occupancy rates is determined based on lease commencement. Occupancy has decreased from 93.2% at March 31, 2017 to 91.7% at June 30, 2017. The 1.5% decrease in occupancy is primarily lower due to the expiry of the Kmart lease at Springboro Plaza at 91,266 square feet, partially offset by higher occupancy rates at the newly acquired properties Eustis Village at 97% and Mooresville Consumer Square at 97%. The REIT strategically determined not to engage in re-leasing discussions with Kmart and is currently evaluating redevelopment and re-leasing opportunities, both of which are expected to result in a significant increase in rent.

The following table shows the change in occupancy during the six month period ended June 30, 2017:

	Total GLA	Occupied GLA	Occupancy
December 31, 2016	8,335,625	7,795,388	93.5%
Acquisitions	881,729	839,351	95.2%
Disposition	(87,948)	(87,948)	100.0%
Leasing changes [1]	–	(177,019)	N/A
Re-measurements	12,132	15,718	N/A
June 30, 2017	**9,141,538**	**8,385,490**	**91.7%**

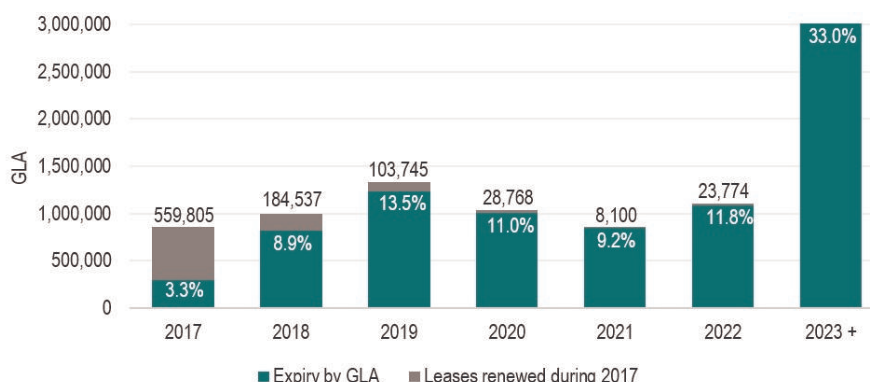
(1) Leasing changes include new leases, lease buyouts, expirations and terminations.

Occupancy has decreased from 93.5% at December 31, 2016 to 91.7% at June 30, 2017, mainly due to the 78% occupancy rate at the REIT's newly acquired property 11 Galleria in the first quarter of 2017 and the aforementioned expiry of the Kmart lease at Springboro Plaza in the second quarter, partially offset by higher occupancy rates from newly acquired properties including Norwin Town Square at 100%, Eustis Village at 97% and Mooresville Consumer Square at 97% during the first half of the 2017 year.

The following is a profile of the REIT's leases excluding the impact of tenant extension options:

GLA expiration	Grocery-anchor			Non-anchor			Total		
	GLA	Percentage of occupied portfolio	Average in-place rent	GLA	Percentage of occupied portfolio	Average in-place rent	GLA	Percentage of occupied portfolio	Average in-place rent
Month-to-month	—	—	$ —	91,273	1.0%	$ 14.51	91,273	1.0%	$ 14.51
2017	144,298	1.6%	6.18	155,913	1.7%	14.71	300,211	3.3%	10.61
2018	364,345	4.0%	9.02	451,203	4.9%	14.70	815,548	8.9%	12.16
2019	746,558	8.2%	6.76	484,285	5.3%	14.92	1,230,843	13.5%	9.97
2020	338,193	3.7%	6.66	669,835	7.3%	10.25	1,008,028	11.0%	9.04
2021	215,625	2.4%	6.53	628,627	6.8%	12.16	844,252	9.2%	10.72
2022 and later	2,353,737	25.6%	9.17	1,741,598	19.2%	11.49	4,095,335	44.8%	10.16
Vacant	55,336	0.6%	N/A	700,712	7.7%	N/A	756,048	8.3%	n/a
Total / weighted average	**4,218,092**	**46.1%**	**$ 8.28**	**4,923,446**	**53.9%**	**$ 12.32**	**9,141,538**	**100.0%**	**$ 10.31**

The following is a table of lease expiries at June 30, 2017 and pre-existing future maturities that were leased in advance during 2017.



The REIT endeavors to proactively lease upcoming expiries in advance of maturity to maintain high occupancy levels, ensure a proper mix of tenants at each property and reduce risk in the cash flow certainty related to the property. At June 30, 2017, remaining 2017 expiries totaled 300,211 square feet or 3.3% of total GLA, with 155,913 square feet or 1.7% of total GLA related to non-anchor tenants. Comparatively, at March 31, 2017, remaining 2017 expiries totaled 560,945 square feet or 6.6% of total GLA, with 416,647 square feet or 4.9% of total GLA related to non-anchor tenants.

Retention rates

The REIT's asset management team strives to maintain strong relationships with all tenants, especially our grocery-anchor tenants. Since inception in 2011, where the REIT has sought a renewal with a grocery-anchor, our asset management team has had a 100% success rate in obtaining a lease extension. In certain cases, management has not sought renewals with larger tenants, such as in cases where a better user is available, or a redevelopment opportunity exists. We believe that this success has been as a result of our strong relationships with tenants, but also as a result of our diligent underwriting which in part considers the relative strength of grocery-anchors in the respective market, recent capital investment by grocers and, where possible, the profitability of the store. We expect a lower retention rate for our non-grocery-anchor tenants as a result of the dynamics and natural turnover of certain businesses over time which gives us opportunity to release space, potentially at higher rates, and improve overall credit and tenant mix.

The following are the REIT's retention rates for the three and six month period ended June 30, 2017, and year ended December 31, 2016 for both grocery-anchor and non-grocery-anchor tenants:

Retention rate [1]	Three months ended June 30, 2017	Six months ended June 30, 2017	Year ended December 31, 2016
Grocery-anchor	100.0%	100.0%	100.0 %
Non-grocery-anchor	55.2%	71.8%	83.8 %
Net total / weighted average	**77.7%**	**86.0%**	**91.9 %**

[1] Retention rate excludes instances where management has not sought a renewal, which are primarily related to redevelopment or property portfolio management opportunities.

The following are the REIT's incremental change in base rent for the four most recent quarters:

	For the three months ended,			
	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016
Renewals				
Square feet	258,083	244,035	130,946	101,432
Weighted average expiring rent per SF	$ 8.90	$ 10.13	$ 12.22	$ 16.02
Weighted average rent spread per SF	$ 0.42	$ 0.28	$ 1.21	$ 1.38
Vacated				
Square feet [1]	134,218	28,686	19,609	31,078
Weighted average expiring rent per SF	$ 7.85	$ 10.01	$ 16.83	$ 5.64
New				
Square feet	79,623	32,275	127,222	16,373
Weighted average expiring rent per SF	$ 15.43	$ 14.87	$ 5.33	$ 16.56
Total base rent retained	**$ 1,243**	**$ 2,185**	**$ 1,270**	**$ 1,450**
Incremental base rent	**$ 1,337**	**$ 548**	**$ 837**	**$ 411**

[1] Adjusted for lease buyouts and vacancies due to redevelopment.

In-place and market rents

The REIT's leasing activity during the three month period ended June 30, 2017 is as follows:

	GLA	Number of units	Weighted average expiring rent	Weighted average new rent
Renewed leases	258,083	43	$ 8.90	$ 9.32
New leases	79,623	15	N/A	15.43
Total / weighted average	**337,706**	**58**	N/A	**$ 10.76**
Less, leases not renewed / vacated during term [1]	(134,218)	(21)	7.85	N/A
Net total / weighted average	**203,488**	**37**		**$ 10.76**

[1] Adjusted for lease buyouts and vacancies due to redevelopment.

The REIT's leasing activity during the six month period ended June 30, 2017 is as follows:

	GLA	Number of units	Weighted average expiring rent	Weighted average new rent
Renewed leases	502,118	83	$ 9.50	$ 9.85
New leases	111,898	26	N/A	15.28
Total / weighted average	**614,016**	**109**	N/A	**$ 10.84**
Less, leases not renewed / vacated during term [1]	(162,904)	(33)	7.85	N/A
Net total / weighted average	**451,112**	**76**		**$ 10.84**

[1] Adjusted for lease buyouts and vacancies due to redevelopment

During the second quarter the REIT completed 337,706 square feet of leasing activity, which represents 3.7% of the REIT's portfolio. This level of leasing is consistent with our strategy of actively managing our properties to create value through a hands-on approach.

Net rental rates

The following table is a summary of in-place rent for the eight most recent financial quarters of the REIT:

	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Grocery rent	$ 8.28	$ 8.38	$ 8.37	$ 8.36	$ 8.40	$ 8.41	$ 8.50	$ 8.41
Shop Space rent	12.32	12.22	12.27	12.32	11.97	11.88	11.86	11.81
Total	**$ 10.31**	**$ 10.30**	**$ 10.32**	**$ 10.34**	**$ 10.19**	**$ 10.13**	**$ 10.17**	**$ 10.10**
Market rent	**$ 16.90**	**$ 16.14**	**$ 16.03**	**$ 15.96**	**$ 15.91**	**$ 15.24**	**$ 15.19**	**$ 15.02**

The REIT leases high-quality tenants in well located centres typically below the average market rent for U.S. strip centres, allowing for increased value in the portfolio through rental rate growth.

ACQUISITIONS

Subject to the availability of acquisition opportunities, the REIT intends to grow distributions, in part through the accretive acquisition of properties. The current environment for acquisitions is very competitive with limited supply of quality properties coming to the market. The REIT explores acquisition opportunities as they arise but will pursue only acquisitions that management believes are accretive relative to its long-term cost of capital.

The REIT acquired 2 properties during the three month period ended June 30, 2017, as summarized below:

Property	Purchase date	Metropolitan statistical area ("MSA")	Purchase price	SF	Price per SF	Anchor tenant
Eustis Village	May 19, 2017	Orlando	$ 23,000	156,927	$ 147	Publix
Mooresville Consumer Square	June 27, 2017	Charlotte	48,230	472,182	102	Walmart
Total / weighted average			**$ 71,230**	**629,109**	**$ 113**	

The aforementioned properties were acquired by the REIT for a total of $71.2 million, totaling 629,109 square feet ($113 price per square foot) at an estimated weighted average capitalization rate of 7.0%. Each asset is leased with strong grocery-anchor tenants.

Subsequent to June 30, 2017, the REIT acquired 6 properties and committed to acquire 2 properties, as summarized below:

Property	Purchase date	MSA	Purchase price	SF	Price per SF	Anchor tenant
Completed acquisitions						
Wedgewood Commons	July 13, 2017	Stuart	$ 23,200	165,308	$ 140	Publix
Bellview Plaza	July 13, 2017	Pensacola	11,555	82,910	139	Publix
Cordova Commons	July 13, 2017	Pensacola	35,200	164,343	214	The Fresh Market
Shops at Cedar Point	July 13, 2017	Allentown	19,150	130,553	147	Weis Markets
Northland Centre	July 13, 2017	State College	15,895	111,496	143	Giant Foods
Battleground Village	July 19, 2017	Greensboro	14,425	75,407	191	Earth Fare
Total / weighted average			**$ 119,425**	**730,017**	**$ 164**	
Committed acquisitions						
Mapleridge Centre	Q3 2017	St. Paul	13,400	114,681	117	Rainbow Foods
Duluth Station	Q3 2017	Atlanta	9,750	94,966	103	Publix
Total / weighted average			**$ 142,575**	**939,664**	**$ 152**	

The REIT acquired the above properties for a total of $119.4 million, totaling 730,017 square feet ($164 price per square foot). Consideration for the cost of the acquisitions was funded by the REIT's revolver. Each asset is leased with strong grocery anchor tenants.

DISPOSITIONS

During the three month period ended June 30, 2017, the REIT disposed of a non-core outparcel at 11 Galleria located in Greenville, North Carolina for $1.5 million. The sale was completed on June 6, 2017.

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

PROPERTY PROFILE

Professional management

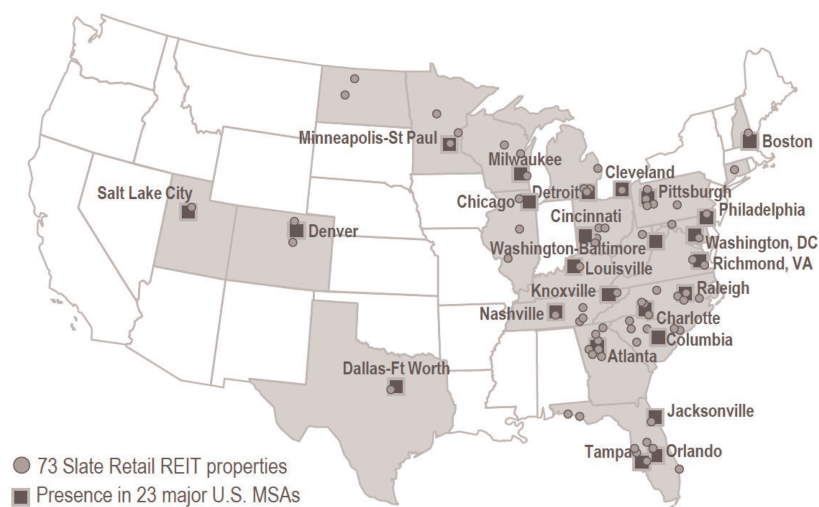
Through professional management of the portfolio, the REIT intends to ensure its properties portray an image that will continue to attract consumers as well as provide preferred locations for its tenants. Well-managed properties enhance the shopping experience and ensure customers continue to visit the centres. Professional management of the portfolio permitted the maintenance of a high occupancy level of 91.7% at June 30, 2017 (March 31, 2017 – 93.2%, December 31, 2016 – 93.5%). The 1.5% decrease in occupancy since the first quarter of 2017 is mainly due to the expiry of the Kmart lease at Springboro Plaza at 91,266 square feet. The REIT strategically determined not to engage in re-leasing discussions with Kmart and is currently evaluating redevelopment and re-leasing opportunities, both of which are expected to result in a significant increase in rent.

Geographic overview

The REIT's portfolio is geographically diversified. As of June 30, 2017, the REIT's 73 properties were located in 21 states with a presence in 23 major MSAs. The REIT has 28 properties, or 38.4% of the total portfolio, located in the U.S. Sunbelt region. Markets within this region benefit from strong underlying demographic trends, above average employment and population growth. This provides the REIT opportunities to progressively drive operational efficiencies and sustainable growth.

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

State	Number of assets	Total SF	Occupied SF	Percentage of revenue	Occupancy
North Carolina	8	1,335,130	1,224,944	14.2%	91.7%
Florida	9	961,599	899,299	11.9%	93.5%
Pennsylvania	6	915,957	895,932	8.6%	97.8%
Georgia	7	775,851	707,032	8.5%	91.1%
Ohio	5	685,784	404,297	3.9%	59.0%
South Carolina	6	580,689	549,776	6.1%	94.7%
Tennessee	5	559,187	531,749	5.3%	95.1%
Michigan	4	501,359	481,779	5.7%	96.1%
West Virginia	2	387,162	378,702	3.2%	97.8%
Minnesota	3	342,032	328,122	4.0%	95.9%
Wisconsin	3	294,233	283,328	3.2%	96.3%
Illinois	3	269,847	241,445	3.0%	89.5%
North Dakota	2	261,578	260,287	4.5%	99.5%
Colorado	2	203,829	189,104	2.7%	92.8%
Virginia	2	203,434	191,434	2.3%	94.1%
New Hampshire	1	187,001	175,181	2.5%	93.7%
Texas	1	167,961	164,361	2.0%	97.9%
Maryland	1	147,803	138,105	3.6%	93.4%
Connecticut	1	142,880	142,880	2.4%	100.0%
Utah	1	127,231	118,120	1.3%	92.8%
Kentucky	1	90,991	79,613	1.1%	87.5%
Total	**73**	**9,141,538**	**8,385,490**	**100%**	**91.7%**



Tenant categories

As of June 30, 2017, the REIT has the following tenant categories within the portfolio:

Category	Number of stores	Percentage of rent
Supermarkets	71	34%
Medical and personal services	330	14%
Restaurants	227	13%
National and discount retailers	54	13%
Financial institutions	92	4%
Fitness facilities	23	3%
Liquor stores	22	2%
Pharmacies	10	1%
Other tenants	244	16%
Total	**1,073**	**100%**

Anchor tenants

The REIT endeavors to own properties with anchors who are dominant in their respective regions in terms of operational scale and sales. Accordingly, our anchor tenants typically are either the first or second dominant store in their respective area in terms of market share. The following table identifies the REIT's largest anchor tenants including their annual minimum rent, the number of stores, GLA as a percentage of the total portfolio and the percentage of base rent. The Kroger Co. represents the REIT's largest tenant by base rent with a total of 18 stores and 7.4% of base rents.

The largest 15 tenants account for 46.4% of total GLA and 41.9% of base rent as follows:

Parent company	Store brands	Grocery	Stores	% GLA	Base rent	% Base rent
The Kroger Co.	Kroger, Pick 'n Save	Y	18	11.1%	$ 6,326	7.4%
Walmart Inc.	Wal-Mart, Sams Club	Y	6	9.5%	5,139	6.0%
Southeastern Grocers	Winn Dixie, BI-LO	Y	10	5.0%	4,422	5.1%
Koninklijke Ahold Delhaize N.V.	Stop & Shop, GIANT, Food Lion, Hannaford	Y	4	2.6%	3,801	4.4%
SuperValu Inc.	Various (1)	Y	7	3.8%	3,300	3.8%
Publix Supermarkets, Inc.	Publix	Y	8	3.9%	3,022	3.4%
Coborn's, Inc.	CashWise	Y	2	1.3%	1,853	2.2%
Alex Lee Inc.	Lowes Foods	Y	3	1.5%	1,683	1.9%
Albertsons	Jewel-Osco, Safeway	Y	3	1.8%	1,164	1.4%
Dollar Tree Inc.	Dollar Tree, Family Dollar	N	12	1.3%	1,128	1.3%
Schnuck Markets, Inc.	Schnucks	Y	2	1.2%	1,082	1.3%
Planet Fitness	Planet Fitness	N	5	1.0%	905	1.1%
LA Fitness	LA Fitness	N	1	0.7%	743	0.9%
Camping World	Camping World	N	1	0.7%	738	0.9%
K-VA-T Food Stores, Inc.	Food City	Y	2	1.0%	732	0.8%
Total			**84**	**46.4%**	**$ 36,038**	**41.9%**

(1) Store brands include Cub Foods, Farm Fresh, County Market and Shop 'n Save.

Development

The REIT's redevelopment program is focused on value creation and retention opportunities at select properties. Redevelopment is generally considered to occur when activities that change the condition of the property commence. Development ceases when the asset is in the condition and has the capability of operating in the manner intended, which is generally at cessation of construction and tenanting. For purposes of reporting Same-property NOI, redevelopment assets are excluded from the same-property portfolio in the quarter in which they are re-classified as a redevelopment property. The cost of properties under redevelopment includes the acquisition cost of property and direct development costs attributed to the project. Borrowing costs are not capitalized to redevelopment opportunities.

The REIT has classified the following properties as redevelopment properties:

Property	Location	Nature of Redevelopment	Expected Completion	Estimated Investment		
				Incurred	Remaining	Total
Hocking Valley	Ohio	Complete redevelopment	Q1 2019	$ 2,811	$ 8,493	**$ 11,304**
North Augusta Plaza	South Carolina	Kmart redevelopment	Q4 2018	10,282	539	**10,821**
County Line Plaza	Pennsylvania	Anchor repositioning	Q2 2018	23	3,214	**3,237**
Buckeye Plaza	Ohio	Anchor repositioning	Q2 2018	—	250	**250**
Total				**$ 13,116**	**$ 12,496**	**$ 25,612**

Development capital spent during the three and six month period ended June 30, 2017 is as follows:

	Three months ended June 30, 2017	**Six months ended June 30, 2017**
Hocking Valley	$ 27	$ 120
North Augusta	1,232	4,030
Other development costs (1)	49	71
Total	**$ 1,308**	**$ 4,221**

(1) Other development costs relate to new outparcel development as well as other planning and work completed in advance of potential redevelopment projects.

Hocking Valley is a current 179,415 square foot centre located in Lancaster, Ohio, which is anchored by The Kroger Co. in a previously existing 55,160 square foot store layout. The REIT has undertaken a redevelopment of the property in order to expand the existing Kroger format into their new larger format store, characterized by 100,000 plus square foot formats containing multiple departments in addition to a full-service grocer, including pharmacy, health and beauty care, home furnishings, bed and bath, and toys and apparel. The new layout would feature dedicated pharmacy with drive-through and grocery pick-up lanes (ClickList), under a 20-year ground lease. The REIT expects to invest a total of approximately $11.3 million of development capital in order to complete the redevelopment by early 2019. As of June 30, 2017, $2.8 million has been spent with an estimated $8.5 million remaining. At the end of June 30, 2017, the REIT completed the demolition of the Kmart space and the three adjacent inline units. Kroger has commenced the construction of their store with expected completion in early 2018. The REIT will continue the majority of its redevelopment work thereafter which includes an updated façade, new parking lot and lighting, a new pylon sign and the backfill of the existing Kroger box. Lease negotiations are being finalized with investment grade national junior anchor tenants for the existing Kroger space at significant spreads to Kroger's current rental rates.

North Augusta is a Publix anchored centre that the REIT purchased at an in-place 8.8% capitalization rate. The property had an existing Kmart whose lease was strategically terminated in 2016 to provide the opportunity to redevelop and release to higher quality tenants. The box was demised into five new spaces and anchored by Ross Dress for Less, a strong investment grade covenant, Burkes Outlet, PetSmart and Rack Room Shoes. The addition of the new junior anchor tenants has spurred interest from other national tenants including Chipotle who will be opening a 2,300 square foot drive-through restaurant at the entrance of the property. The REIT is also improving the parking lot and lighting which will meaningfully enhance the appearance and layout of the centre. To date, the REIT has spent $10.3 million of development capital and will require an additional $0.5 million to complete the project by the end of the 2017 year. The redevelopment, when complete, will significantly increase the weighted average term and result in a 114% increase in base rents for our new tenants relative to what Kmart was paying prior to termination.

North Augusta Plaza, before and after redevelopment

Refer to the following link here for a time-lapse video of the North Augusta Plaza redevelopment project

County Line is a well located, former grocery-anchored centre in the Philadelphia MSA. The previous grocer vacated the location due to its parent company's bankruptcy. The REIT has finalized a 15 year lease with The Edge Fitness Clubs for the 36,000 square foot space. We expect to invest $3.2 million and be complete in early 2018. The redevelopment, when complete, will significantly increase the weighted average term and result in a 47% increase in base rent relative to what the former grocer was paying prior to termination. In conjunction with the anchor box, management is in the early stages of evaluating the redevelopment of the 5,700 square foot outparcel.

Buckeye Plaza is a neighborhood shopping centre located in a densely-populated trade area in close proximity to downtown Cleveland. At the end of the first quarter, a termination agreement was reached with the grocery-anchor tenant Giant Eagle who occupied 47.3% of the GLA. The termination agreement is part of a longer-term strategy to re-tenant the Giant Eagle space who had given notice they were not going to extend beyond their 2018 expiry. We are in advanced discussions with another grocer that would sign a long-term lease and ultimately create a longer-term driver of traffic at the centre. The termination payment from Giant Eagle is anticipated to cover a majority of the capital that is required to re-tenant the former Giant Eagle space and as such would be reinvested back into the property. While the total revenue resulting from the redevelopment is quite insignificant relative to the portfolio as a whole, we believe it highlights the importance of our disciplined approach to finding real estate that will be highly sought after by a wide variety of grocery-anchor tenants over the long run.

Future potential redevelopments

Mulberry Square is a 146,730 square foot centre in the Cincinnati MSA which is anchored by a 56,634 square foot Kroger. The Kroger Co. approached the REIT about a potential 32,930 square foot expansion of their box and feature multiple additional departments as well as drive-through pharmacy and grocery pick-up lanes (ClickList). In addition, the REIT is in lease negotiations with two national junior anchor tenants for a 32,500 square foot ground-up development on excess land at the property. The aforementioned development work will significantly increase the weighted average term and exposure to investment quality tenants at the centre and allow management to push rental rates on the inline units. Both projects are estimated to cost a total of $7.5 million and are expected to be finished by the fourth quarter of 2019.

Springboro Plaza is a well-established community shopping centre anchored by a 56,634 square foot Kroger. The Kroger Co. approached the REIT about the possibility of taking over the existing 91,266 square foot Kmart unit and building an approximately 100,000 square foot Kroger Marketplace store. Subsequent to those discussions, Kmart announced that they will be closing this Kmart store as of June 30, 2017 allowing the REIT the opportunity to execute on this potential redevelopment. Management is working through initial stages of due diligence to determine feasibility with the hopes of starting construction in 2019.

IFRS FAIR VALUE

The REIT's property portfolio at June 30, 2017 had an estimated IFRS fair value of $1.2 billion, using a weighted average capitalization rate of 7.09%. Overall, the average estimated IFRS value per square foot of the REIT's portfolio is $129.

The following table presents a summary of the capitalization rates used to estimate the fair value of the REIT's properties at June 30, 2017 and December 31, 2016:

Direct capitalization rates	**June 30, 2017**	December 31, 2016
Minimum	**6.25%**	6.00%
Maximum	**9.00%**	9.00%
Weighted average	**7.09%**	7.12%

The six month period ended June 30, 2017 weighted average capitalization rate decreased from 7.12% at December 31, 2016 to 7.09%. Certain capitalization rates decreased during the quarter primarily as a result of value-add asset management activities including anchor tenant renewals, improved credit, higher occupancy and capital spend. Other changes were also made to reflect changes in market conditions.

The fair value of properties is 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 properties taken in aggregate may differ from the fair value of properties measured individually in the REIT's consolidated statements of financial position.

The change in properties is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	**2017**	2016
Beginning of the period	**$ 1,104,463**	$ 997,575	**$ 1,072,923**	$ 978,526
Acquisitions	**72,290**	31,317	**105,743**	52,587
Capital	**940**	669	**1,466**	1,422
Leasing costs	**220**	311	**321**	633
Tenant improvements	**229**	395	**473**	2,061
Development and expansion capital	**1,308**	3,146	**4,221**	3,473
Straight-line rent	**639**	415	**1,040**	842
Dispositions	**(1,485)**	(6,500)	**(12,735)**	(15,600)
IFRIC 21 property tax adjustment	**3,271**	3,077	**(6,215)**	(5,647)
Change in fair value	**(5,255)**	(3,262)	**9,383**	8,846
End of the period	**$ 1,176,620**	$ 1,027,143	**$ 1,176,620**	$ 1,027,143

The fair value of the REIT's income-producing properties and properties under redevelopment for the six month period ended June 30, 2017 is as follows:

	Income-producing properties	Properties under redevelopment	Total
Balance, December 31, 2016	$ 1,023,425	$ 49,499	$ 1,072,924
Transfers	(8,582)	8,582	—
Change in properties [1]	99,605	4,091	103,696
Balance, June 30, 2017	**$ 1,114,448**	**$ 62,172**	**$ 1,176,620**

[1] Change in properties include acquisitions, dispositions, IFRIC 21 property tax adjustments, straight-line rent adjustments change in fair value and capital, leasing costs, tenant improvements and redevelopment spend.

During the three month period ended June 30, 2017, the REIT incurred $1.4 million on capital, leasing costs and tenant improvements. Such costs are generally expended for purposes of tenanting and extending existing leases, which create value at the REIT's properties and the portfolio as a whole by increasing contractual cash flow through new and extended leases. The REIT will continue to capitalize on opportunities to revitalize, undertake space improvements and generally maintain the high quality of our properties and tenants, such as the programs we have undertaken at North Augusta and Hocking Valley. These expenditures can vary from period to period, at times significantly, depending upon the timing of lease expiries, re-leasing and our capital plan for the period.

Fair value adjustments on properties

For the three month period ended June 30, 2017 and 2016, the REIT recorded a fair value loss on properties of $5.3 million and $3.3 million, respectively. The fair value loss for the three month period ended June 30, 2017 and 2016 is mainly attributed to changes in IFRIC 21 property tax adjustments and transaction costs capitalized.

The fair value change of 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 of each year, with a corresponding increase to the fair value of properties that is reversed as the liability is settled through property tax installments.

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

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

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	**2017**	2016
Valuation parameters and cash flows	**$ (285)**	$ 1,047	**$ 6,146**	$ 5,228
Transaction costs capitalized	**(1,060)**	(817)	**(1,938)**	(1,187)
IFRIC 21 property tax adjustment	**(3,271)**	(3,077)	**6,215**	5,647
Adjusted for straight-line rent	**(639)**	(415)	**(1,040)**	(842)
Total	**$ (5,255)**	$ (3,262)	**$ 9,383**	$ 8,846

STRATEGIC ACQUISITION LOANS

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

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

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

One loan has been made to date in the amount of $8.9 million. The loan, advanced in October 2015, is in the amount of $7.7 million, bears interest at 8.0% and matures on October 19, 2020. On March 8, 2017, the REIT provided an additional $1.2 million under the loan arrangement. This loan is recorded as a note receivable within the other assets account balance on the REIT's consolidated statements of financial position.

PART III – RESULTS OF OPERATIONS

SUMMARY OF SELECTED QUARTERLY INFORMATION

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

Quarter ended	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
Rental revenue	$ 26,614	$ 27,233	$ 25,044	$ 23,699	$ 24,088	$ 24,205	$ 23,104	$ 22,416
Property operating expenses [1]	(3,532)	(16,907)	(3,771)	(3,221)	(3,158)	(15,425)	(3,409)	(2,953)
Straight-line rent revenue	(639)	(401)	(287)	(453)	(415)	(427)	(412)	(490)
IFRIC 21 property tax adjustment [1]	(3,271)	9,486	(3,055)	(3,006)	(3,077)	8,724	(3,035)	(2,666)
NOI	$ 19,172	$ 19,411	$ 17,931	$ 17,019	$ 17,438	$ 17,077	$ 16,248	$ 16,307
Class U units outstanding	46,291	41,031	35,456	35,440	35,425	31,858	31,829	31,977
WA units	42,832	39,847	35,494	35,469	34,627	31,872	31,957	32,253
Net income (loss)	$ 16,049	$ 8,652	$ (12,397)	$ (15,309)	$ (605)	$ (760)	$ (1,057)	$ 2,936
Net income (loss) per WA units	$ 0.37	$ 0.22	$ (0.35)	$ (0.43)	$ (0.02)	$ (0.02)	$ (0.03)	$ 0.09
NAV	$ 597,403	$ 541,819	$ 473,804	$ 470,565	$ 468,718	$ 427,324	$ 419,338	$ 413,908
NAV per unit	$ 12.91	$ 13.21	$ 13.36	$ 13.28	$ 13.23	$ 13.41	$ 13.17	$ 12.94
Distributions	$ 9,018	$ 8,308	$ 7,179	$ 6,990	$ 6,894	$ 6,201	$ 6,090	$ 6,070
Distributions per unit	$ 0.2025	$ 0.2025	$ 0.2025	$ 0.1973	$ 0.1947	$ 0.1947	$ 0.1890	$ 0.1890
FFO [2]	$ 12,741	$ 12,859	$ 8,688	$ 11,193	$ 11,998	$ 10,685	$ 10,543	$ 10,793
FFO per WA units [2]	$ 0.30	$ 0.32	$ 0.24	$ 0.32	$ 0.35	$ 0.34	$ 0.33	$ 0.33
AFFO [2]	$ 10,713	$ 11,587	$ 7,110	$ 9,114	$ 10,208	$ 7,517	$ 8,565	$ 8,725
AFFO per WA units [2]	$ 0.25	$ 0.29	$ 0.20	$ 0.26	$ 0.29	$ 0.24	$ 0.27	$ 0.27
Total assets	$1,225,065	$1,158,102	$1,114,606	$1,076,668	$1,072,823	$1,033,985	$1,013,481	$ 971,721
Debt	$ 608,035	$ 597,787	$ 624,892	$ 589,213	$ 589,731	$ 592,297	$ 577,280	$ 542,159
Debt / GBV	49.6%	51.6%	56.1%	54.7%	55.0%	57.3%	57.0%	55.8%
Number of properties	73	71	69	64	68	66	66	64
% leased	91.7%	93.2%	93.5%	93.6%	95.0%	94.4%	94.7%	95.1%
GLA	9,141,538	8,513,110	8,335,625	7,841,401	7,941,699	7,726,055	7,581,846	7,359,096
Grocery-anchored GLA	4,162,756	3,968,924	3,909,716	3,669,595	3,776,105	3,691,654	3,585,268	3,501,935

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

[2] In the fourth quarter of 2016, the REIT completed a defeasance of a mortgage during the fourth quarter, at a cost of $4.5 million representing the excess of the U.S. Treasury securities required to be funded over the outstanding principal balance of the mortgage. A $2.8 million charge to income was recorded which was determined as the $4.5 million cost, less $1.7 million, representing the unamortized mark-to-market premium associated with the mortgage. Adjusting to exclude the impact of the defeasance of a mortgage, FFO and FFO payout ratio would be $0.32 per unit and 62.3%, respectively and AFFO and AFFO payout ratio would be $0.28 and 72.2%, respectively.

REVENUE

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

Rental revenue for the three month period ended June 30, 2017 and 2016 was $26.6 million and $24.1 million, respectively, which represents an increase of $2.5 million. The increase is primarily due to the acquisition of 10 properties, increases in rental rates from re-leasing, and new leasing typically above in-place rent, partially offset by non-cash straight-line rent impacts because of stepped rent increases and the loss of revenue from the disposition of 5 properties and two outparcels since June 30, 2016.

PROPERTY OPERATING EXPENSES

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

Property operating expenses increased by $0.4 million and $1.9 million and for the three and six month period ended June 30, 2017, respectively, compared to the same periods in 2016. The increase is primarily due to incremental costs associated with 10 properties acquired and the application of IFRIC 21 property tax adjustments, partially offset by the disposition of 5 properties and two outparcels since June 30, 2016.

In accordance with IFRIC 21, the REIT recognizes the annual property tax liability and expense on its existing properties as at January 1 of each year, rather than progressively, i.e. ratably, throughout the year. The recognition of property taxes as a result of IFRIC 21 has no impact on NOI, FFO or AFFO.

OTHER EXPENSES

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

	Three months ended June 30,			Six months ended June 30,		
	2017	2016	**Variance**	**2017**	2016	**Variance**
Asset management	**$ 1,155**	$ 1,245	**$ (90)**	**$ 2,254**	$ 2,253	**$ 1**
Professional fees and other	**818**	393	**425**	**1,433**	1,201	**232**
Franchise and business taxes	**154**	—	**154**	**459**	624	**(165)**
Total	**$ 2,127**	$ 1,638	**$ 489**	**$ 4,146**	$ 4,078	**$ 68**
% of total assets	**0.2%**	0.2%	**—%**	**0.3%**	0.4%	**(0.1)%**
% of total revenue	**8.0%**	6.8%	**1.2%**	**7.7%**	8.4%	**(0.7)%**

Other expenses for the three month period ended June 30, 2017 increased by $0.5 million since the comparative quarter. The increase is mainly due to variations in franchise and business taxes, increased bad debt expense and professional fees.

Other expenses for the six month period ended June 30, 2017 was $4.1 million, which represents a $0.1 million increase from the same period in the prior year. This increase in professional fees and other is mainly due to the acquisition and operation of 10 properties, partially offset by the disposition of 5 properties and two outparcels since June 30, 2016.

INTEREST EXPENSE AND OTHER FINANCING COSTS, NET

	Three months ended June 30,			Six months ended June 30,		
	2017	2016	**Variance**	**2017**	2016	**Variance**
Interest on debt and finance charges	**$ 4,848**	$ 4,430	**$ 418**	**$ 9,526**	$ 8,911	**$ 615**
Interest rate swap, net settlement	**67**	—	**67**	**301**	—	**301**
Interest income on investments	**(20)**	(15)	**(5)**	**(33)**	(28)	**(5)**
Interest income on notes receivable	**(177)**	(153)	**(24)**	**(335)**	(304)	**(31)**
Amortization of finance charges	**325**	172	**153**	**619**	533	**86**
Amortization of mark-to-market premium	**(86)**	(186)	**100**	**(172)**	(472)	**300**
Interest income on TIF notes receivable	**(30)**	(70)	**40**	**(61)**	(127)	**66**
Interest expense on TIF notes payable	**38**	61	**(23)**	**76**	127	**(51)**
Amortization of deferred gain on TIF notes receivable	**(22)**	(22)	**—**	**(44)**	(44)	**—**
Total	**$ 4,943**	$ 4,217	**$ 726**	**$ 9,877**	$ 8,596	**$ 1,281**

Interest expense and other finance costs, net consists of interest paid on the various credit facilities and the interest rate swap contract, the standby fee paid on the REIT's revolving credit facility, term loan and mortgages, as well as the amortization of mark-to-market adjustments.

Interest on debt was $0.4 million and $0.6 million higher for the three and six month period ended June 30, 2017, respectively, compared to the same periods in 2016. The increase is primarily due to revolver drawdowns for the acquisition of certain properties since the comparative period and increase in one-month U.S. LIBOR from 0.47% at June 30, 2016 to 1.22% at June 30, 2017. These increases were partially offset by periods of lower indebtedness driven by a $33.4 million pay down in the revolver funded by the REIT's rights offering completed on April 19, 2016, the defeasance of $26.7 million of mortgage debt on December 15, 2016, a $58.1 million repayment in the revolver funded by the REIT's equity offering completed on January 20, 2017 and a $55.0 million repayment in the revolver funded by the REIT's equity offering completed on May 31, 2017. The REIT's revolver is redrawn from time-to-time to fund acquisitions. Over the past 12 months, the REIT has purchased $168.1 million of property.

The REIT's pay-fixed, receive-float interest rate swap hedges a portion of the cash flow risk associated with monthly U.S. LIBOR based interest payments, with 68.4% of the REIT's debt subject to fixed rates as at June 30, 2017. Under this arrangement the REIT has incurred $0.1 million and $0.3 million of net interest payments for the three and six month period ended June 30, 2017. The REIT's term rate of 1.104% in comparison to the one-month U.S. LIBOR at 1.22% at June 30, 2017 places the REIT in a net interest income position at the end of the second quarter.

The REIT does not capitalize interest for its projects under development. To date, redevelopment spend has been funded by cash from operations. Interest expense is recognized as incurred in income.

FAIR VALUE ADJUSTMENTS ON REIT UNITS AND EXCHANGEABLE UNITS OF SUBSIDIARIES

REIT units and exchangeable units of subsidiaries are classified as financial liabilities under IFRS and are measured at fair value with any changes in fair value recognized in unit expense in the consolidated statements of comprehensive income. The fair value is re-measured at the end of each reporting period. An unrealized gain represents a decrease in the fair value per unit whereas an unrealized loss represents an increase in the fair value per unit. The fair value per unit on June 30, 2017 was $10.52 (December 31, 2016 – $11.21). Changes in fair value of REIT units and exchangeable units of subsidiaries are non-cash in nature and are required to be recorded in income under IFRS.

For the three month period ended June 30, 2017, the REIT recognized an unrealized fair value gain of $16.7 million and $1.1 million on the REIT units and exchangeable units of subsidiaries respectively, as a result of a decrease in fair value per unit. For the six month period ended June 30, 2017, the REIT recognized an unrealized fair value gain of $21.9 million and $1.7 million on the REIT units and exchangeable units of subsidiaries respectively, as a result of a decrease in fair value per unit.

NET INCOME (LOSS)

Net income for the three and six month period ended June 30, 2017 and 2016 was $16.0 million and $24.7 million, which represents a $16.7 million and $26.1 million increase from the respective comparative periods. The increase for the three and six month period ended June 30, 2017 is attributed to the decrease in fair value of REIT units and exchangeable units of subsidiaries of $20.9 million and $29.1 million, respectively and 10 acquisitions since June 30, 2016, partially offset by change in fair value of properties of $2.0 million and $0.5 million, respectively.

NOI

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

The following is a calculation of NOI for the three and six month period ended June 30, 2017 compared to the same period in the prior year:

	Three months ended June 30,			Six months ended June 30,		
	2017	2016	**Variance**	**2017**	2016	**Variance**
Rental revenue	**$ 26,614**	$ 24,088	**$ 2,526**	**$ 53,847**	$ 48,293	**$ 5,554**
Straight-line rent revenue	**(639)**	(415)	**(224)**	**(1,040)**	(842)	**(198)**
Property operating expenses	**(3,532)**	(3,158)	**(374)**	**(20,439)**	(18,583)	**(1,856)**
IFRIC 21 property tax adjustment	**(3,271)**	(3,077)	**(194)**	**6,215**	5,647	**568**
NOI	**$ 19,172**	$ 17,438	**$ 1,734**	**$ 38,583**	$ 34,515	**$ 4,068**
NOI margin	**72.0%**	72.4%	**(0.4)%**	**71.7%**	71.5%	**0.2%**

NOI for the three and six month period ended June 30, 2017 was $19.2 million and $38.6 million respectively, which represents an increase of $1.7 million and $4.1 million for the same periods in 2016. The increase is primarily due to the acquisition of 10 properties, increases in rental rates from re-leasing, and new leasing typically above in-place rent, partially offset by non-cash straight-line rent impacts because of stepped rent increases and the loss of revenue from the disposition of 5 properties and two outparcels since June 30, 2016.

SAME-PROPERTY NOI

Same-property NOI is a non-IFRS measure and is defined by the REIT as rental revenue, excluding non-cash straight-line rent, less property operating cost expenses after adjusting for the impact of IFRIC 21 property tax accounting adjustments for those properties owned by the REIT for the entirety of each of the current period and the relevant comparative period excluding those properties under development. For the three month period ended June 30, 2017, the same-property portfolio is comprised of a portfolio of 56 properties owned and in operation for each of the entire three month periods ended June 30, 2017 and 2016.

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

The following is a summary of same-property NOI and the related occupancy rates for the three month period ended June 30, 2017 as compared to the same period in the prior year reconciled to total NOI:

	Number of properties	Three months ended June 30, **2017**	2016	**Variance**	**% change**
Same-property NOI	56	**$ 15,980**	$ 15,747	**$ 233**	**1.5%**
NOI attributed to properties under development	4	**485**	794	**(309)**	
NOI attributable to acquisitions	13	**2,707**	167	**2,540**	
NOI attributable to dispositions	7	**—**	730	**(730)**	
Total NOI		**$ 19,172**	$ 17,438	**$ 1,734**	**9.9%**
Occupancy					
Occupancy, same-property	56	**92.9%**	95.4%	**(2.5)%**	
Occupancy, properties under development	4	**68.6%**	88.1%	**(19.5)%**	
Occupancy, acquisitions	13	**95.1%**	97.5%	**(2.4)%**	
Occupancy, dispositions	7	**96.1%**	95.0%	**1.1 %**	
Total occupancy		**91.7%**	95.0%	**(3.3)%**	

Same-property NOI increased by $0.2 million for the three month period ended June 30, 2017 over the comparative period. The increase is primarily due to increases in rental rates.

Same-property NOI by quarter and percentage change over the relevant comparative period for the respective quarter is as follows:

	Number of properties	**Same-property NOI**	**Same-property % change**
Q1 2016	40	$ 10,409	(1.0)%
Q2 2016	41	11,101	(1.0)%
Q3 2016	49	13,791	0.7 %
Q4 2016	49	15,229	2.5 %
Q1 2017	56	16,187	4.5 %
Q2 2017	56	15,980	1.5 %

FFO

FFO is a non-IFRS measure and real estate industry standard for evaluating operating performance. The REIT calculates FFO in accordance with the definition provided by the REALPAC in its White Paper on FFO and AFFO for IFRS, as revised in February 2017. FFO is an important measure of the operating performance of real estate investment trusts and is used by the REIT in evaluating the combined performance of its operations and the impact of its capital structure.

In calculating FFO, the REIT makes adjustments to the change in the fair value of properties, deferred income taxes, unit expense and IFRIC 21. Leasing costs relating to salaried or full-time staff, directly attributed to leasing are not capitalized by the REIT and therefore excluded in the determination of FFO.

The following is a reconciliation of net income (loss) to FFO:

	Three months ended June 30,			Six months ended June 30,		
	2017	2016	**Variance**	**2017**	2016	**Variance**
Net income (loss)	**$ 16,049**	$ (605)	**$ 16,654**	**$ 24,701**	$ (1,365)	**$ 26,066**
Acquisition and disposition costs	**90**	229	**(139)**	**444**	369	**75**
Change in fair value of properties	**5,255**	3,262	**1,993**	**(9,383)**	(8,846)	**(537)**
Deferred income taxes	**3,393**	3,281	**112**	**9,945**	8,349	**1,596**
Unit expense	**(8,775)**	8,908	**(17,683)**	**(6,322)**	18,529	**(24,851)**
IFRIC 21 property tax adjustment	**(3,271)**	(3,077)	**(194)**	**6,215**	5,647	**568**
FFO	**$ 12,741**	$ 11,998	**$ 743**	**$ 25,600**	$ 22,683	**$ 2,917**
FFO per WA unit	**$ 0.30**	$ 0.35	**$ (0.05)**	**$ 0.62**	$ 0.68	**$ (0.06)**
WA number of units outstanding	**42,832**	34,627	**8,205**	**41,438**	33,249	**8,189**

The following is a calculation of FFO from NOI:

	Three months ended June 30,			Six months ended June 30,		
	2017	2016	**Variance**	**2017**	2016	**Variance**
NOI	**$ 19,172**	$ 17,438	**$ 1,734**	**$ 38,583**	$ 34,515	**$ 4,068**
Straight-line rent revenue	**639**	415	**224**	**1,040**	842	**198**
Other expenses	**(2,127)**	(1,638)	**(489)**	**(4,146)**	(4,078)	**(68)**
Cash interest, net	**(4,704)**	(4,231)	**(473)**	**(9,430)**	(8,535)	**(895)**
Finance charge and mark-to-market adjustments	**(239)**	14	**(253)**	**(447)**	(61)	**(386)**
FFO	**$ 12,741**	$ 11,998	**$ 743**	**$ 25,600**	$ 22,683	**$ 2,917**

FFO increased by $0.7 million for the three month period ended June 30, 2017 compared to the same quarter in the prior year. FFO for the six month period ended June 30, 2017 was $25.6 million which represents a $2.9 million increase from the comparative period. Both increases are attributable to the aforementioned increases in NOI, partially offset by increased other expenses and increased financing costs, and the impact of a loss of contribution from the sale of 5 properties in 2016 and two outparcels in 2017.

AFFO

The REIT calculates AFFO in accordance with the definition provided by the REALPAC in its White Paper on FFO and AFFO for IFRS, as revised in February 2017. AFFO is a non-IFRS measure that is widely used by the real estate industry and investors to measure recurring economic earnings, after certain capital costs, leasing costs, tenant improvements and the impact of non-cash revenue. It is also a meaningful measure used to evaluate the cash available for distribution to unitholders.

In calculating AFFO, the REIT makes adjustments to FFO for certain items including capital, leasing costs, tenant improvements and straight-line rental revenue.

The following is a reconciliation of FFO to AFFO:

	Three months ended June 30,			Six months ended June 30,		
	2017	2016	**Variance**	**2017**	2016	**Variance**
FFO	**$ 12,741**	$ 11,998	**$ 743**	**$ 25,600**	$ 22,683	**$ 2,917**
Straight-line rental revenue	**(639)**	(415)	**(224)**	**(1,040)**	(842)	**(198)**
Capital	**(940)**	(669)	**(271)**	**(1,466)**	(1,422)	**(44)**
Leasing costs	**(220)**	(311)	**91**	**(321)**	(633)	**312**
Tenant improvements	**(229)**	(395)	**166**	**(473)**	(2,061)	**1,588**
AFFO	**$ 10,713**	$ 10,208	**$ 505**	**$ 22,300**	$ 17,725	**$ 4,575**
AFFO per WA unit	**$ 0.25**	$ 0.29	**$ (0.04)**	**$ 0.54**	$ 0.53	**$ 0.01**
WA number of units outstanding	**42,832**	34,627	**8,205**	**41,438**	33,249	**8,189**

The following is a reconciliation of net income (loss) to AFFO:

	Three months ended June 30,			Six months ended June 30,		
	2017	2016	**Variance**	**2017**	2016	**Variance**
Net income (loss)	**$ 16,049**	$ (605)	**$ 16,654**	**$ 24,701**	$ (1,365)	**$ 26,066**
Acquisition and disposition costs	**90**	229	**(139)**	**444**	369	**75**
Change in fair value of properties	**5,255**	3,262	**1,993**	**(9,383)**	(8,846)	**(537)**
Deferred income taxes	**3,393**	3,281	**112**	**9,945**	8,349	**1,596**
Unit expense	**(8,775)**	8,908	**(17,683)**	**(6,322)**	18,529	**(24,851)**
IFRIC 21 property tax adjustment	**(3,271)**	(3,077)	**(194)**	**6,215**	5,647	**568**
FFO	**$ 12,741**	$ 11,998	**$ 743**	**$ 25,600**	$ 22,683	**$ 2,917**
Straight-line rental revenue	**(639)**	(415)	**(224)**	**(1,040)**	(842)	**(198)**
Capital	**(940)**	(669)	**(271)**	**(1,466)**	(1,422)	**(44)**
Leasing costs	**(220)**	(311)	**91**	**(321)**	(633)	**312**
Tenant improvements	**(229)**	(395)	**166**	**(473)**	(2,061)	**1,588**
AFFO	**$ 10,713**	$ 10,208	**$ 505**	**$ 22,300**	$ 17,725	**$ 4,575**

The following is a calculation of AFFO from NOI:

	Three months ended June 30,			Six months ended June 30,		
	2017	2016	**Variance**	**2017**	2016	**Variance**
NOI	**$ 19,172**	$ 17,438	**$ 1,734**	**$ 38,583**	$ 34,515	**$ 4,068**
Other expenses	**(2,127)**	(1,638)	**(489)**	**(4,146)**	(4,078)	**(68)**
Cash interest, net	**(4,704)**	(4,231)	**(473)**	**(9,430)**	(8,535)	**(895)**
Finance charge and mark-to-market adjustments	**(239)**	14	**(253)**	**(447)**	(61)	**(386)**
Capital	**(940)**	(669)	**(271)**	**(1,466)**	(1,422)	**(44)**
Leasing costs	**(220)**	(311)	**91**	**(321)**	(633)	**312**
Tenant improvements	**(229)**	(395)	**166**	**(473)**	(2,061)	**1,588**
AFFO	**$ 10,713**	$ 10,208	**$ 505**	**$ 22,300**	$ 17,725	**$ 4,575**

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

	Three months ended June 30,			Six months ended June 30,		
	2017	2016	**Variance**	**2017**	2016	**Variance**
Cash flow from operations	**$ 12,343**	$ 11,360	**$ 983**	**$ 26,071**	$ 23,193	**$ 2,878**
Changes in non-cash working capital items	**(303)**	(219)	**(84)**	**(1,905)**	(2,036)	**131**
Acquisition and disposition costs	**90**	229	**(139)**	**444**	369	**75**
Finance charge and mark-to-market adjustments	**(239)**	14	**(253)**	**(447)**	(61)	**(386)**
Interest, net and TIF note adjustments	**211**	199	**12**	**397**	376	**21**
Capital	**(940)**	(669)	**(271)**	**(1,466)**	(1,422)	**(44)**
Leasing costs	**(220)**	(311)	**91**	**(321)**	(633)	**312**
Tenant improvements	**(229)**	(395)	**166**	**(473)**	(2,061)	**1,588**
AFFO	**$ 10,713**	$ 10,208	**$ 505**	**$ 22,300**	$ 17,725	**$ 4,575**

AFFO was $10.7 million for the three month period ended June 30, 2017, which is relatively consistent with the same period in the prior year. For the six month period ended June 30, 2017, AFFO increased by $4.6 million to $22.3 million over the comparative period. This increase is due to aforementioned increases in FFO and decreased leasing costs and tenant improvements.

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

Capital, leasing costs and tenant improvements

During the second quarter capital improvements were completed across the portfolio. The majority of capital improvements were completed concurrent to leasing at our properties with the remainder as minor improvements. The remaining leasing costs were generally related to the high volume of new and renewal activity totaling 58 leases executed and generally well spread out across each deal with no one deal representing a large percentage of the total spend. Leasing costs to secure new tenants are generally higher than the costs to renew in place tenants. In addition to property reinvestment, the leasing capital was comprised of fees related to tenant improvement allowances and other direct leasing costs, such as broker commissions and legal costs. To date the REIT has funded capital and leasing costs using cash flows from operations.

DISTRIBUTIONS

The REIT's monthly distribution to unitholders is $0.0675 per class U unit or $0.81 per class U unit on an annualized basis. Class A and I unitholders of REIT units are entitled to a distribution equal to a class U unit distribution multiplied by 1.0078 and 1.0554, respectively. Holders of exchangeable units of subsidiaries are entitled to a distribution equal to a class U unit distribution. Distributions paid on REIT units and exchangeable units of subsidiaries are recorded as unit expense.

Distributions were $9.0 million and $17.3 million for the three and six month period ended June 30, 2017, respectively. The distribution amount has increased by $2.1 million and $4.2 million over the comparative period primarily due to the April 19, 2016 rights offering, the 4% distribution increase in September 2016, the January 20, 2017 equity offering and May 31, 2017 equity offering.

The REIT's Distribution Reinvestment Plan ("DRIP") is a non-cash distribution that has an effect of increasing the number of REIT units outstanding, which will cause cash distributions to increase over time assuming stable per unit cash distribution levels. Management will continue to assess the sustainability of cash and non-cash distributions in each financial reporting period. The REIT has determined it has sufficient cash flow from operations to satisfy distributions declared.

Taxation of distributions

The REIT qualifies as a "mutual fund trust" under the Income Tax Act (Canada). For taxable Canadian resident REIT unitholders, the REIT's distributions were treated as follows for tax purposes for the three most recent years:

Taxation year	Return of capital	Capital gains	Other income
2016 per $ of distribution	35.0%	—	65.0%
2015 per $ of distribution (January to May) [1]	45.0%	—	55.0%
2015 per $ of distribution (June to December) [1]	39.0%	—	61.0%
2014 per $ of distribution	48.0%	—	52.0%

[1] The change in return of capital and other income in the 2015 year is due to a deemed year-end resulting from the acquisition of net assets of Slate U.S. Opportunity (No. 3) Realty Trust.

FFO payout ratio

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

The FFO payout ratio was 70.8% and 67.7% for the three and six month period ended June 30, 2017, representing a 13.3% and 10.0% increase from the respective comparative periods. The increase is the result of the acquisition of 10 properties, partially offset by the loss of revenue from the disposition of 5 properties and two outparcels, since June 30, 2016 and increased distributions.

On a pro forma basis, using annualized second quarter FFO and current distribution rate of $0.0675 per month, the FFO payout ratio would be 67.5%.

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

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	**2017**	2016
FFO	**$ 12,741**	$ 11,998	**$ 25,600**	$ 22,683
Distributions declared [1]	**(9,018)**	(6,894)	**(17,326)**	(13,095)
Excess of FFO over distributions declared	**$ 3,723**	$ 5,104	**$ 8,274**	$ 9,588
FFO payout ratio	**70.8%**	57.5%	**67.7%**	57.7%

[1] Distributions declared represent distributions on REIT units and exchangeable units of subsidiaries.

AFFO payout ratio

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

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

The AFFO payout ratio for the three and six month period ended June 30, 2017 was 84.2% and 77.7%, which represents a 16.7% and 3.8% increase compared to the same periods in the 2016 year. On a pro forma basis, using annualized second quarter AFFO and the current distribution of $0.0675 per month, the AFFO payout ratio would be 81.0%.

As described above, the REIT's determination of AFFO includes actual capital, leasing costs and tenant improvements, which can vary from period to period, at times significantly, depending upon the timing of lease expiries, re-leasing and our capital plan for the period. As a result of the natural variability of such costs, the REIT's calculation of its AFFO payout ratio will be variable when comparing current period results to prior periods, and accordingly, inherently more volatile than the REIT's FFO payout ratio which does not include such costs. Management continues to target a 70% payout ratio. As discussed in the acquisitions section, the REIT has purchased $119.4 million of properties subsequent to June 30, 2017 and has committed to purchase another $23.2 million. These acquisitions will add significant earnings to the REIT, which will decrease the AFFO payout ratio.

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

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	**2017**	2016
AFFO	**$ 10,713**	$ 10,208	**$ 22,300**	$ 17,725
Distributions declared [1]	**(9,018)**	(6,894)	**(17,326)**	(13,095)
Excess of AFFO over distributions declared	**$ 1,695**	$ 3,314	**$ 4,974**	$ 4,630
AFFO payout ratio	**84.2%**	67.5%	**77.7%**	73.9%

[1] Distributions declared represent distributions on REIT units and exchangeable units of subsidiaries.

Impact of interest rate changes

As described above, one of the REIT's key objectives is to maintain a conservative AFFO payout ratio in order to continue to provide steady and reliable distributions to unitholders. We continue to target an industry leading AFFO payout ratio of 70% over time. We expect there will be normal deviations from this rate due to timing and natural volatility in the operations of the business. Management evaluates various factors in determining the appropriate distribution policy including estimates of future NOI, near-term grocery-anchor lease turnover, future capital requirements and interest rate changes. As it relates to potential interest rate changes, management believes that notwithstanding any reasonably expected changes in interest rates, the REIT's AFFO payout ratio should continue to be fully covered.

In order to mitigate interest rate risk, the REIT entered into a $300 million pay-fixed receive-float interest rate swap in the fourth quarter of 2016. The interest rate swap has a fixed rate of 1.10% and a maturity of February 2021. As a result of the interest rate swap, 68.4% of the REIT's debt is now subject to fixed rates.

The following table provides a sensitivity analysis of the REIT's AFFO payout ratio to changes in interest rates, both prior to and after the interest rate swap. For illustrative purposes, the sensitivity analysis has been calculated using the current quarter's AFFO and distributions:

		Prior to interest rate swap		**After interest rate swap**	
Change in interest rates (bps) [1]	One-month LIBOR	AFFO	AFFO payout ratio	**AFFO**	**AFFO payout ratio**
(50)	0.72%	$ 22,917	75.6%	**$ 22,543**	**76.9%**
(25)	0.97%	22,609	76.6%	**22,422**	**77.3%**
—	1.22%	22,300	77.7%	**22,301**	**77.7%**
25	1.47%	21,991	78.8%	**22,180**	**78.1%**
50	1.72%	21,683	79.9%	**22,059**	**78.5%**
100	2.22%	21,066	82.2%	**21,817**	**79.4%**
200	3.22%	19,831	87.4%	**21,332**	**81.2%**

[1] Based on a six month period ended June 30, 2017 AFFO of $22.3 million.

DEFERRED INCOME TAX

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

For the three and six month period ended June 30, 2017, the deferred income tax expense was $3.4 million and $9.9 million, respectively. The REIT's deferred tax expense relates mainly to changes in the differences between the fair value of the REIT's properties and the corresponding undepreciated value for income tax purposes.

RELATED PARTY TRANSACTIONS

Pursuant to the terms of a management agreement dated April 15, 2014, the Manager provides all management services to the REIT. The Manager agreed to provide certain services in connection with the business of the REIT, including: the structuring of the REIT, liaising with legal and tax counsel; identifying properties for acquisition; maintaining ongoing relationships with the lenders in respect of the mortgage loans for the Properties; conducting continuous analysis of market conditions; and advising with respect to the disposition of the Properties. In return for its service, the Manager receives the following fees:

i an asset management fee equal to 0.4% of the total assets of the REIT;

ii an acquisition fee in an amount equal to 0.75% of the gross purchase price of each Property (or interest in a Property), including the price, due diligence costs, closing costs, legal fees, and additional capital costs for all Properties indirectly acquired by the REIT; and

iii an annual incentive fee, calculated in arrears, in an aggregate amount equal to 15% of the REIT's funds from operation per class U unit as derived from the annual financial statements of the REIT in excess of $1.28, subject to ordinary course adjustments for certain transactions affecting the class U units and increasing annually by 50% of the increase in the U.S. consumer price index.

These transactions are in the normal course of operations and are measured at the exchange amount which is the consideration established and agreed to by the parties.

	Three months ended June 30,			Six months ended June 30,		
	2017	2016	**Variance**	**2017**	2016	**Variance**
Asset management fees	**$ 1,155**	$ 1,028	$ 127	**$ 2,254**	$ 2,036	**$ 218**
Acquisition fees	**545**	235	310	**795**	394	**401**
Incentive fees	**—**	217	(217)	**—**	217	**(217)**
Total	**$ 1,700**	$ 1,480	$ 220	**$ 3,049**	$ 2,647	**$ 402**

Related party transactions incurred and payable to Slate for the three and six month period ended June 30, 2017 amounted to $1.7 million and $3.0 million respectively. These transactions are in the normal course of operations and are in accordance with the management agreement and are measured at the exchange amount. The exchange amount is the consideration established under contract and as approved by the REIT's Board of Trustees.

The management agreement provides for an incentive fee to be earned based on an FFO per unit target that grows annually, in part, with inflation, whereby the Manager is entitled to 15% of the excess of FFO above the target. For the six month period ended June 30, 2017, no incentive fee was recognized as the target threshold was not met.

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

MAJOR CASH FLOW COMPONENTS

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

	Six months ended June 30,	
	2017	2016
Operating activities	**$ 26,071**	$ 23,193
Investing activities	**(104,554)**	(50,851)
Financing activities	**79,363**	32,894
Increase in cash	**$ 880**	$ 5,236

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

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

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

PART IV – FINANCIAL CONDITION

DEBT

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

The REIT's acquisition strategy is backed through a growing unencumbered portfolio of properties. The REIT's revolver and term loan (the "credit facility") provides the required flexibility to support the REIT's acquisition pipeline. The credit facility represents a significant component of the REIT's funding, which allows the REIT to maintain flexibility in its portfolio by avoiding debt that constricts portfolio capital recycling and redevelopment while minimizing unused cash positions. In addition to the credit facility, the REIT has ready access to alternative funding sources, including financial institutions for financing arrangements and investors at competitive rates. Management continues to monitor interest rate risk of the REIT's debt portfolio. As a result of the interest rate swap, 68.4% of the REIT's debt is now subject to fixed rates.

Debt held by the REIT as of June 30, 2017 and December 31, 2016 is as follows:

						June 30, 2017	December 31, 2016
	Maturity	Weighted average debt maturity (years)	Effective rate	Principal	Mark-to-market adjustments and costs	**Carrying amount**	Carrying amount
Revolver [1] [2] [3] [4] [5]	Feb. 26, 2020	2.7 [6]	2.77%	$ 127,874	$ (1,491)	**$ 126,383**	$ 210,237
Term loan [1] [4] [5]	Feb. 26, 2021	3.7	2.85%	362,500	(2,513)	**359,987**	290,095
Mortgage	Mar. 1, 2021	3.7	5.75%	11,376	1,173	**12,549**	14,830
Mortgage	Jan. 1, 2025	7.5	3.80%	50,000	(747)	**49,253**	49,228
Mortgage	Jun. 15, 2025	8.0	4.14%	57,412	(841)	**56,571**	57,052
TIF notes payable	Feb. 28, 2019	1.7	4.57%	3,350	(58)	**3,292**	3,450
Total / weighted average [3]		**4.2 [6]**	**3.09% [7]**	**$ 612,512**	**$ (4,477)**	**$ 608,035**	$ 624,892

(1) The weighted average interest rate has been calculated using the June 30, 2017 U.S. LIBOR rate for purposes of the revolver and term loan.
(2) Debt available to be drawn is subject to certain covenants in addition to the debt to gross book value limit of 65% provided for by the REIT's Declaration of Trust.
(3) The revolver requires a stand-by fee to be paid in an amount equal to 0.25% of the unused portion of the revolver where the unused portion is greater than or equal to 50% of the maximum amount available and 0.15% of the unused portion of the revolver where the unused portion is less than 50% of the maximum amount available, calculated daily.
(4) The revolver and term loan provide for different spreads over one-month U.S. LIBOR depending on the ratio of the Consolidated Total Indebtedness to Gross Asset Value, each as defined by the amended and restated credit agreement for the revolver and term loan. The applicable spread where Consolidated Total Indebtedness to Gross Asset Value is; (i) less than or equal to 45% is 155 bps; (ii) greater than 45% but less than or equal to 55% is 175 bps; (iii) greater than 55% but less than or equal to 60% is 200 bps; and (iv) greater than 60% is 225 bps.
(5) The revolver and term loan are secured by a general pledge of equity of certain subsidiaries of the REIT. Collectively, those subsidiaries hold an interest in 63 the REIT's properties.
(6) Excludes a one-year extension option exercisable at the REIT's option. With the one-year extension the weighted average debt maturity is 4.4 years.
(7) The weighted average interest rate including the impact of pay-fixed receive-float swaps is 3.10%.

The carrying amount of debt was $608.0 million at June 30, 2017, representing a decrease of $16.9 million compared to December 31, 2016. The decrease is due to repayments to the revolver funded by the REIT's equity offerings completed January 20, 2017 and May 31, 2017 for a total of $113.1 million, partially offset by drawdowns on the revolver related to the acquisition of four properties and additional funding under the REIT's strategic acquisition loan.

On June 9, 2017, the REIT increased the revolver and term loan capacity each to $362.5 million or in aggregate by an additional $140.0 million. Proceeds from the increase in the term loan were used to reduce the outstanding amount on the revolver.

DEBT TO GROSS BOOK VALUE

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

	June 30, 2017	December 31, 2016
GBV	**$ 1,225,065**	$ 1,114,606
Debt	**608,035**	624,892
Leverage ratio	**49.6%**	56.1%

The REIT's leverage ratio has decreased by 6.5% for the six month period ended June 30, 2017 to 49.6% since December 31, 2016 due to repayments to the revolver funded by the REIT's equity offerings completed January 20, 2017 and May 31, 2017 for a total of $113.1 million, partially offset by drawdowns on the revolver related to the acquisitions and additional funding under the REIT's strategic acquisition loan.

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

The REIT's term loan and revolver are subject to financial and other covenants. The following are the primary financial covenants, with all terms defined by the lending agreement:

	Threshold	**June 30, 2017**	December 31, 2016
Maximum leverage ratio: consolidated total indebtedness shall not exceed 65% of gross asset value	< 65%	**51.6%**	61.8%
Minimum fixed charge coverage ratio: adjusted EBITDA to consolidated fixed charges shall not be less than 1.50x [1]	> 1.50x	**3.58x**	3.16x

[1] Adjusted EBITDA is defined as earnings before interest, tax, depreciation and amortization.

INTEREST COVERAGE RATIO

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

The following is a calculation of Adjusted EBITDA and the REIT's interest coverage ratio for the three and six month period ended June 30, 2017 and 2016:

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	**2017**	2016
NOI	**$ 19,172**	$ 17,438	**$ 38,583**	$ 34,515
Other expenses	**(2,127)**	(1,638)	**(4,146)**	(4,078)
Adjusted EBITDA	**$ 17,045**	$ 15,800	**$ 34,437**	$ 30,437
Cash interest paid	**(4,848)**	(4,430)	**(9,526)**	(8,911)
Interest coverage ratio	**3.52x**	3.57x	**3.62x**	3.42x

The interest coverage ratio decreased to 3.52x for the three month period ended June 30, 2017 compared to 3.57x in the same quarter of the prior period. The decrease is the result of increases in other expenses and cash interest paid, partially offset by the increases in NOI. For the six month period ended June 30, 2017, the interest coverage ratio was 3.62x compared to 3.42x in the 2016 period, primarily due to increases in NOI, partially offset by higher other expenses and cash interest paid.

LIQUIDITY AND CAPITAL RESOURCES

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

Cash flows from operating the REIT’s property portfolio, available funding under the REIT’s revolver, and cash on hand represent the primary sources of liquidity. Cash flows from operations are dependent upon occupancy levels, rental rates, collection of rents, recoveries of operating costs and operating costs. Working capital requirements of the REIT primarily include the payment of operating expenses, leasing costs, maintenance capital and distributions. Working capital needs are generally funded through cash generated from operations, which has historically exceeded such requirements.

Contractual commitments

The REIT has the following contractual commitments:

		Total contractual cash flow		In one year or less		In more than one year but not more than three years		In more than three years but not more than five years		In more than five years
Accounts payable and accrued liabilities	$	14,292	$	14,292	$	—	$	—	$	—
Revolver [(1)]		127,874		—		127,874		—		—
Revolver interest payable [(1) (2)]		13,681		4,617		9,064		—		—
Term loan [(1)]		362,500		—		—		362,500		—
Term loan interest payable [(1)]		47,883		11,425		26,983		9,475		—
Mortgages		118,788		1,780		4,890		15,050		97,068
Mortgage interest payable		33,259		4,900		9,513		8,366		10,480
TIF notes payable		3,350		351		2,999		—		—
TIF notes interest payable		348		152		196		—		—
REIT units		460,720		400		400		400		459,520
Exchangeable units of subsidiaries		26,202		—		—		—		26,202
Committed property acquisitions		142,575		142,575		—		—		—
Total contractual commitments	**$**	**1,351,472**	**$**	**180,492**	**$**	**181,919**	**$**	**395,791**	**$**	**593,270**

[(1)] Revolver and term loan interest payable is calculated on $127.9 million and $362.5 million (balance outstanding) using an estimated "all in" interest rate of 3.15% under the "less than one year" column. The average interest rate is based on the 30-day LIBOR forward curve plus the specified margin for the LIBOR rate option under the revolver and term loan results in an estimated future "all-in" interest rate of 3.72% and 3.78% respectively. The total revolver and term loan interest payable is calculated until maturity of the initial term.
[(2)] Includes stand-by fee on the revolver to be paid in an amount equal to 0.25% of the unused portion of the revolver where the unused portion is greater than or equal to 50% of the maximum amount available and 0.15% of the unused portion of the revolver where the unused portion is less than 50% of the maximum amount available, calculated daily.

REIT UNITS AND EXCHANGEABLE UNITS OF SUBSIDIARIES

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

REIT units and exchangeable units of subsidiaries outstanding for the six month period ended June 30, 2017 and their respective class U equivalent amounts if converted are as follows:

	REIT units			Exchangeable units of subsidiaries			
Class / type	**U**	**A**	**I**	**SR1 [(1)]**	**SR2 [(1)]**	**GAR B**	**Total class U units equivalent**
Balance, December 31, 2016	32,267	334	322	220	1,747	545	**35,456**
Issued under the DRIP	37	—	—	—	—	—	**37**
Issued under equity offerings	10,801	—	—	—	—	—	**10,801**
Redeemed	—	—	—	—	(3)	—	**(3)**
Exchanges	70	(10)	(40)	—	(18)	—	**—**
Balance, June 30, 2017	43,175	324	282	220	1,726	545	**46,291**
Conversion ratio to class U units	1.0000	1.0078	1.0554	1.0000	1.0000	1.0000	
Class U units equivalent	**43,175**	**327**	**298**	**220**	**1,726**	**545**	**46,291**

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

The REIT's DRIP allows holders of class A units, class I units and class U units to elect to receive their distributions in the form of class U units. For the six month period ended June 30, 2017, 36,785 class U units were issued for $0.4 million under the DRIP.

Equity offering

On January 20, 2017, the REIT completed a sale of 5.6 million class U units by way of a public offering of 5.2 million class U units and a private placement to the Manager of 0.4 million class U units, at a price of $10.89 or C$14.35 per unit, for gross proceeds to the REIT of approximately $60.5 million or C$79.8 million. This total includes an over-allotment option that was fully exercised by the REIT's underwriters. The costs related

to the offering totaled $2.7 million and are deducted against the cost of units issued. As a result of the issuance, Slate's ownership was approximately unchanged due to their participation. $58.1 million of the net proceeds were used to repay the revolver.

On May 31, 2017, the REIT completed a sale of 5.2 million class U units by way of a public offering of 5.0 million class U units and a private placement to the Manager of 0.2 million class U units, at a price of $11.00 or C$14.75 per unit, for gross proceeds to the REIT of approximately $57.7 million or C$77.3 million. This total includes an over-allotment option that was fully exercised by the REIT's underwriters. The costs related to the offering totaled $2.6 million and are deducted against the cost of units issued. $55.0 million of the net proceeds were used to repay the revolver.

Normal course issuer bid

The REIT renewed its existing NCIB effective May 26, 2017. The NCIB will remain in effect until the earlier of May 25, 2018 or the date on which the REIT has purchased an aggregate of 3.4 million class U units, representing 10% of the REIT's public float of 34.4 million class U units at the time of entering the bid through the facilities of the TSX. The Board of Trustees believe that the purchase by the REIT of a portion of its outstanding class U units at attractive prices where opportunities present themselves will increase unitholder value and that such purchases constitute a desirable use of the REIT's available resources.

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

		June 30, 2017		December 31, 2016
Trade payables and accrued liabilities	**$**	**9,092**	$	7,540
Prepaid rent		**3,390**		2,557
Tenant improvements payable		**88**		138
Other payables		**1,722**		1,315
Total	**$**	**14,292**	$	11,550

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

ACCOUNTS RECEIVABLE

The accounts receivable balance is comprised of the following:

		June 30, 2017		December 31, 2016
Rent receivable	**$**	**3,416**	$	1,713
Allowance for doubtful accounts		**(355)**		(212)
Accrued recovery income		**3,602**		4,208
Other receivables		**494**		1,168
Total	**$**	**7,157**	$	6,877

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

The $1.6 million increase in rent receivable, net of allowance from December 31, 2016 is due to year end operating expense recovery reconciliations, previously accrued at December 31, 2016 that were billed out to tenants in the first half of 2017, partially offset by collections during the period.

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

		June 30, 2017		December 31, 2016
Current to 30 days	**$**	**1,453**	$	770
31 to 60 days		**151**		102
61 to 90 days		**969**		85
Greater than 90 days		**488**		544
Total	**$**	**3,061**	$	1,501

Rent receivable consists of base rent and operating expense recoveries. Management has provided for $0.4 million as an allowance for doubtful accounts and anticipates that the unprovided balance is collectible.

SUBSEQUENT EVENTS

i. On July 13, 2017, the REIT completed the acquisition of a portfolio of five grocery-anchored assets (the "Portfolio") located in Florida and Pennsylvania. The Portfolio was acquired for $105 million ($160 per square foot), before transaction costs. The Portfolio is 94% occupied and is anchored by Publix, The Fresh Market, Weis Markets and Giant Food. The property was purchased using funds drawn from the REIT's revolver.

ii. On July 17, 2017, the REIT declared monthly distributions of $0.0675 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.

iii. On July 19, 2017, the REIT completed the acquisition of Battleground Village, a grocery-anchored shopping centre located in the Greensboro-High Point MSA in North Carolina. Battleground Village was acquired for $14.4 million ($191 per square foot), before transaction costs. The property is 98% occupied and is anchored by Earth Fare. The property was purchased using funds drawn from the REIT's revolver.

PART V – ACCOUNTING AND CONTROL

USE OF ESTIMATES

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

CRITICAL ACCOUNTING ESTIMATES

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

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

The fair values of 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 properties taken in aggregate may differ from the fair value of properties measured individually in the REIT's consolidated statements of financial position.

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

Overall income capitalization approach

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

Direct comparison approach

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

A summary of the significant assumptions used in the REIT's estimate of fair value as at June 30, 2017 is included on page 16 of this MD&A. Changes in these assumptions would have a significant impact on the REIT's estimate of fair value, which can be impacted by changes in demand for properties similar to those owned by the REIT, expectations of market rents, the covenant quality of tenants and the general economic environment.

The REIT determines the fair value of properties based upon the overall income capitalization rate method. At June 30, 2017, all valuations were completed by management of the REIT using the overall income capitalization method.

NEW ACCOUNTING POLICIES

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

The amendments to IAS 7 require disclosures that enable the evaluation of changes in liabilities arising from financing activities, including both changes arising from cash and non-cash changes. The amendments have been applied prospectively for annual periods beginning on or after January 1, 2017.

The following are the primary disclosures required for changes in liabilities from financing activities: changes from financing cash flows, changes arising from obtaining or losing control of subsidiaries or other businesses, the effect of changes in foreign exchange rates and changes in fair values.

Supplemental cash flow information disclosures have been included in the REIT's consolidated financial statements.

FUTURE ACCOUNTING POLICIES

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

IFRS 9, Financial Instruments ("IFRS 9")

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

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

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

IFRS 16, Leases ("IFRS 16")

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

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

CONTROL AND PROCEDURES

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

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

ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The REIT has applied the *Internal Control – Integrated Framework (2013)* published by the Committee of Sponsoring Organizations of the Treadway Commission for the design of its ICFR for the six month period ended June 30, 2017.

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

No changes were made in the REIT's design of ICFR during the six month period ended June 30, 2017, that have materially affected, or are reasonably likely to materially affect, the REIT's ICFR.

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

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

PART VI – PROPERTY TABLES

As of June 30, 2017, the REIT owns a portfolio of 73 grocery-anchored retail properties. The portfolio consists of 9,141,538 square feet of GLA with a current occupancy rate of 91.7%. The REIT focuses on owning the dominant grocer in each of the associated MSAs in which it invests.

Property	Location	Associated MSA	Area (SF)	% of Total	Occupancy	Anchor
11 Galleria	Greenville	Greenville	105,608		83%	The Fresh Market
Flowers Plantation	Clayton	Raleigh	53,500		97%	Food Lion
Fuquay Crossing	Fuquay-Varnia	Raleigh-Durham	96,638		100%	Kroger
Independence Square	Charlotte	Charlotte	190,361		98%	Walmart
Mooresville Consumer Square	Mooresville	Charlotte	472,182		97%	Walmart
Mooresville Town Square	Mooresville	Charlotte	89,824		92%	Lowes Foods
North Summit Square	Winston-Salem	Winston-Salem	224,530		78%	Sam's Club
Wellington Park	Cary	Raleigh-Durham	102,487		84%	Lowe's
Total North Carolina			**1,335,130**	**15%**		
98 Palms	Destin	Crestview-Fort Walton Beach-Destin	84,682		99%	Winn-Dixie
Bloomingdale Plaza	Brandon	Tampa-St. Petersburg	83,237		97%	Winn-Dixie
Errol Plaza	Orlando	Orlando	72,150		95%	Winn-Dixie
Eustis Village	Eustis	Orlando	156,927		97%	Publix
Meres Town Centre	Tarpon Springs	Tampa-St. Petersburg	47,183		100%	Winn-Dixie
Oak Hill Village	Jacksonville	Jacksonville	78,492		99%	Publix
Salerno Village Square	Stuart	Port St. Lucie	77,677		84%	Winn-Dixie
Seminole Oaks	Seminole	Tampa-St. Petersburg	63,572		100%	Winn-Dixie
Uptown Station	Fort Walton Beach	Crestview-Fort Walton Beach-Destin	297,679		87%	Winn-Dixie
Total Florida			**961,599**	**11%**		
County Line Plaza	Philadelphia	Philadelphia	74,968		90%	Edge Fitness, Big Lots
Field Club Commons	New Castle	Pittsburgh	131,270		100%	Save-A-Lot
Kennywood Shops	Pittsburgh	Pittsburgh	194,819		94%	Giant Eagle
Lake Raystown Plaza	Huntingdon	Huntingdon	140,159		100%	Giant Foods
Norwin Town Square	North Huntingdon	Pittsburgh	147,012		100%	Shop 'n Save
Summit Ridge	Mount Pleasant	Pittsburgh	227,729		100%	Walmart
Total Pennsylvania			**915,957**	**10%**		
Abbott's Village	Alpharetta	Atlanta	109,586		95%	Publix
Birmingham Shoppes	Milton	Atlanta	82,905		81%	Publix
Douglas Commons	Douglasville	Atlanta	97,027		95%	Kroger
Locust Grove	Locust Grove	Atlanta	89,568		79%	Publix
Merchants Crossing	Newnan	Atlanta	174,059		95%	Kroger
Merchants Square	Riverdale	Atlanta	118,986		95%	Kroger
Robson Crossing	Flowery Branch	Atlanta	103,720		91%	Publix
Total Georgia			**775,851**	**8%**		
Buckeye Plaza	Cleveland	Cleveland	116,905		50%	Unanchored
Hocking Valley Mall	Lancaster	Columbus	179,415		43%	Kroger
Mulberry Square	Milford	Cincinnati	146,730		84%	Kroger
Pinewood Plaza	Dayton	Dayton	88,700		93%	Kroger
Springboro Plaza	Dayton	Dayton	154,034		41%	Kroger
Total Ohio			**685,784**	**8%**		
Armstrong Plaza	Fountain Inn	Greenville	57,838		97%	BI-LO
Barefoot Commons	North Myrtle Beach	Myrtle Beach-Conway	90,702		95%	BI-LO
Dill Creek Commons	Greer	Greenville-Spartanburg-Anderson	72,526		100%	BI-LO
Little River Pavilion	North Myrtle Beach	Myrtle Beach-Conway	63,823		96%	Lowes Foods
North Augusta Plaza	North Augusta	Augusta-Richmond	231,545		91%	Publix
North Pointe	Columbia	Columbia	64,255		100%	Publix
Total South Carolina			**580,689**	**6%**		
Highland Square	Crossville	Nashville	179,243		95%	Kroger
North Hixson Marketplace	Hixson	Chattanooga	64,254		77%	Food City
St. Elmo Central	Chattanooga	Chattanooga	74,978		95%	Food City

Property	Location	Associated MSA	Area (SF)	% of Total	Occupancy	Anchor
Sunset Plaza	Johnson City	Johnson City	143,752		100%	Kroger
Westhaven Town Centre	Franklin	Nashville	96,960		100%	Kroger
Total Tennessee			**559,187**	**6%**		
Cambridge Crossings	Troy	Detroit	238,963		99%	Walmart
Canton Shopping Centre	Canton	Detroit	72,361		89%	ALDI
City Centre Plaza	Westland	Detroit	97,670		97%	Kroger
Stadium Centre	Port Huron	Detroit-Warren-Dearborn	92,365		93%	Kroger
Total Michigan			**501,359**	**5%**		
Charles Town Plaza	Charles Town	Washington-Baltimore	206,146		98%	Walmart
Eastpointe Shopping Centre	Clarksburg	Morgantown	181,016		98%	Kroger
Total West Virginia			**387,162**	**4%**		
East Brainerd Mall	Brainerd	Minneapolis-St Paul	191,459		96%	Cub Foods
North Branch Marketplace	North Branch	Minneapolis-St Paul	76,895		96%	County Market
Phalen Retail Centre	St. Paul	Minneapolis-St Paul	73,678		96%	Cub Foods
Total Minnesota			**342,032**	**4%**		
Cudahy Centre	Milwaukee	Milwaukee	103,254		89%	Pick 'n Save
Forest Plaza	Fond du Lac	Fond du Lac	123,028		100%	Pick 'n Save
Wausau Pick 'n Save	Wausau	Wausau	67,951		100%	Pick 'n Save
Total Wisconsin			**294,233**	**3%**		
Glidden Crossing	DeKalb	Chicago-Naperville-Joliet	98,683		95%	Schnucks
Oakland Commons	Bloomington	Bloomington	73,705		94%	Jewel-Osco
Plaza St. Clair	Fairview Heights	St. Louis	97,459		81%	Schnucks
Total Illinois			**269,847**	**3%**		
Southgate Crossing	Minot	Minot	159,780		100%	CashWise
Watford Plaza	Watford City	McKenzie	101,798		99%	CashWise
Total North Dakota			**261,578**	**3%**		
Roxborough Marketplace	Littleton	Denver Aurora-Lakewood	106,816		91%	Safeway
Westminster Plaza	Westminster	Denver Aurora-Lakewood	97,013		94%	Safeway
Total Colorado			**203,829**	**2%**		
East Little Creek	Norfolk	Virginia Beach-Norfolk-Newport News	68,770		100%	Farm Fresh
Smithfield Shopping Plaza	Smithfield	Virginia Beach-Norfolk-Newport News	134,664		91%	Farm Fresh
Total Virginia			**203,434**	**2%**		
Derry Meadows Shoppes	Derry	Boston-Cambridge-Quincy	187,001		94%	Hannaford
Total New Hampshire			**187,001**	**2%**		
Alta Mesa Plaza	Fort Worth	Dallas-Ft. Worth	167,961		98%	Kroger
Total Texas			**167,961**	**2%**		
Mitchellville Plaza	Mitchellville	Washington, DC	147,803		93%	Weis Markets
Total Maryland			**147,803**	**2%**		
Waterbury Plaza	Waterbury	New Haven-Milford	142,880		100%	Stop & Shop
Total Connecticut			**142,880**	**2%**		
Taylorsville Town Centre	Salt Lake City	Salt Lake City	127,231		93%	Fresh Market
Total Utah			**127,231**	**1%**		
Stonefield Square	Louisville	Louisville	90,991		87%	The Fresh Market
Total Kentucky			**90,991**	**1%**		
Total / WA			**9,141,538**	**100%**	**92%**	

CORPORATE INFORMATION

Slate Retail REIT is an unincorporated, open-ended investment trust fund under and governed by the laws of the Province of Ontario. The REIT focuses on acquiring, owning and leasing a portfolio of diversified revenue-producing commercial real estate properties in the U.S. with an emphasis on grocery-anchored retail properties. The REIT has a current portfolio that spans 9.1 million square feet of GLA and consists of 73 grocery-anchored retail commercial properties located in the U.S.

Head office

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Independent auditors

Deloitte LLP
Chartered Professional Accountants
Toronto, Canada

Stock exchange listing and symbol

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

Registrar and transfer agent

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The REIT's website www.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 (1)(2)(3)
Corporate Director

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

Andrea Stephen (1)(2)(3)
Corporate Director

Brady Welch
Partner and Co-founder, Slate Asset Management L.P.

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

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

Blair Welch (3)
Partner and Co-founder, Slate Asset Management L.P.

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