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SLATE RETAIL REIT

June 30, 2018

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Q2 2018

TSX: SRT.U and SRT.UN

"Teamwork is the ability to work together toward a common vision. The ability to direct individual accomplishments toward organizational objectives. It is the fuel that allows common people to attain uncommon results."

– Andrew Carnegie

DEAR FELLOW UNITHOLDERS

This quarter it is worthwhile to highlight one of the most important determinants of our future success, the members of the Slate Retail REIT team. Fourteen people wake up every day to protect our savings and add value to our investments. Ten others provide their time on less frequent basis but they are just as integral to Slate Retail's future success.

A lot of the investments our team makes (both time and money) do not produce quantifiable results within 90-day, quarterly time frames. However, each team member is adding value on a daily basis and does an incredible job at putting unitholders at the forefront of their decision making.

Here are some of the things the team has been doing to add value for us lately which have been simplified for the purpose of this letter. We cannot stress enough that the effort put into finding new tenants, building out space, relocating tenants to make room for expansion, and nurturing tenant relationships is grossly understated in single a bullet point.

Allen Gordon (Portfolio Manager, South-East Region)

- Attracted 3 national retailers and executed leases totaling more than 30,000 square feet at Uptown Station at an average rent of $14.22 per square foot, increasing property occupancy by 10.8%

Brendan Poupore (Portfolio Manager, Mid-West Region)

- Backfilled the 55,336 square foot vacant grocery box at Buckeye Plaza with a new grocery tenant requiring limited capital investment and secured a 10-year lease term. He is currently overseeing the build-out involving multiple groups to ensure an on-time and on-budget opening this fall

Brittney Finch (Portfolio Manager, Portfolio-wide Regions)

- Backfilled the 5,250 square foot outparcel at Independence Square with a restaurant user taking rent from $14.58 per square foot during the prior occupancy (vacated in the first quarter of 2018) to $27.00 per square foot and secured a 10-year lease term

David Dunn (Portfolio Manager, Florida and West Region)

- Leased 21,089 square feet to a national fitness tenant at both Errol Plaza and Highland Square which included filling existing vacancy as well as building expansion space. A great example of leveraging the same tenant relationship to benefit more than one asset

John Harricks (Portfolio Manager, Carolinas and Texas)

- Leased two vacant units totaling 13,129 square feet to two national retailers at 11 Galleria at an average rent of $16.44 per square foot, increasing property occupancy by 12.4%

Tyler Pridham (Strategic Developments, Portfolio-wide Regions)

- Backfilled the 35,394 square foot vacant grocery box at County Line Plaza with a fitness user securing a 15-year lease term. Tyler is also executing on our outparcel disposition program which has resulted in approximately $20.5 million in sale proceeds in the first half of the 2018 year

Will Miller (Portfolio Manager, North-East Region)

- Leased 7,153 square feet to a national medical user securing a 12-year lease term. This also resulted in a 6,000 square foot expansion at the property for future leasing opportunities

While these examples appear to be individual in nature, they are derived as a result of sharing ideas, relationships, and working as a team. The result of the 7 examples given above is $2.0 million of annual base rent from tenants who have executed leases but do not pay rent until a future date. In other words, this income was not included in base rent in our results for the second quarter of 2018 but will help drive continued income growth in the second half of the year. Due to all of the recent leasing activity, occupancy has increased 220 basis points year-over-year, weighted average lease term has remained steady at 5.0 years -- highlighting the durability of our cash flows, and we continue to spend targeted capital to enhance value at our properties. Capital spend increased to 17.5% of net operating income ("NOI") in the second quarter, much higher than our historical average of 9.0%. This is not a permanent change in our anticipated capital spend, it is a result of reporting actual capital spend (versus smoothed figures based on historical averages) so Adjusted Funds From Operations figure ("AFFO"), which includes the impact of capital spend, will fluctuate more than our peers. We continue to expect long-term capital spend to be comparable to historical levels.

The following is a list of progress made in the second quarter on our 2018 business plan:

- Total portfolio NOI grew 2.3% quarter-over-quarter and 2.9% from the fourth quarter of 2017. Adjusting for the impact of outparcel sales in 2018, total portfolio NOI grew 2.8% quarter-over-quarter and 4.2% from the fourth quarter of 2017;
- Sold one outparcel for $3.3 million at an average cap rate of 6.1%;
- Decreased total debt outstanding by $8.6 million quarter-over-quarter bringing the year-to-date total debt reduction to $19.9 million;
- Repurchased for cancellation 0.2 million class U units at an average unit price of $9.72 and an average distribution yield of 8.6% for the current quarter, bringing the year-to-date total repurchased units to 0.5 million class U unit at an average unit price of $9.60; and
- Subsequent to quarter end, the REIT entered into two interest rate swaps with an aggregate notional amount of $350.0 million. The REIT now has a total of $750.0 million notional amount of interest rate swaps, with a weighted average term to maturity of 4.0 years. On a pro-forma basis, at June 30, 2018, the REIT's debt has a weighted average interest rate of 4.05% and is 99.2% subject to fixed interest rates. These swaps mark an end of the REIT's floating interest rate strategy. Management estimates that since April 2014, when the REIT listed on the TSX, we have saved approximately $13.7 million in interest costs.

We continue to feel confident as we look out to both the near-term and long-term. Our confidence is predicated on the defensiveness of our necessity-based retailers, the quality of our locations, the opportunities we are creating to add value and grow income, and the depth and strength of the Slate Retail team to execute on our business plans. Solid progress has been made across several of the metrics in which we measure ourselves (see slide 3 "earnings update") and we continue to estimate that the second half of the year will be even stronger.

Sincerely,

Greg Stevenson

Chief Executive Officer

July 30, 2018

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Management's Discussion and Analysis

SLATE RETAIL REIT

June 30, 2018

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 Slate Retail REIT (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, 2017 ("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 July 30, 2018, 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 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Summary of Portfolio Information						
Number of properties	86	86	86	84	73	71
GLA	11,060,145	11,067,372	11,156,474	10,850,708	9,141,538	8,513,110
GLA occupied by grocery-anchors	5,159,693	5,159,693	5,159,693	4,887,294	4,162,756	3,968,924
Occupancy	93.9%	93.7%	93.7%	92.6%	91.7%	93.2%
Grocery-anchor occupancy	100.0%	100.0%	100.0%	100.0%	98.7%	99.1%
Non-anchor occupancy	89.2%	88.8%	88.8%	87.6%	86.4%	87.9%
Grocery-anchor weighted average lease term (years)	5.3	5.6	5.8	5.5	5.4	5.4
Portfolio weighted average lease term (years)	4.9	5.0	5.1	4.9	4.9	4.9
Square feet ("SF") leased	242,401	294,408	402,050	490,422	337,706	276,310
Summary of Financial Information						
IFRS gross book value ("GBV") (1)	$ 1,474,077	$ 1,478,396	$ 1,499,519	$ 1,476,651	$1,225,065	$1,158,102
Total debt	864,051	872,263	883,046	846,325	608,035	597,787
Revenue	35,669	36,544	34,859	30,030	26,614	27,233
Net (loss) income	(14,201)	26,703	31,421	(8,816)	16,049	8,652
Net operating income ("NOI") (2)	25,304	24,724	24,592	21,891	19,172	19,411
Funds from operations ("FFO") (2)	14,542	15,227	15,406	14,448	12,741	12,859
Adjusted funds from operations ("AFFO") (2) (3)	9,465	10,987	11,360	11,168	10,713	11,587
Distributions declared	$ 9,670	$ 9,742	$ 9,625	$ 9,381	$ 9,018	$ 8,308
Per Unit Financial Information						
Class U equivalent units outstanding	46,031	46,261	46,411	46,340	46,291	41,031
WA class U equivalent units outstanding ("WA units")	46,153	46,479	46,443	46,372	42,832	39,847
FFO per WA units (2)	$ 0.32	$ 0.33	$ 0.33	$ 0.31	$ 0.30	$ 0.32
AFFO per WA units (2) (3)	0.21	0.24	0.24	0.24	0.25	0.29
Declared distributions per unit	$ 0.2100	$ 0.2100	$ 0.2075	$ 0.2025	$ 0.2025	$ 0.2025
Financial Ratios						
FFO payout ratio (2) (4)	66.5%	64.0%	62.5%	64.9%	70.8%	64.6%
AFFO payout ratio (2) (3) (5)	102.2%	88.7%	84.7%	84.0%	84.2%	71.7%
Debt / GBV	58.6%	59.0%	58.9%	57.3%	49.6%	51.6%
Weighted average interest rate (6)	3.70%	3.53%	3.36%	3.15%	3.10%	3.20%
Interest coverage ratio (7)	2.44x	2.67x	3.05x	3.36x	3.52x	3.72x

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 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 for periods beginning on or after January 1, 2017. The REIT has restated prior periods on a retrospective basis in order to maintain comparability.

(4) Distributions declared divided by FFO.

(5) Distributions declared divided by AFFO.

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

(7) 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, 2018. 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, 2018 (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 July 30, 2018, 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, 2018. As of June 30, 2018, the REIT owns 86 grocery-anchored retail commercial properties located in the United States of America (the "U.S.") comprising 11.1 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 7.3% 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 (income) 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, 2017, 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, 2018:

- Subsequent to period end, the REIT entered into two interest rate swaps with an aggregate notional amount of $350.0 million. The REIT now has a total of $750.0 million notional amount of interest rate swaps, with a weighted average term to maturity of 4.0 years and a weighted average fixed rate of 2.03%. This weighted average fixed rate compares favorably to current 1-month US LIBOR of 2.08%. On a pro-forma basis, at June 30, 2018, the REIT’s debt has a weighted average interest rate of 4.05% and is 99.2% subject to fixed interest rates.
- Completed 177,437 square feet of lease renewals at a 9.8% weighted average spread above expiring rent and 64,964 square feet of new leasing at a 62.0% above the weighted average in-place rent for comparable space.
- Occupancy increased by 0.2% during the quarter to 93.9%, with a significant portion of the REIT’s leasing activity during the quarter to still impact future periods. Compared to the prior year, occupancy increased by 2.2% from 91.7%.
- The weighted average tenant retention rate for this quarter is 95.1% compared to 85.8% in the first quarter of 2018. Since the beginning of 2016 the weighted average retention rate has been 90.1%.
- The REIT completed various steps to have its units presented as equity in its consolidated financial statements. The changes included the approval of a special resolution of an amendment to and restatement of the Declaration of Trust of the REIT (the “Third A&R DOT”) making the features of the class A units, class I units and class U units (the "REIT units") identical among all three classes, among other things. Also on May 1, 2018, the board of trustees of the REIT approved the subdivision of each of the: (i) class A units issued and outstanding on May 3, 2018 (the “record date”) on the basis of a subdivision ratio of one pre-subdivision class A unit for 1.0078 post-subdivision class A units; and (ii) class I units issued and outstanding on the record date on the basis of a subdivision ratio of one pre-subdivision class I unit for 1.0554 class I units (the "Subdivision"). The Third A&R DOT and the Subdivision were undertaken contemporaneously and the impact of such actions did not change the relative economics of the different classes of units of the REIT. Prior to May 11, 2018 units of the REIT were presented as a liability in its consolidated financial statements.

  The Subdivision was completed on May 11, 2018. As a consequence of the Subdivision, the proportionate entitlement of the class A units and class I units with respect to distributions from the REIT has been adjusted to 1.0 and all class A units, class I units and class U units have equal rights with respect to distributions from the REIT, redemptions of units and on the termination of the REIT. Each class A unit and each class I unit have remained convertible into a class U unit but the conversation ratio is on a one-for-one-basis. The REIT issued an additional 3 thousand class A units and 15 thousand class I units as a result of the Subdivision. The fair value of the REIT units of $435.3 million at May 11, 2018 were classified as equity.
- The REIT continued to actively repurchase units, with 0.2 million class U units purchased and subsequently canceled under the REIT's normal course issuer bid ("NCIB") for a total cost, including transaction costs, of $2.2 million at an average price of $9.72 during the second quarter. For the first half of the 2018 year, the REIT repurchased 0.5 million units which would result in approximately $0.5 million less distributions on an annualized basis. Subsequent to quarter end, the REIT entered into an automatic securities repurchase plan ("ASRP") which allows the REIT to make purchases when the REIT would ordinarily not be permitted to make purchases due to regulatory restrictions or self-imposed blackout periods. During this period, 0.1 million class U units have been repurchased and subsequently canceled for a total cost, including transaction costs, of $0.9 million at an average price of $9.73 per unit. The ASRP terminates on August 2, 2018 at which point in time the REIT may continue to repurchase its units if an opportunistic price exists.
- Rental revenue for the three month period ended June 30, 2018 and 2017 was $35.7 million and $26.6 million respectively, which represents an increase of $9.1 million. The increase is primarily due to rental rate growth from re-leasing at rates above in-place rents and new leasing

in addition to net acquisitions. In the last 12 months, the REIT has acquired 13 properties and 1 property outparcel adjacent to an existing property and disposed of 7 outparcels at certain properties.

- Net loss for the three month period ended June 30, 2018 was $14.2 million, which is a $30.3 million decrease from the same quarter of the prior year. The decrease is mainly due to the increase in the fair value of REIT units and exchangeable units of subsidiaries of $37.3 million, partially offset by the aforementioned increase in rental revenue and decrease in distributions, recorded as unit expense, by $5.4 million. Total distributions declared in the current quarter totaled $9.7 million, $6.1 million of which was presented as equity instruments under IFRS as a result of the Third A&R DOT amendments which made the features of the class A units, class I units and class U units consistent, among other things and the Subdivision.
- NOI was $25.3 million for the three month period ended June 30, 2018, compared to $24.7 million in the first quarter of 2018. The increase is mainly the result of free rent of $0.3 million incurred in the first quarter of 2018 that was non-recurring in the current quarter, partially offset by lost contribution from one property outparcel disposed of during the period.
- Same-property NOI for the three month period ended June 30, 2018 (comprised of 64 properties) increased by 0.6% over the comparative period. Same-property NOI for the trailing twelve month period ended June 30, 2018 (comprised of 56 properties) decreased by 0.5% over the same period in the prior year. Including the impact of the completion of the North Augusta Plaza anchor redevelopment in the fourth quarter of 2017, same-property NOI increased by 1.9% and 1.0% for the three and trailing twelve month period ended June 30, 2018, respectively.
- On May 31, 2018, Southeastern Grocers, LLC (“SEG”), the parent of Winn-Dixie, BI-LO, Fresco y Más and Harveys Supermarket grocery stores successfully emerged from its restructuring previously announced on March 15, 2018. As a result of the Restructuring Support Agreement (“RSA”) entered by SEG, the REIT entered into conditional lease amendments with SEG to modify the terms of certain existing leases of the REIT, effective upon SEG's successful emergence from its restructuring. The impact of the lease amendments included minor rent reductions at 6 of the REIT's 10 properties, which the REIT expects to be $0.3 million in rental revenue during 2018 and $0.7 million in 2019, in return for lease term modifications and certain minimum investments to improve or upgrade the existing format at the REIT's properties. For the three month period ended June 30, 2018, this resulted in $0.1 million reduction in revenue for the period. On a three month same-property NOI basis year over year and trailing twelve month basis, the rent reductions resulted in a $0.1 million and $48 thousand lower NOI, respectively.

  As part of the RSA, SEG also announced its intention to close approximately 18% of its stores. None of the REIT’s 10 properties anchored by Winn-Dixie or BI-LO grocery stores were part of such store closures. Management of the REIT believes that the confirmation by SEG that none of its grocery stores at the REIT’s properties are expected to close is reflective of the REIT's ability to identify and acquire high quality real estate and work constructively with the REIT's tenants.
- FFO per unit was $0.32 for the quarter, which represented a $0.02 increase from the same period in the prior year primarily due to the aforementioned increases in rental revenue, partially offset by the increase in cash interest paid of $3.7 million over the prior quarter.
- AFFO per unit was $0.21 for the quarter, which is a $0.04 per unit decrease compared to the same quarter in 2017 mainly due the $3.0 million increase in leasing spend and tenant improvements to primarily support new leasing over the prior quarter.
- The REIT's AFFO payout ratio for the second quarter was 102.2%. On a trailing twelve month basis, the AFFO payout ratio was 89.4%.

PART II – LEASING AND PROPERTY PORTFOLIO

LEASING

The REIT strives to ensure that its properties are well occupied 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 lease maturities, backfill tenant vacancies in instances where a tenant will not renew, or if there is an opportunity to place a stronger or more suitable tenant in the REIT's properties, management endeavors to find a suitable solution.

The following table summarizes the REIT's leasing activity for the four most recent quarters:

Square feet	Deal type		Q2 2018	Q1 2018	Q4 2017	Q3 2017
Less than 10,000	Renewal	Leases signed	53	49	48	48
		Total square feet	123,637	128,158	108,686	91,196
		Average base rent	$ 17.31	$ 16.36	$ 18.36	$ 18.83
		Rental spread	8.9%	7.8 %	8.9%	10.1%
Greater than 10,000	Renewal	Leases signed	3	5	6	5
		Total square feet	53,800	99,469	181,374	294,389
		Average base rent	$ 7.51	$ 7.29	$ 10.02	$ 9.84
		Rental spread	14.8%	(5.0)%	2.9%	2.5%
Total renewals (square feet)			**177,437**	**227,627**	**290,060**	**385,585**
Less than 10,000	New lease	Leases signed	16	22	17	17
		Total square feet	41,244	56,351	69,216	32,979
		Average base rent	$ 20.91	$ 14.07	$ 15.75	$ 23.24
		Rental spread (1)	67.0%	12.7 %	25.6%	81.3%
Greater than 10,000	New lease	Leases signed	2	1	2	2
		Total square feet	23,720	10,430	42,774	71,858
		Average base rent	$ 11.92	16.75	12.63	8.61
		Rental spread (1)	48.4%	99.2 %	45.8%	5.0%
Total new leases (square feet)			**64,964**	**66,781**	**111,990**	**104,837**
Total leasing activity (square feet)			**242,401**	**294,408**	**402,050**	**490,422**

(1) Calculated based on the average base rent of the new lease term compared to the average in-place rent for comparable space across the portfolio.

During the second quarter, management completed 177,437 square feet of renewals. The weighted average rental rate increase on renewals completed for leases less than 10,000 square feet was $1.41 per square foot or 8.9% higher than expiring rent. The weighted average rental rate increase on renewals completed for leases greater than 10,000 square feet was $0.97 per square foot or 14.8% higher than expiring rent.

The weighted average base rent on all new leases completed less than 10,000 square feet was $20.91 per square foot which is $8.39 per square foot or 67.0% higher than the weighted average in-place rent for comparable space across the portfolio. The weighted average rental rate on all new leases greater than 10,000 square feet was $11.92 which is $3.89 or 48.4% 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 $10.55.

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, 2018 of the REIT's grocery-anchor and non-grocery-anchor tenants was 5.3 years and 4.4 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, 2018:

	Weighted average term to maturity	GLA	GLA %
Grocery-anchor	5.3	5,159,693	46.7%
Non-anchor	4.4	5,139,051	46.4%
Total occupied	4.9	10,298,744	93.1%
Month-to-month		89,637	0.8%
Vacant		671,764	6.1%
Total GLA		**11,060,145**	**100.0%**

The following table shows the change in occupancy during the three month period ended June 30, 2018:

	Total GLA	Occupied GLA	Occupancy
March 31, 2018	11,067,372	10,370,206	93.7%
Dispositions	(3,227)	(3,227)	100.0%
Leasing changes (1)	—	39,900	N/A
Re-measurements	(4,000)	(18,498)	N/A
June 30, 2018	**11,060,145**	**10,388,381**	**93.9%**

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

Occupancy is determined based on lease commencement. Occupancy has increased by 0.2% to 93.9% from March 31, 2018. During the quarter, new leases totaled 64,964 square feet, partially offset by 19,220 square feet of vacancies and the disposition of a fully occupied property outparcel.

The following table shows the change in occupancy during the six month period ended June 30, 2018:

	Total GLA	Occupied GLA	Occupancy
December 31, 2017	11,156,474	10,452,392	93.7%
Dispositions	(92,329)	(83,994)	91.0%
Leasing changes (1)	—	39,900	N/A
Re-measurements	(4,000)	(19,917)	N/A
June 30, 2018	**11,060,145**	**10,388,381**	**93.9%**

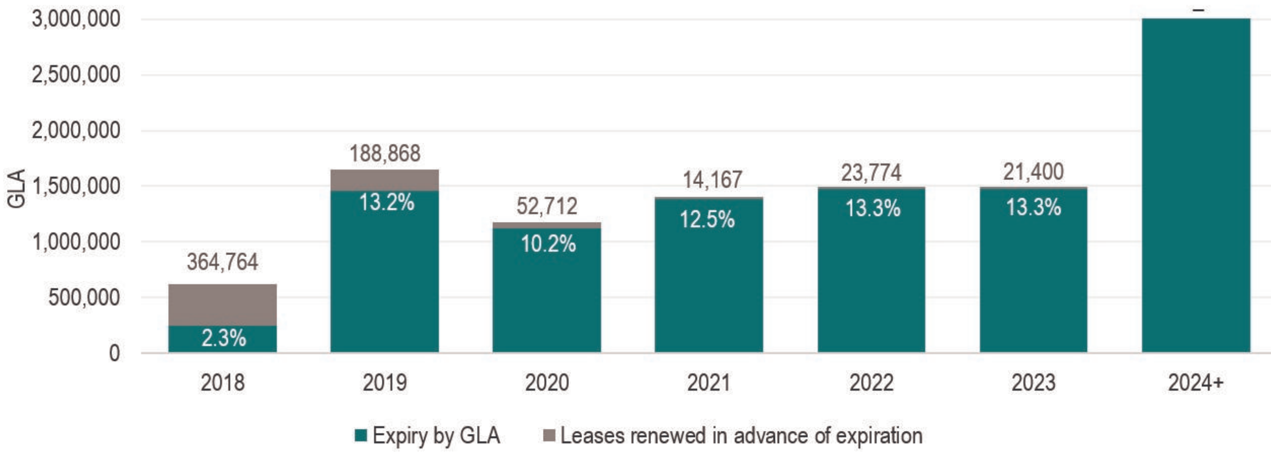
(1) Leasing changes include new leases, lease buyouts, expirations and terminations.

Occupancy increased to 93.9% at June 30, 2018 from 93.7% at December 31, 2017. The increase in occupancy is due to 131,745 square feet of new leasing, partially offset by vacancies totaling 91,845 square feet and the disposal of four property outparcels at certain properties at a weighted occupancy rate of 91.0%.

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

	Grocery-anchor			Non-anchor			Total		
GLA expiration	GLA	Percentage of portfolio	Average in-place rent	GLA	Percentage of portfolio	Average in-place rent	GLA	Percentage of portfolio	Average in-place rent
Month-to-month	—	—	$ —	89,637	0.8%	$ 15.91	89,637	0.8%	$ 15.91
2018	56,127	0.5%	5.00	195,840	1.8%	15.95	251,967	2.3%	13.51
2019	811,633	7.3%	6.84	648,865	5.9%	14.92	1,460,498	13.2%	10.43
2020	382,090	3.5%	6.60	743,663	6.7%	11.24	1,125,753	10.2%	9.67
2021	587,564	5.3%	7.51	800,024	7.2%	12.77	1,387,588	12.5%	10.54
2022	699,785	6.3%	7.70	772,540	7.0%	13.77	1,472,325	13.3%	10.88
2023 and later	2,622,494	23.8%	8.97	1,978,119	17.8%	12.39	4,600,613	41.6%	10.44
Vacant	—	—	N/A	671,764	6.1%	N/A	671,764	6.1%	N/A
Total / weighted average	**5,159,693**	**46.7%**	**$ 8.08**	**5,900,452**	**53.3%**	**$ 13.00**	**11,060,145**	**100.0%**	**$ 10.55**

The following is a table of lease expiries at June 30, 2018 and pre-existing future maturities that were leased in advance during 2018.



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 certainty in the cash flows of each property.

The following table summarizes remaining expiries in the 2018 year:

GLA Expiration	Number of tenants	June 30, 2018	Number of tenants	March 31, 2018	Number of tenants	December 31, 2017
Anchors	1	56,127	1	56,127	2	108,989
Non-anchors	73	195,840	117	330,555	187	531,048
Remaining 2018 expiries	**74**	**251,967**	**118**	**386,682**	**189**	**640,037**
Percentage of occupied		**2.3%**		**3.5%**		**5.7%**

At June 30, 2018, remaining 2018 expiries totaled 251,967 square feet or 1.8% of total GLA related to non-anchor tenants. Comparatively, at March 31, 2018, remaining 2018 expiries totaled 386,682 square feet or 3.0% of total GLA related to non-anchor tenants. At December 31, 2017, remaining 2018 expiries totaled 640,037 square feet or 4.7% of total GLA, related to non-anchor tenants.

Retention rates

The asset management team strives to maintain strong relationships with all tenants, especially the REIT's grocery-anchor tenants. Since inception in 2011, where the REIT has sought a renewal with a grocery-anchor, the 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, including in cases where a better user is available, or a redevelopment opportunity exists. Management believes that this success has been as a result of the strong relationships maintained with tenants and as a result of the REIT's 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. Management expects 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, 2018, and year ended December 31, 2017 for both grocery-anchor and non-grocery-anchor tenants:

Retention rate (1)	Three months ended June 30, 2018	Six months ended June 30, 2018	Year ended December 31, 2017
Grocery-anchor	100.0%	100.0%	100.0%
Non-grocery-anchor	90.2%	80.9%	76.6%
Net total / weighted average	**95.1%**	**90.5%**	**88.3%**

(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, 2018	March 31, 2018	December 31, 2017	September 30, 2017
Renewals				
Square feet	177,437	227,627	290,060	385,585
Expiring rent per square foot [1]	$ 13.06	$ 11.90	$ 12.41	$ 11.38
Rent spread per square foot [1]	$ 1.28	$ 0.50	$ 0.74	$ 0.59
Vacated				
Square feet [2]	19,220	72,625	40,084	25,756
Expiring rent per square foot [1]	$ 16.26	$ 15.13	$ 10.83	$ 13.35
New				
Square feet	64,964	66,781	111,990	104,837
New rent per square foot [1]	$ 17.63	$ 14.49	$ 14.56	$ 13.21
Total base rent retained	**$ 2,005**	**$ 1,610**	**$ 3,166**	**$ 4,044**
Incremental base rent	**$ 1,372**	**$ 1,081**	**$ 1,845**	**$ 1,612**

[1] Weighted average.
[2] 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, 2018 is as follows:

	GLA	Number of units	Weighted average expiring rent	Weighted average new rent
Renewed leases	177,437	56	$ 13.06	$ 14.34
New leases	64,964	18	N/A	17.63
Total / weighted average	**242,401**	**74**	**N/A**	**$ 15.22**
Less, leases not renewed / vacated during term [1]	(19,220)	(11)	16.26	N/A
Net total / weighted average	**223,181**	**63**		**$ 15.22**

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

The REIT's leasing activity during the six month period ended June 30, 2018 is as follows:

	GLA	Number of units	Weighted average expiring rent	Weighted average new rent
Renewed leases	405,064	110	$ 12.41	$ 13.25
New leases	131,745	41	N/A	16.04
Total / weighted average	**536,809**	**151**	**N/A**	**$ 13.93**
Less, leases not renewed / vacated during term [1]	(91,845)	(35)	15.37	N/A
Net total / weighted average	**444,964**	**116**		**$ 13.93**

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

During the second quarter of 2018 the REIT completed 242,401 square feet of leasing, which represents 2.2% of the REIT's portfolio. For the six month period ended June 30, 2018, 536,809 square feet of leasing was completed, which represents 4.9% of the REIT's portfolio. This level of leasing is consistent with the REIT's strategy of actively managing the 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 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Grocery rent	$ 8.08	$ 8.20	$ 8.19	$ 8.29	$ 8.28	$ 8.38	$ 8.37	$ 8.36
Shop space rent	13.00	13.03	13.08	12.68	12.32	12.22	12.27	12.32
Total	**$ 10.55**	**$ 10.63**	**$ 10.67**	**$ 10.55**	**$ 10.31**	**$ 10.30**	**$ 10.32**	**$ 10.34**
Market rent [1]	**$ 11.27**	**$ 11.16**	**$ 11.27**	**$ 11.22**	**$ 10.92**	**$ 10.82**	**$ 10.67**	**$ 10.64**

[1] Market rate represents the REIT's estimate of market rents for its properties on a weighted average basis. Market rents are determined based, in part, on broker feedback, market transactions and completed deals.

The REIT leases to 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.

DISPOSITIONS

On April 17, 2018, the REIT disposed of an outparcel at Waterbury Plaza located in Waterbury, Connecticut. The outparcel was sold for $3.3 million. During the first half of the 2018 year, the REIT disposed of four property outparcels for $20.2 million at a weighted average capitalization rate of 7.5%.

The disposition of outparcels is consistent with the REIT's strategy where management believes the REIT's invested capital can be more opportunistically deployed. Often outparcels are identified for disposition on acquisition at the underwriting stage, or after a period of ownership, where additional value has been created that can be crystallized.

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

PROPERTY PROFILE

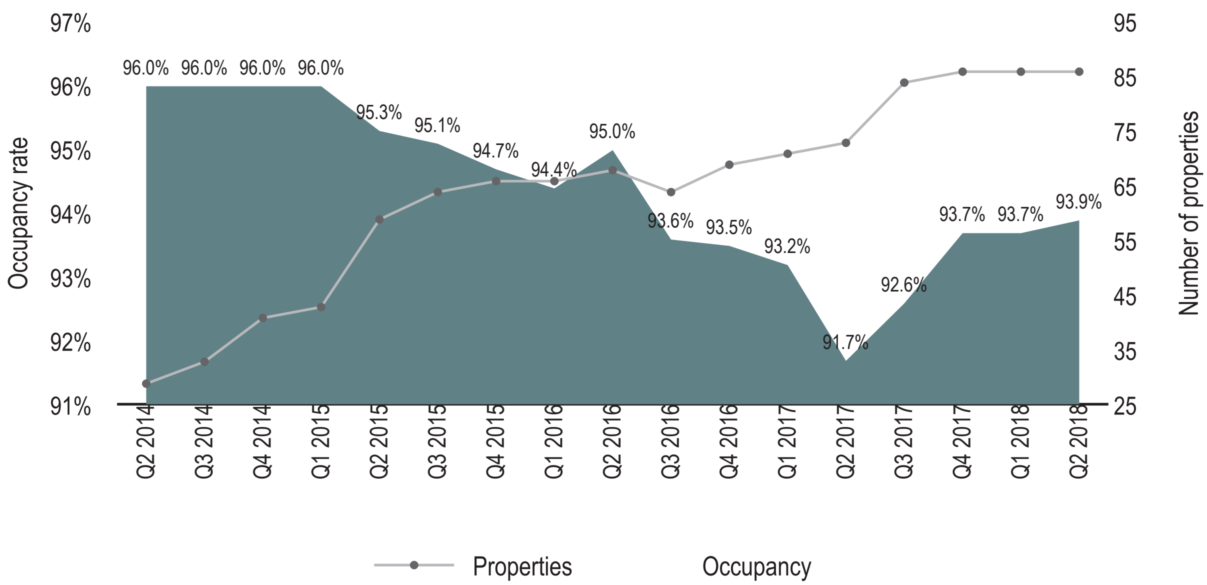
Professional management

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 has enabled the REIT to maintain a high occupancy level, currently 93.9% at June 30, 2018 (March 31, 2018 – 93.7%, December 31, 2017 – 93.7% September 30, 2017 – 92.6%).

Occupancy has increased by 0.2% to 93.9% from the most recent quarter due to 64,964 square feet of new leases in the quarter, which included Planet Fitness at Highland Square for 13,207 square feet and Five Below at Uptown Station at 10,513 square feet partially, offset by 19,220 square feet of vacancies related to shop space tenants in the quarter.

The following table shows the occupancy rate of the REIT's portfolio since the REIT's inception:

Historical occupancy rates of the REIT

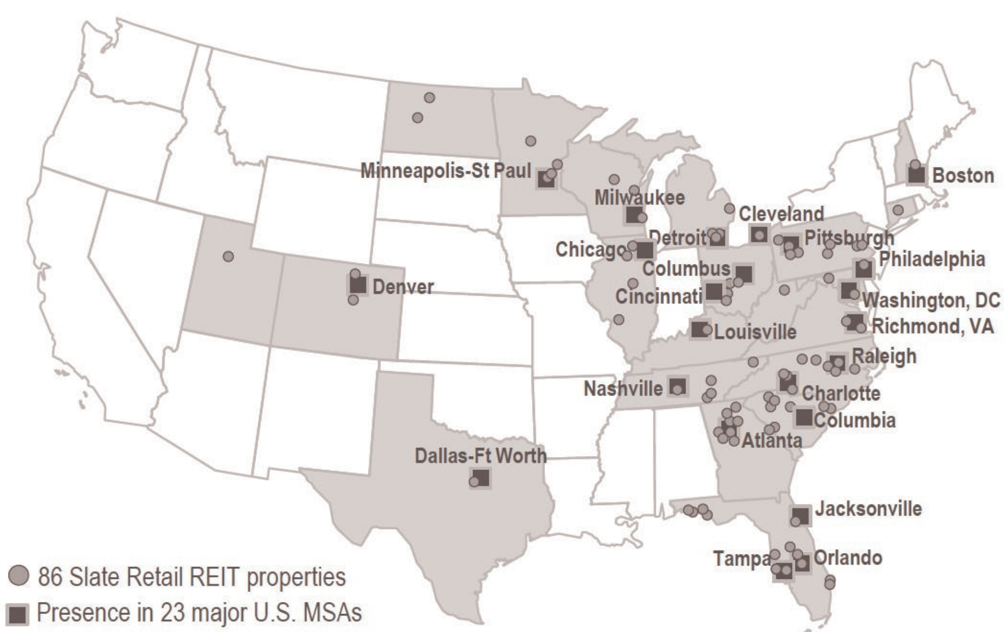


Geographic overview

The REIT's portfolio is geographically diversified. As of June 30, 2018, the REIT's 86 properties were located in 21 states with a presence in 23 top MSAs. The REIT has 35 properties, or 40.7% 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.

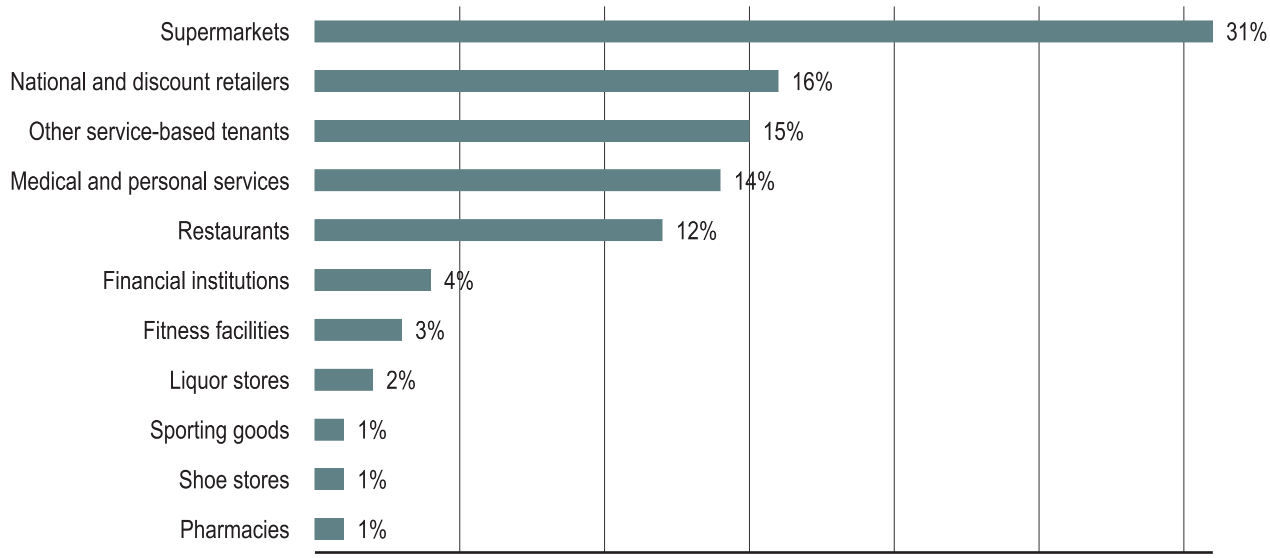
The following is a summary of the geographic location and relative dispersion of the REIT's property portfolio:

State	Number of assets	Total SF	Occupied SF	Percentage of revenue	Occupancy
Florida	13	1,512,498	1,433,403	15.5%	94.8%
North Carolina	9	1,360,037	1,257,961	11.7%	92.5%
Pennsylvania	9	1,411,671	1,357,593	11.8%	96.2%
Georgia	9	1,030,702	961,273	9.5%	93.3%
South Carolina	7	969,418	926,898	8.8%	95.6%
Michigan	4	501,359	486,339	4.5%	97.0%
Minnesota	4	452,713	428,704	4.4%	94.7%
Tennessee	5	526,131	520,131	3.7%	98.9%
Ohio	5	688,232	549,024	4.0%	79.8%
Illinois	4	396,946	349,280	3.6%	88.0%
North Dakota	2	261,578	260,287	3.4%	99.5%
Maryland	1	147,803	138,105	2.9%	93.4%
Wisconsin	3	294,233	283,328	2.5%	96.3%
West Virginia	2	387,162	380,302	2.5%	98.2%
Colorado	2	203,391	189,975	2.1%	93.4%
New Hampshire	1	187,001	181,242	2.0%	96.9%
Connecticut	1	139,653	139,653	1.7%	100.0%
Virginia	2	203,434	197,134	1.9%	96.9%
Texas	1	167,961	142,892	1.4%	85.1%
Utah	1	127,231	123,244	1.2%	96.9%
Kentucky	1	90,991	81,613	0.9%	89.7%
Total	**86**	**11,060,145**	**10,388,381**	**100%**	**93.9%**



Tenant categories

As of June 30, 2018, the REIT has the following tenant categories within the portfolio, allocated by base rent:



Category	Number of stores	Percentage of rent	Key brands [1]
Supermarkets	79	31%	Kroger, Publix, Ahold Delhaize, SuperValu, Safeway
National and discount retailers	81	16%	Walmart, Marshalls, Ross Stores, Inc.
Other service-based tenants	263	15%	GNC, Lumber Liquidators, metroPCS, Sally Beauty Supply
Medical and personal services	391	14%	Great Clips, Hair Cuttery
Restaurants	273	12%	Burger King, Little Caesars, McDonald's, Pizza Hut, Subway
Financial institutions	104	4%	ascensus, Bank of America, KeyBank, H&R Block
Fitness facilities	33	3%	Anytime Fitness, Planet Fitness, Snap Fitness
Liquor stores	26	2%	Cash Wise Liquor, Winn Dixie Wine & Spirits, Wine World, Smith's Liquor
Sporting goods	12	1%	Play It Again Sports, Dick's Sporting Goods, Dunham's Sports, Hibbett Sports
Shoe stores	13	1%	Shoe Carnival, DSW Designer Shoe Warehouse, Rack Room Shoes, Shoe Show
Pharmacies	11	1%	Rite Aid, CVS pharmacy
Total	**1,286**	**100%**	

[1] All trademarks are the property of their respective owners.

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, the REIT's anchor tenants are often 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. Walmart Inc. represents the REIT's largest tenant by base rent with a total of 8 stores and 7.7% of base rents.

The largest 15 tenants account for 47.3% of total GLA and 39.1% of base rent as follows:

Parent company	Store brands	Grocery	Stores	% GLA	Base rent	% Base rent
Walmart Inc.	Wal-Mart, Sams Club	Y	8	11.7%	$ 8,549	7.7%
The Kroger Co.	Kroger, Pick 'n Save	Y	18	9.6%	6,496	5.8%
Publix Supermarkets	Publix	Y	12	4.9%	4,492	4.0%
Koninklijke Ahold Delhaize N.V.	Stop & Shop, GIANT, Food Lion, Hannaford	Y	5	2.7%	4,331	3.9%
SuperValu Inc.	Various (1)	Y	8	3.6%	3,967	3.6%
Southeastern Grocers	Winn Dixie, BI-LO	Y	10	4.2%	3,916	3.5%
Coborn`s Inc.	CashWise	Y	2	1.1%	1,853	1.7%
Albertsons	Jewel-Osco, Safeway	Y	4	2.2%	1,786	1.6%
Alex Lee Inc.	Lowes Foods	Y	3	1.3%	1,683	1.5%
Beall's, Inc	Bealls, Burkes Outlet	N	4	1.3%	1,252	1.1%
Schnuck Markets, Inc.	Schnucks	Y	2	1.0%	1,099	1.0%
Dollar Tree Inc.	Dollar Tree, Family Dollar	N	11	1.0%	1,094	1.0%
TJX Companies	Marshalls, T.J. Maxx	N	4	1.0%	1,050	1.0%
The Fresh Market	The Fresh Market	Y	4	0.7%	944	0.9%
Planet Fitness	Planet Fitness	N	6	1.0%	921	0.8%
Total			**101**	**47.3%**	**$ 43,433**	**39.1%**

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

Development

The REIT’s redevelopment program is focused on growing income and unlocking value by revitalizing tenant uses and creating a better customer experience at select properties. Redevelopment is generally considered to begin when activities that change the condition of the property commence. Redevelopment 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 period in which they are re-classified as a redevelopment property and are excluded until they are operating as intended in both the current and comparative periods. The carrying value of redevelopment properties includes the acquisition cost of property and direct redevelopment 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
Buckeye Plaza	Ohio	Anchor repositioning	Q4 2018	$ 37	$ 250	**$ 287**
County Line Plaza	Pennsylvania	Anchor repositioning	Q4 2018	2,500	512	**3,012**
Hocking Valley	Ohio	Complete redevelopment	Q1 2019	7,285	4,877	**12,162**
Mulberry Square	Ohio	Outparcel development	Q1 2020	207	8,003	**8,210**
North Summit Square	North Carolina	Anchor repositioning	Q2 2019	312	944	**1,256**
Springboro Plaza	Ohio	Complete redevelopment	Planning stages	4	2,067	**2,071**
Total				**$ 10,345**	**$ 16,653**	**$ 26,998**

Redevelopment capital spent during the three and six month period ended June 30, 2018 is as follows:

	Three months ended June 30, 2018	Six months ended June 30, 2018
County Line Plaza	$ 1,064	$ 1,094
Hocking Valley	3,134	3,850
Other redevelopment costs (1)	37	134
Total	**$ 4,235**	**$ 5,078**

(1) Other redevelopment costs relate to new outparcel development as well as other planning and work completed in the planning stages for redevelopment projects.

Buckeye Plaza is a neighborhood shopping centre located in a densely-populated trade area in close proximity to downtown Cleveland. In March 2017, a termination agreement was reached with the grocery-anchor tenant Giant Eagle who occupied 47.3% of the GLA. The termination agreement was 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. In September 2017, the REIT executed on a new lease with another grocer on a long-term basis which management believes will drive traffic at the centre. The termination payment from Giant Eagle was in excess of the capital required to re-tenant the former Giant Eagle space. While the total revenue resulting from the redevelopment is insignificant relative to the portfolio as a whole, we believe it highlights the importance of management's disciplined approach to finding real estate that will be highly sought after by a wide variety of grocery-anchor tenants over the long run.

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 35,394 square feet. Management expects to invest $3.0 million and be complete by the end of 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.

North Summit Square is a 224,530 square foot shopping centre anchored by Sam’s Club and shadow anchored by Lowes’s Home Improvement. The centre is located in one of the premier retail nodes in Winston-Salem North Carolina and has close proximity to Wake Forest University. In June 2017 management strategically terminated the lease of a 36,862 square foot junior anchor tenant that was paying below market rates. Lease negotiations are underway with a potential backfill tenant that would lead to a $58 thousand spread annually over previous base rental rates. The lease is expected to be finalized by the end of the year with rent commencement in the first half of 2019.

Hocking Valley is a 181,863 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 $12.2 million of capital in order to complete the redevelopment by early 2019. As June 30, 2018, $7.3 million has been spent with an estimated $4.9 million remaining. At June 30, 2018, the REIT completed the demolition of the Kmart space and the three adjacent inline units. Kroger completed the construction of their store in December 2017 and have reported strong initial sales.

The REIT is nearing completion on the remaining redevelopment work which includes an updated façade, new parking lot and lighting, a new pylon sign and the backfill of the existing Kroger box. Lease negotiations have been finalized with HomeGoods, an investment grade company and subsidiary of TJX Companies, and PetSmart for the prior Kroger space at significant spreads to Kroger’s previous rental rates. The REIT’s tenant fit-out obligations for HomeGoods and PetSmart will be completed in the third quarter of 2018 and are expected to open by the end of 2018.

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. and the REIT agreed to a 32,930 square foot expansion of their box and inclusion of multiple additional departments as well as drive-through pharmacy and grocery pick-up lanes (ClickList). In addition, the REIT is in negotiations with two national junior anchor tenants for a 32,500 square foot ground-up development on excess land at the property. This development work will significantly increase the weighted average term and exposure to investment quality tenants at the centre and allow management to increase rental rates on the inline units and improve overall tenant mix at the centre.

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 potential to start construction in 2019.

IFRS FAIR VALUE

The REIT's property portfolio at June 30, 2018 had an estimated IFRS fair value of $1.4 billion, with a weighted average capitalization rate of 7.31%. 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, 2018 and December 31, 2017:

Direct capitalization rates	**June 30, 2018**	December 31, 2017
Minimum	**6.25%**	6.25%
Maximum	**11.00%**	9.50%
Weighted average	**7.31%**	7.25%

The June 30, 2018 weighted average capitalization rate increased to 7.31% from 7.25% at December 31, 2017. The increase in capitalization rates is primarily due to changes in buyer demand in the retail real estate sector. This was partially offset by decreases in capitalization rates driven by value-add asset management activities including anchor tenant renewals, improved credit, higher occupancy and capital spend.

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,	
	2018	2017	**2018**	2017
Beginning of the period	**$ 1,422,245**	$ 1,104,463	**$ 1,454,463**	$ 1,072,923
Acquisitions	**—**	72,290	**—**	105,743
Capital	**1,018**	940	**1,752**	1,466
Leasing costs	**849**	220	**1,467**	321
Tenant improvements	**2,552**	229	**4,305**	473
Development and expansion capital	**4,235**	1,308	**5,078**	4,221
Straight-line rent	**658**	639	**1,793**	1,040
Dispositions	**(3,300)**	(1,485)	**(20,210)**	(12,735)
IFRIC 21 property tax adjustment	**4,590**	3,271	**(9,244)**	(6,215)
Change in fair value	**(7,773)**	(5,255)	**(14,330)**	9,383
End of the period	**$ 1,425,074**	$ 1,176,620	**$ 1,425,074**	$ 1,176,620

The fair value of the REIT's properties and properties under redevelopment for the six month period ended June 30, 2018 is as follows:

	Properties	**Properties under redevelopment**	**Total**
Balance, December 31, 2017	$ 1,387,659	$ 66,803	$ 1,454,462
Change in properties [1]	(31,061)	1,673	(29,388)
Balance, June 30, 2018	**$ 1,356,598**	**$ 68,476**	**$ 1,425,074**

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

During the three month period ended June 30, 2018, the REIT incurred $4.4 million of capital, leasing and tenant improvement costs. Such costs are generally expended for purposes of tenanting and renewing existing leases, which maintain and 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 the properties and tenants, such as the programs undertaken at County Line Plaza, Buckeye Plaza and North Summit Square, each of which are expected for completion in the 2018 year. These expenditures can vary from period to period, at times significantly, depending upon the timing of lease expiries, re-leasing and management's capital plan for the period.

Fair value adjustments on properties

For the three month period ended June 30, 2018, the REIT recorded a fair value loss on properties of $7.8 million, mainly related to valuation parameters and cash flows and IFRS 21 property tax adjustments. The fair value loss on properties of $14.3 million for the six month period ended June 30, 2018 is due to valuation parameters and cash flows, partially offset by IFRS 21 property tax adjustments.

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

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	**2018**	2017
Valuation parameters and cash flows	**$ (2,525)**	$ (285)	**$ (21,781)**	$ 6,146
Transaction costs capitalized	**—**	(1,060)	**—**	(1,938)
IFRIC 21 property tax adjustment	**(4,590)**	(3,271)	**9,244**	6,215
Adjusted for straight-line rent	**(658)**	(639)	**(1,793)**	(1,040)
Total	**$ (7,773)**	$ (5,255)	**$ (14,330)**	$ 9,383

The fair value change of properties is impacted by IFRIC 21 property tax adjustments recorded on the REIT's portfolio. For acquisition purposes the REIT determines 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 on 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.

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.

The loan, originally advanced in October 2015, is currently $9.4 million, bears interest at 8.0% and matures on October 19, 2020. On March 6, 2017 and August 24, 2017, the REIT advanced an additional $1.2 million and $0.5 million under the loan arrangement, respectively. 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 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Rental revenue	$ 35,669	$ 36,544	$ 34,859	$ 30,030	$ 26,614	$ 27,233	$ 25,044	$ 23,699
Property operating expenses (1)	(5,117)	(24,519)	(5,357)	(3,988)	(3,532)	(16,907)	(3,771)	(3,221)
Straight-line rent revenue	(658)	(1,135)	(523)	(367)	(639)	(401)	(287)	(453)
IFRIC 21 property tax adjustment (1)	(4,590)	13,834	(4,387)	(3,784)	(3,271)	9,486	(3,055)	(3,006)
NOI	$ 25,304	$ 24,724	$ 24,592	$ 21,891	$ 19,172	$ 19,411	$ 17,931	$ 17,019
Class U units outstanding	46,031	46,261	46,411	46,340	46,291	41,031	35,456	35,440
WA units	46,153	46,479	46,443	46,372	42,832	39,847	35,494	35,469
Net (loss) income	$ (14,201)	$ 26,703	$ 31,421	$ (8,816)	$ 16,049	$ 8,652	$ (12,397)	$ (15,309)
Net (loss) income per WA units	$ (0.31)	$ 0.57	$ 0.68	$ (0.19)	$ 0.37	$ 0.22	$ (0.35)	$ (0.43)
IFRS NAV	$ 580,742	$ 580,345	$ 593,066	$ 606,235	$ 597,403	$ 541,819	$ 473,804	$ 470,565
IFRS NAV per unit	$ 12.62	$ 12.55	$ 12.78	$ 13.08	$ 12.91	$ 13.21	$ 13.36	$ 13.28
Distributions	$ 9,670	$ 9,742	$ 9,625	$ 9,381	$ 9,018	$ 8,308	$ 7,179	$ 6,990
Distributions per unit	$ 0.2100	$ 0.2100	$ 0.2075	$ 0.2025	$ 0.2025	$ 0.2025	$ 0.2025	$ 0.1973
FFO (2)	$ 14,542	$ 15,227	$ 15,406	$ 14,448	$ 12,741	$ 12,859	$ 8,688	$ 11,193
FFO per WA units (2)	$ 0.32	$ 0.33	$ 0.33	$ 0.31	$ 0.30	$ 0.32	$ 0.24	$ 0.32
AFFO (2)	$ 9,465	$ 10,987	$ 11,360	$ 11,168	$ 10,713	$ 11,587	$ 7,110	$ 9,114
AFFO per WA units (2)	$ 0.21	$ 0.24	$ 0.24	$ 0.24	$ 0.25	$ 0.29	$ 0.20	$ 0.26
Total assets	$ 1,474,077	$ 1,478,396	$ 1,499,519	$ 1,476,651	$1,225,065	$1,158,102	$1,114,606	$1,076,668
Debt	$ 864,051	$ 872,263	$ 883,046	$ 846,325	$ 608,035	$ 597,787	$ 624,892	$ 589,213
Debt / GBV	58.6%	59.0%	58.9%	57.3%	49.6%	51.6%	56.1%	54.7%
Number of properties	86	86	86	84	73	71	69	64
% leased	93.9%	93.7%	93.7%	92.6%	91.7%	93.2%	93.5%	93.6%
GLA	11,060,145	11,067,372	11,156,474	10,850,708	9,141,538	8,513,110	8,335,625	7,841,401
Grocery-anchored GLA	5,159,693	5,159,693	5,159,693	4,887,294	4,162,756	3,968,924	3,909,716	3,669,595

(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 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, 2018 increased by $9.1 million compared to the prior year quarter. The increase is primarily due to incremental rental revenue associated with 13 properties acquired in the prior year, which are providing a full period of contributions in the current period, increases in rental rates from re-leasing, and new leasing typically above in-place rent, partially offset by the impact of a loss in revenue contribution from the disposition of 7 outparcels at certain properties from June 30, 2017.

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 $1.6 million and $9.2 million for the three and six month period ended June 30, 2018, respectively. The increase is primarily due to the application of IFRIC 21 property tax adjustments and incremental costs associated with 13 properties acquired from the prior year, partially offset by the disposition of 7 outparcels at certain properties from June 30, 2017.

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, bad debt expenses, franchise and business taxes and incentive fees. Franchise and business taxes are typically billed in the following calendar year to which they relate.

	Three months ended June 30,			Six months ended June 30,		
	2018	2017	**Variance**	**2018**	2017	**Variance**
Asset management fees	**$ 1,474**	$ 1,155	**$ 319**	**$ 2,953**	$ 2,254	**$ 699**
Professional fees and other	**631**	615	**16**	**1,365**	1,208	**157**
Bad debt expense	**421**	203	**218**	**565**	225	**340**
Franchise and business taxes	**99**	154	**(55)**	**218**	459	**(241)**
Total	**$ 2,625**	$ 2,127	**$ 498**	**$ 5,101**	$ 4,146	**$ 955**
% of total assets	**0.2%**	0.2%	**— %**	**0.3%**	0.4%	**(0.1)%**
% of total revenue	**7.4%**	8.0%	**(0.6)%**	**7.1%**	7.7%	**(0.6)%**

Other expenses for the three month period ended June 30, 2018 increased by $0.5 million from the comparative quarter in 2017. The increase is mainly due to an increase in the asset management fee driven by acquisitions from the prior year, partially offset by a decrease in franchise and business taxes.

Other expenses for the six month period ended June 30, 2018 was $5.1 million, which represents a $1.0 million increase from the same period in the prior year. This increase in asset management fees and professional fees and other are mainly due to the acquisition of 13 properties, partially offset by the impact of a loss in contribution from the disposition of 7 outparcels at certain properties from June 30, 2017.

INTEREST EXPENSE AND OTHER FINANCING COSTS, NET

	Three months ended June 30,			Six months ended June 30,		
	2018	2017	**Variance**	**2018**	2017	**Variance**
Interest on debt and finance charges	**$ 9,287**	$ 4,848	**$ 4,439**	**$ 17,629**	$ 9,526	**$ 8,103**
Interest rate swaps, net settlement	**(675)**	67	**(742)**	**(1,017)**	301	**(1,318)**
Interest income	**(24)**	(20)	**(4)**	**(45)**	(33)	**(12)**
Interest income on notes receivable	**(188)**	(177)	**(11)**	**(373)**	(335)	**(38)**
Amortization of finance charges	**489**	325	**164**	**946**	619	**327**
Amortization of mark-to-market premium	**(86)**	(86)	**—**	**(172)**	(172)	**—**
Interest income on TIF notes receivable	**(25)**	(30)	**5**	**(51)**	(61)	**10**
Interest expense on TIF notes payable	**39**	38	**1**	**78**	76	**2**
Amortization of deferred gain on TIF notes receivable	**(22)**	(22)	**—**	**(44)**	(44)	**—**
Total	**$ 8,795**	$ 4,943	**$ 3,852**	**$ 16,951**	$ 9,877	**$ 7,074**

Interest expense and other finance costs, net consists of interest paid on the revolving credit facility ("revolver"), term loans, mortgages and interest rate swap contracts, as well as standby fees paid on the REIT's revolver.

Interest on debt increased by $4.4 million and $8.1 million for the three and six month period ended June 30, 2018, respectively, compared to the same period in 2017. The increase is primarily due to advances on the revolver for the acquisition of certain properties and increased costs of the REIT's floating rate debt driven by higher one-month U.S. LIBOR rates over the comparative quarter. One-month U.S. LIBOR at June 30, 2017 was 1.23% and increased to 2.09% at June 30, 2018. This increase was partially offset by periods of lower indebtedness from $55.0 million in repayments funded by the REIT's equity offerings completed on May 31, 2017, $18.5 million in repayments from the disposition of property outparcels from the second quarter of 2017 and cash on hand. The REIT's revolver is redrawn from time-to-time to fund acquisitions. Over the past 12 months, the REIT has purchased $287.3 million of property.

The REIT's pay-fixed, receive-float interest rate swaps hedge a portion of the cash flow risk associated with one-month U.S. LIBOR based interest payments, with 58.9% of the REIT's debt subject to fixed rates as at June 30, 2018. The weighted average fixed rate of the REIT's interest rate swaps was 1.26% in comparison to the one-month U.S. LIBOR at 2.09% at June 30, 2018 with a weighted average term to maturity of 2.9 years. Under this arrangement, the REIT has received $0.7 million of net interest payments in the current quarter, compared to $0.1 million of net interest payments incurred by the REIT in the prior quarter. Based on current one-month U.S. LIBOR, the REIT expects to receive $2.9 million annually.

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 which is not comparable to other REITs or other corporations that capitalize interest.

FAIR VALUE ADJUSTMENTS ON REIT UNITS AND EXCHANGEABLE UNITS OF SUBSIDIARIES

Effective May 11, 2018, the Third A&R DOT and Subdivision resulted in units of the REIT being presented as equity instruments of the REIT under IFRS. Prior to this date, REIT units were classified as financial liabilities under IFRS.

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 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, 2018 was $9.73 (June 30, 2017 – $10.52). Changes in fair value of 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, 2018, the REIT recognized an unrealized fair value loss of $19.0 million and $0.5 million on the REIT units and exchangeable units of subsidiaries respectively. For the six month period ended June 30, 2018, the REIT recognized an unrealized fair value gain of $19.5 million and $1.5 million on the REIT units and exchangeable units of the subsidiaries respectively, as a result of a decrease in fair value per unit of $10.38 at the 2017 year end.

NET (LOSS) INCOME

The REIT incurred a net loss of $14.2 million which represented a $30.3 million decrease from the same quarter of the prior year. The decrease is attributed to the increase in the unrealized fair value of REIT units and exchangeable units of subsidiaries of $37.3 million, decrease in the change in fair value of properties of $2.5 million and increased distributions of $0.7 million, partially offset by the aforementioned increases in revenue of $9.1 million.

Net income for the six month period ended June 30, 2018 was $12.5 million, which resulted in a $12.2 million decrease from the comparative period. The decrease is mainly due to the change in fair value of properties of $23.7 million, increased interest expense and other financing costs of $7.1 million and increased deferred income taxes of $9.4 million from the prior period.

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, 2018 compared to the same period in the prior year:

	Three months ended June 30,			Six months ended June 30,		
	2018	2017	**Variance**	**2018**	2017	**Variance**
Rental revenue	**$ 35,669**	$ 26,614	**$ 9,055**	**$ 72,213**	$ 53,847	**$ 18,366**
Straight-line rent revenue	**(658)**	(639)	**(19)**	**(1,793)**	(1,040)	**(753)**
Property operating expenses	**(5,117)**	(3,532)	**(1,585)**	**(29,636)**	(20,439)	**(9,197)**
IFRIC 21 property tax adjustment	**(4,590)**	(3,271)	**(1,319)**	**9,244**	6,215	**3,029**
NOI	**$ 25,304**	$ 19,172	**$ 6,132**	**$ 50,028**	$ 38,583	**$ 11,445**
NOI margin	**72.3%**	73.8%	**(1.5)%**	**71.0%**	73.1%	**(2.1)%**

NOI for the three and six month period ended June 30, 2018 was $25.3 million and $50.0 million respectively, which represents an increase of $6.1 million and $11.4 million from the same periods in 2017. The increase is primarily due to incremental rental revenue associated with 13 properties acquired from the prior year, uplifts in rental rates from re-leasing, and new leasing typically above in-place rent and increases in operating cost and tax recoveries due to portfolio growth. This was partially offset by the impact of a loss in revenue contribution from the disposition of 7 outparcels at certain properties from June 30, 2017.

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 redevelopment. For the three month period ended June 30, 2018, the same-property portfolio is comprised of a portfolio of 64 properties owned and in operation for each of the entire three month periods ended June 30, 2018 and 2017.

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, 2018 as compared to the same period in the prior year reconciled to total NOI:

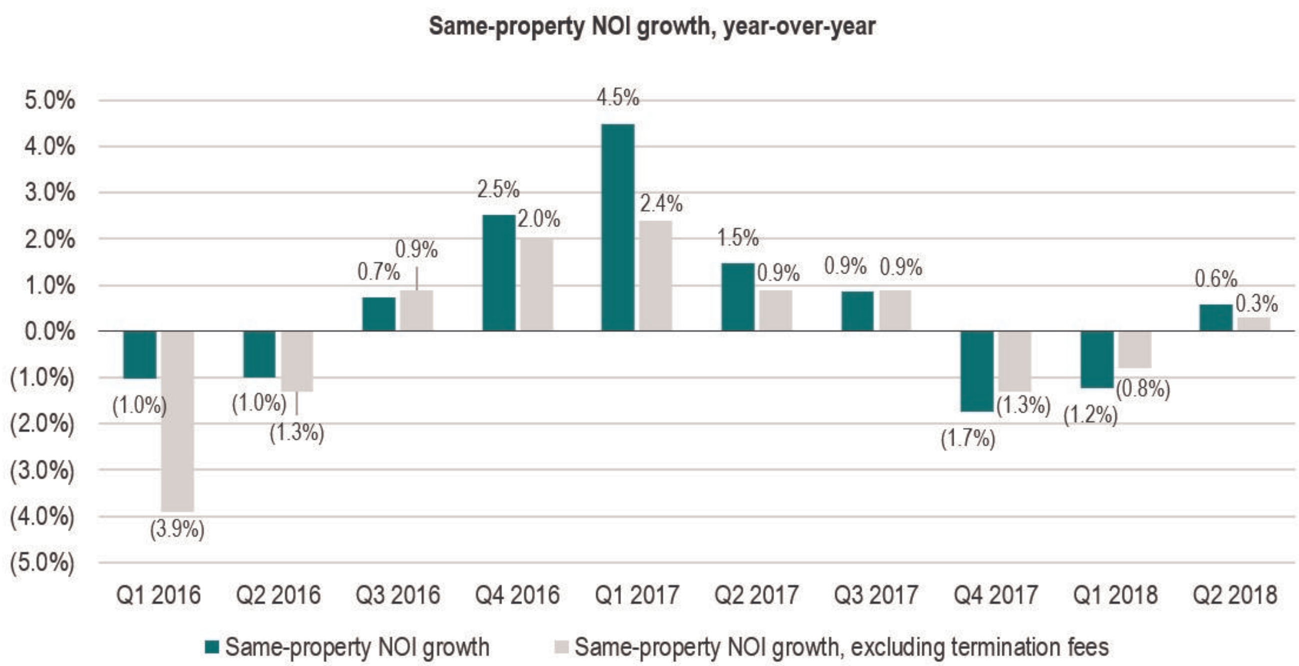
	Number of properties	Three months ended June 30, **2018**	2017	**Variance**	**% change**
Same-property NOI	64	**$ 17,403**	$ 17,304	**$ 99**	**0.6%**
NOI attributable to redeveloped properties	1	**509**	282	**227**	
NOI attributable to properties under redevelopment	6	**809**	1,009	**(200)**	
NOI attributable to acquisitions	15	**6,574**	242	**6,332**	
NOI attributable to dispositions, including outparcel sales	8	**9**	335	**(326)**	
Total NOI		**$ 25,304**	$ 19,172	**$ 6,132**	**32.0%**
Occupancy					
Occupancy, same-property	64	**95.8%**	94.8%	**1.0 %**	
Occupancy, redeveloped properties	1	**91.6%**	90.7%	**0.9 %**	
Occupancy, properties under redevelopment	6	**78.3%**	62.9%	**15.4 %**	
Occupancy, acquisitions	15	**94.2%**	97.0%	**(2.8)%**	
Occupancy, dispositions, including outparcel sales	8	**78.5%**	78.5%	**— %**	
Total occupancy		**93.9%**	93.2%	**0.7 %**	

Same-property NOI increased by $0.1 million or 0.6% for the three month period ended June 30, 2018 over the comparative period. The increase is primarily attributed to increases in rental rates from re-leasing above average in-place rent of the properties and new leasing above comparable market rental rates. The current quarter impact of the Winn-Dixie and BI-LO rent reductions at 6 of the REIT's 10 properties, as a result of SEG's successful emergence from restructuring, resulted in a $55 thousand decrease to same-property NOI.

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	Same-property % change, excluding termination fees
Q1 2016	40	$ 10,409	(1.0)%	(3.9)%
Q2 2016	41	11,101	(1.0)%	(1.3)%
Q3 2016	49	13,791	0.7 %	0.9 %
Q4 2016	49	15,229	2.5 %	2.0 %
Q1 2017	56	16,187	4.5 %	2.4 %
Q2 2017	56	15,980	1.5 %	0.9 %
Q3 2017	56	15,304	0.9 %	0.9 %
Q4 2017	57	15,477	(1.7)%	(1.3)%
Q1 2018	62	16,555	(1.2)%	(0.8)%
Q2 2018	64	17,403	0.6 %	0.3 %

Termination income is included in the REIT's definition of same-property NOI, however, can be substantial and does not occur frequently. The following is a table summarizing same-property NOI growth excluding the impact of terminations fees:



The following is a summary of same-property NOI and the related occupancy rates on a trailing twelve month basis as at June 30, 2018, as compared to the same period in the prior year reconciled to total NOI:

	Number of properties	Trailing twelve months, June 30, 2018	2017	Variance	% change
Same-property NOI	56	**$ 60,674**	$ 60,975	**$ (301)**	**(0.5)%**
NOI attributable to redeveloped properties	1	**1,995**	1,096	**899**	
NOI attributable to properties under redevelopment	6	**3,106**	4,885	**(1,779)**	
NOI attributable to acquisitions	23	**30,075**	4,868	**25,207**	
NOI attributable to dispositions, including outparcel sales	6	**618**	1,709	**(1,091)**	
Total NOI		**$ 96,468**	$ 73,533	**$ 22,935**	**31.2 %**
Occupancy					
Occupancy, same-property	56	**95.9%**	95.0%	**0.9%**	
Occupancy, redeveloped properties	1	**91.6%**	90.7%	**0.9%**	
Occupancy, properties under redevelopment	6	**78.3%**	62.9%	**15.4%**	
Occupancy, acquisitions	23	**94.5%**	94.5%	**—%**	
Occupancy, dispositions, including outparcel sales	6	**82.8%**	82.8%	**—%**	
Total occupancy		**93.9%**	91.7%	**2.2%**	

Same-property NOI decreased by $0.3 million or 0.5% for the trailing twelve month period ended June 30, 2018 over the same period in the prior year. This is primarily due to free rent of $0.4 million for Stop & Shop at Waterbury Plaza from December 2017 to March 2018, partially offset by increases in rental rates from re-leasing above average in-place rent and new leasing above comparable market rental rates. The current period impact of the Winn-Dixie and BI-LO rent reductions as a result of SEG's successful emergence from restructuring resulted in a $48 thousand decrease to same-property NOI.

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 REITs 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 (income) expense and IFRIC 21.

The following is a reconciliation of net income to FFO:

	Three months ended June 30, 2018	2017	Variance	Six months ended June 30, 2018	2017	Variance
Net (loss) income	**$ (14,201)**	$ 16,049	**$ (30,250)**	**$ 12,502**	$ 24,701	**$ (12,199)**
Disposition and acquisition costs	**148**	90	**58**	**870**	444	**426**
Change in fair value of properties	**7,773**	5,255	**2,518**	**14,330**	(9,383)	**23,713**
Deferred income taxes	**2,406**	3,393	**(987)**	**527**	9,945	**(9,418)**
Unit expense (income)	**23,006**	(8,775)	**31,781**	**(7,704)**	(6,322)	**(1,382)**
IFRIC 21 property tax adjustment	**(4,590)**	(3,271)	**(1,319)**	**9,244**	6,215	**3,029**
FFO	**$ 14,542**	$ 12,741	**$ 1,801**	**$ 29,769**	$ 25,600	**$ 4,169**
FFO per WA unit	**$ 0.32**	$ 0.30	**$ 0.02**	**$ 0.64**	$ 0.62	**$ 0.02**
WA number of units outstanding	**46,153**	42,832	**3,321**	**46,315**	41,348	**4,967**

The following is a calculation of FFO from NOI:

	Three months ended June 30,			Six months ended June 30,		
	2018	2017	**Variance**	**2018**	2017	**Variance**
NOI	**$ 25,304**	$ 19,172	**$ 6,132**	**$ 50,028**	$ 38,583	**$ 11,445**
Straight-line rent revenue	**658**	639	**19**	**1,793**	1,040	**753**
Other expenses	**(2,625)**	(2,127)	**(498)**	**(5,101)**	(4,146)	**(955)**
Cash interest, net [1]	**(8,392)**	(4,704)	**(3,688)**	**(16,177)**	(9,430)	**(6,747)**
Finance charge and mark-to-market adjustments	**(403)**	(239)	**(164)**	**(774)**	(447)	**(327)**
FFO	**$ 14,542**	$ 12,741	**$ 1,801**	**$ 29,769**	$ 25,600	**$ 4,169**

[1] Cash interest, net is comprised of total interest expense less amortization of finance charges and mark-to-market adjustments.

FFO for the three month period ended June 30, 2018 increased by $1.8 million compared to the same quarter in the prior year. FFO for the six month period ended June 30, 2018 was $29.8 million which represents a $4.2 million increase from the comparative period. The primary reason for the increases is due to the aforementioned increases in NOI, partially offset by increases in interest cash paid and the loss of NOI contribution from the sale of 7 outparcels at certain properties from June 30, 2017.

AFFO

AFFO is a non-IFRS measure that is used by management of the REIT, certain of the real estate industry and investors to measure recurring cash flows, including certain capital costs, leasing costs, tenant improvements and the impact of non-cash revenue. As described above, the REIT calculates AFFO as FFO adjusted for capital expenditures, leasing costs, tenant improvements and straight-line rent. The REIT’s calculation is consistent with AFFO as calculated by REALPAC in its White Paper on FFO and AFFO for IFRS, as revised in February 2017. However, the REIT uses AFFO as a cash flow measure and considers it a meaningful measure used to evaluate the cash available for distribution to unitholders, while REALPAC considers AFFO as a recurring economic earnings measure. Accordingly, the REIT's use and calculation of AFFO may be different than the use or as disclosed by other businesses, and as a result, may not be comparable to similar measures presented by others.

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,		
	2018	2017	**Variance**	**2018**	2017	**Variance**
Cash flow from operations	**$ 19,943**	$ 12,343	**$ 7,600**	**$ 35,735**	$ 26,071	**$ 9,664**
Changes in non-cash working capital items	**(6,024)**	(303)	**(5,721)**	**(8,290)**	(1,905)	**(6,385)**
Disposition and acquisition costs	**148**	90	**58**	**870**	444	**426**
Finance charge and mark-to-market adjustments	**(403)**	(239)	**(164)**	**(774)**	(447)	**(327)**
Interest, net and TIF note adjustments	**220**	211	**9**	**435**	397	**38**
Capital	**(1,018)**	(940)	**(78)**	**(1,752)**	(1,466)	**(286)**
Leasing costs	**(849)**	(220)	**(629)**	**(1,467)**	(321)	**(1,146)**
Tenant improvements	**(2,552)**	(229)	**(2,323)**	**(4,305)**	(473)	**(3,832)**
AFFO	**$ 9,465**	$ 10,713	**$ (1,248)**	**$ 20,452**	$ 22,300	**$ (1,848)**

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,		
	2018	2017	**Variance**	**2018**	2017	**Variance**
FFO	**$ 14,542**	$ 12,741	**$ 1,801**	**$ 29,769**	$ 25,600	**$ 4,169**
Straight-line rental revenue	**(658)**	(639)	**(19)**	**(1,793)**	(1,040)	**(753)**
Capital	**(1,018)**	(940)	**(78)**	**(1,752)**	(1,466)	**(286)**
Leasing costs	**(849)**	(220)	**(629)**	**(1,467)**	(321)	**(1,146)**
Tenant improvements	**(2,552)**	(229)	**(2,323)**	**(4,305)**	(473)	**(3,832)**
AFFO	**$ 9,465**	$ 10,713	**$ (1,248)**	**$ 20,452**	$ 22,300	**$ (1,848)**
AFFO per WA unit	**$ 0.21**	$ 0.25	**$ (0.04)**	**$ 0.44**	$ 0.54	**$ (0.10)**
WA number of units outstanding	**46,153**	42,832	**3,321**	**46,315**	41,348	**4,967**

The following is a reconciliation of net income to AFFO:

	Three months ended June 30,			Six months ended June 30,		
	2018	2017	**Variance**	**2018**	2017	**Variance**
Net income	**$ (14,201)**	$ 16,049	**$ (30,250)**	**$ 12,502**	$ 24,701	**$ (12,199)**
Disposition and acquisition costs	**148**	90	**58**	**870**	444	**426**
Change in fair value of properties	**7,773**	5,255	**2,518**	**14,330**	(9,383)	**23,713**
Deferred income tax expense	**2,406**	3,393	**(987)**	**527**	9,945	**(9,418)**
Unit expense (income)	**23,006**	(8,775)	**31,781**	**(7,704)**	(6,322)	**(1,382)**
IFRIC 21 property tax adjustment	**(4,590)**	(3,271)	**(1,319)**	**9,244**	6,215	**3,029**
FFO	**$ 14,542**	$ 12,741	**$ 1,801**	**$ 29,769**	$ 25,600	**$ 4,169**
Straight-line rental revenue	**(658)**	(639)	**(19)**	**(1,793)**	(1,040)	**(753)**
Capital	**(1,018)**	(940)	**(78)**	**(1,752)**	(1,466)	**(286)**
Leasing costs	**(849)**	(220)	**(629)**	**(1,467)**	(321)	**(1,146)**
Tenant improvements	**(2,552)**	(229)	**(2,323)**	**(4,305)**	(473)	**(3,832)**
AFFO	**$ 9,465**	$ 10,713	**$ (1,248)**	**$ 20,452**	$ 22,300	**$ (1,848)**

The following is a calculation of AFFO from NOI:

	Three months ended June 30,			Six months ended June 30,		
	2018	2017	**Variance**	**2018**	2017	**Variance**
NOI	**$ 25,304**	$ 19,172	**$ 6,132**	**$ 50,028**	$ 38,583	**$ 11,445**
Other expenses	**(2,625)**	(2,127)	**(498)**	**(5,101)**	(4,146)	**(955)**
Cash interest, net [1]	**(8,392)**	(4,704)	**(3,688)**	**(16,177)**	(9,430)	**(6,747)**
Finance charge and mark-to-market adjustments	**(403)**	(239)	**(164)**	**(774)**	(447)	**(327)**
Capital	**(1,018)**	(940)	**(78)**	**(1,752)**	(1,466)	**(286)**
Leasing costs	**(849)**	(220)	**(629)**	**(1,467)**	(321)	**(1,146)**
Tenant improvements	**(2,552)**	(229)	**(2,323)**	**(4,305)**	(473)	**(3,832)**
AFFO	**$ 9,465**	$ 10,713	**$ (1,248)**	**$ 20,452**	$ 22,300	**$ (1,848)**

[1] Cash interest, net is comprised of total interest expense less amortization of finance charges and mark-to-market adjustments.

AFFO was $9.5 million for the three month period ended June 30, 2018, which represents a $1.2 million decrease over the same quarter in the prior year, driven primarily by increases in cash interest paid of $3.7 million over the prior quarter and a $3.0 million increase in leasing and tenant improvement spend to primarily support new leasing, partially offset by increases in NOI over the comparative period. For the six month period ended June 30, 2018, AFFO decreased by $1.8 million to $20.5 million over the comparative period. This decrease is due to a $6.7 million increase in cash interest paid and $5.3 million increase in capital and leasing spend.

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 management's 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 the 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 the REIT's properties with the remainder as minor improvements. The remaining leasing costs were generally related to the high volume of new and renewal activity, totaling 74 leases executed. Leasing costs were well spread out across each deal with no one deal representing a large percentage of the total expenditure. 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 $0.07 per class U unit or $0.84 per class U unit on an annualized basis. Distributions were $9.7 million and $19.4 million or the three and six month period ended June 30, 2018, respectively. The distribution amount has increased by $0.7 million and $2.1 million over the respective comparative periods, primarily due to the May 31, 2017 equity offering and the 3.7% distribution increase in November 2017.

Effective March 15, 2018 the REIT elected to suspend its distribution reinvestment plan ("DRIP"), which allowed holders of REIT units to elect to receive their distributions in the form of class U units for holders of class A units, class I units and class U units. The REIT undertook this course of action given the dilutive impact at current market trading levels.

The following table summarizes the REIT's distributions and reconciliation to distributions paid or settled:

	Three months ended June		Six months ended June 30,	
	2018	2017	**2018**	2017
REIT units distributions	**$ 3,069**	$ 8,514	**$ 12,342**	$ 16,316
Exchangeable units of subsidiaries distributions	**469**	504	**938**	1,010
Distributions declared, recorded as an expense	**3,538**	9,018	**13,280**	17,326
REIT unit distributions, recorded as equity (1)	**6,132**	—	**6,132**	—
Total distributions declared	**$ 9,670**	$ 9,018	**$ 19,412**	$ 17,326
Add: Distributions payable, beginning of period	**2,294**	1,759	**2,305**	1,382
Less: Distributions payable, end of period	**(3,222)**	(3,125)	**(3,222)**	(3,125)
Distributions paid or settled	**$ 8,742**	$ 7,652	**$ 18,495**	$ 15,583
Paid in cash	**$ 8,742**	$ 7,444	**$ 17,348**	$ 15,178
Reinvested in units	**$ —**	$ 208	**$ 1,147**	$ 405

(1) Effective May 11, 2018, the class A, class I and class U units of the REIT have been presented within unitholders' equity.

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**
2017 per $ of distribution	44.0%	—	56.0%
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 66.5% and 65.2% for the three and six month period ended June 30, 2018, representing a 4.3% and 2.5% decrease from the respective comparative periods as a result of the aforementioned increase in distributions and the disposition of 7 outparcels at certain properties, partially offset by FFO growth driven by the acquisition of 13 properties from June 30, 2017.

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,	
	2018	2017	**2018**	2017
FFO	**$ 14,542**	$ 12,741	**$ 29,769**	$ 25,600
Distributions declared [(1)]	**(9,670)**	(9,018)	**(19,412)**	(17,326)
Excess of FFO over distributions declared	**$ 4,872**	$ 3,723	**$ 10,357**	$ 8,274
FFO payout ratio	**66.5%**	70.8%	**65.2%**	67.7 %

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

On a pro forma basis, using annualized second quarter FFO and the current distribution rate of $0.07 per month, the FFO payout ratio would be 66.6%.

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.

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 management's 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 targets an AFFO payout ratio between 70% and 80% over time. The actual ratio may from time-to-time be outside of this range.

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. Currently, the REIT's monthly distribution to unitholders was $0.07 per class U unit or $0.84 on an annualized basis.

The AFFO payout ratio for the three month period ended June 30, 2018 and June 30, 2017 was 102.2% and 94.9% respectively, which represents a 18.0% and 17.2% increase over the respective comparative periods. On a trailing twelve month basis, the AFFO payout ratio was 89.4%, which represents a 7.6% increase over the same period in the prior year. On a pro forma basis, using annualized second quarter AFFO and the current distribution of $0.07 per month, the AFFO payout ratio would be 100.0%. However, as described in the discussion concerning AFFO above, AFFO was impacted by higher interest costs and larger than normal leasing costs, which were the result of a high leasing volume and a number of larger leases being renewed. Leasing costs will fluctuate over time based on such factors.

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,	
	2018	2017	**2018**	2017
AFFO	**$ 9,465**	$ 10,713	**$ 20,452**	$ 22,300
Distributions declared [(1)]	**(9,670)**	(9,018)	**(19,412)**	(17,326)
Excess of AFFO over distributions declared	**$ (205)**	$ 1,695	**$ 1,040**	$ 4,974
AFFO payout ratio	**102.2%**	84.2%	**94.9%**	77.7%

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

The REIT's distributions declared were in excess of AFFO of $0.2 million for the three month period ended June 30, 2018. The REIT has maintained a consistent distribution rate despite period over period variances in cash from operating activities.

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. Management targets an AFFO payout ratio between 70% and 80% over time. The actual ratio may from time-to-time be outside of this range as a result of operational results, including changes in interest rates, and the timing of capital and leasing costs. Management expects 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 has entered into $400 million notional amount pay-fixed receive-float interest rate swap contracts to hedge the cash flow risk associated with monthly U.S. LIBOR based interest payments on a portion of the REIT's floating rate debt. As a result of the interest rate swaps, 58.9% of the REIT's debt is now subject to fixed rates. The weighted average fixed rate of the REIT's interest rate swaps was 1.26% in comparison to the one-month U.S. LIBOR at 2.09% at June 30, 2018 with a weighted average term to maturity of 2.9 years.

The terms of the interest rate swaps are as follows:

Effective date	November 2, 2016	September 1, 2017
Pay-fixed rate	1.104%	1.715%
Notional amount	$ 300,000	$ 100,000
Receive-floating rate	One-month U.S. LIBOR	One-month U.S. LIBOR
Maturity date	February 26, 2021	September 22, 2022

The following table provides a sensitivity analysis of the REIT's AFFO payout ratio and interest coverage ratio to changes in interest rates, both prior to and after the interest rate swap.

		Prior to interest rate swaps			**After interest rate swaps**		
Change in interest rates (bps)	One-month LIBOR	AFFO (1)	AFFO payout ratio	Interest coverage ratio	**AFFO (1)**	**AFFO payout ratio**	**Interest coverage ratio**
(50)	1.59%	$ 12,232	79.1%	2.72x	**$ 12,777**	**75.7%**	**2.91x**
(25)	1.84%	11,758	82.2%	2.57x	**12,303**	**78.6%**	**2.74x**
—	2.09%	11,285	85.7%	2.44x	**11,830**	**81.7%**	**2.59x**
25	2.34%	10,812	89.4%	2.32x	**11,357**	**85.1%**	**2.46x**
50	2.59%	10,338	93.5%	2.22x	**10,883**	**88.9%**	**2.34x**
100	3.09%	9,392	103.0%	2.03x	**9,937**	**97.3%**	**2.13x**
200	4.09%	7,498	129.0%	1.73x	**8,043**	**120.2%**	**1.81x**

(1) AFFO is based on a three month period ended June 30, 2018 FFO of $14.5 million adjusted for straight-line rent and average historical capital, leasing costs and tenant improvements. Average historical capital, leasing costs and tenant improvements are determined as 10% of NOI on a trailing twelve month basis and represents the average historical on-going costs required to maintain existing space of the REIT's properties. Actual amounts will vary from period to period depending on various factors, including but not limited to, the timing of expenditures made and contractual lease obligations.

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, 2018, the deferred income tax expense was $0.5 million and $2.4 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 $1.31, 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,		
	2018	2017	**Variance**	**2018**	2017	**Variance**
Asset management fees	**$ 1,474**	$ 1,155	**$ 319**	**$ 2,953**	$ 2,254	**$ 699**
Acquisition fees	**—**	545	**(545)**	**—**	795	**(795)**
Total	**$ 1,474**	$ 1,700	**$ (226)**	**$ 2,953**	$ 3,049	**$ (96)**

Related party transactions incurred and payable to the Manager for the three and six month period ended June 30, 2018 amounted to $1.5 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, 2018, 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,	
	2018	2017
Operating activities	**$ 35,735**	$ 26,071
Investing activities	**7,125**	(104,554)
Financing activities	**(42,790)**	79,363
Increase in cash and cash equivalents	**$ 70**	$ 880

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 by the REIT, and additions to the properties through capital and leasing expenditures.

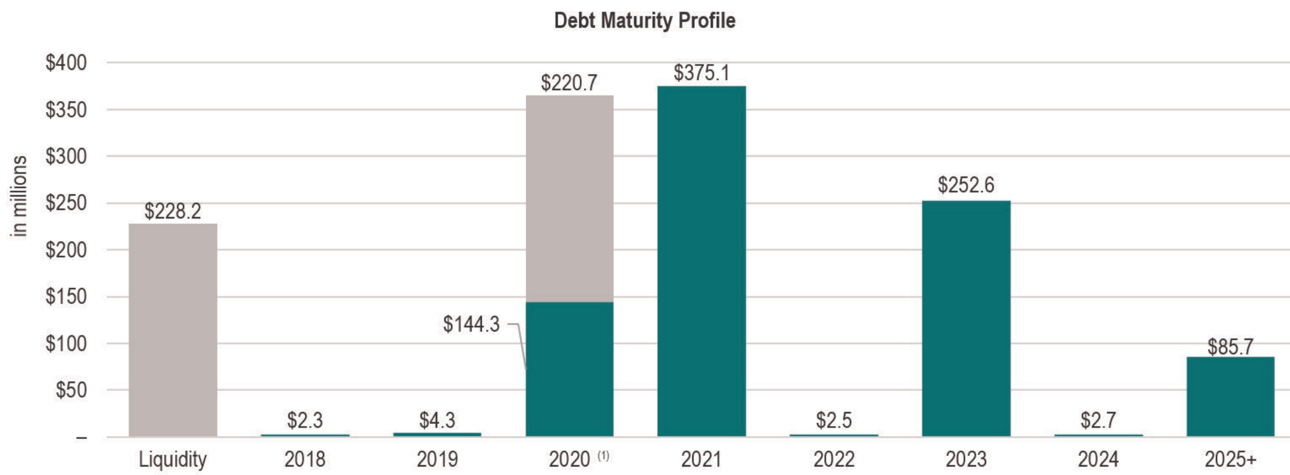
Cash flows from financing activities relate to the servicing of mortgages, additional drawdowns on the REIT's revolver for the acquisition of properties during the year and distributions paid to unitholders.

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") and term loan 2 provides the required flexibility to support the REIT's acquisition pipeline. The credit facility and term loan 2 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 and term loan 2, 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, 58.9% of the REIT's debt is now subject to fixed rates.



(1) Excludes a one-year extension option exercisable at the REIT's option for the revolver. With the one-year extension the weighted average debt maturity of the REIT's debt portfolio is 3.7 years.

Debt held by the REIT as of June 30, 2018 and December 31, 2017 is as follows:

						June 30, 2018	December 31, 2017
	Maturity	Term to maturity (years)	Effective rate	Principal	Mark-to-market adjustments and costs	**Carrying amount**	Carrying amount
Revolver [1] [2] [3] [4] [5]	February 26, 2020	1.9 [5]	3.80%	$ 141,814	$ (1,027)	**$ 140,787**	$ 158,991
Term loan [1] [2] [4]	February 26, 2021	2.9	3.81%	362,500	(1,754)	**360,746**	360,313
Term loan 2 [1] [2] [4]	February 9, 2023	4.9	3.83%	250,000	(1,633)	**248,367**	248,214
Mortgage	March 1, 2021	2.9	5.75%	11,083	854	**11,937**	12,244
Mortgage	January 1, 2025	6.8	3.80%	44,829	(1,148)	**43,681**	44,074
Mortgage	June 15, 2025	7.2	4.14%	56,301	(740)	**55,561**	56,078
TIF notes payable [6]	February 28, 2019	0.9	5.19%	2,995	(23)	**2,972**	3,132
Total / weighted average		**3.5 [5]**	**3.65% [7]**	**$ 869,522**	**$ (5,471)**	**$ 864,051**	$ 883,046

(1) The weighted average interest rate has been calculated using the June 30, 2018 U.S. LIBOR rate for purposes of the revolver, term loan and term loan 2.

(2) Debt available to be drawn is subject to certain covenants as provided in the REIT's lending agreements, including generally, a maximum of 65% Consolidated Total Indebtedness to Gross Asset Value. The revolver, term loan and term loan 2 provide for different spreads over one-month U.S. LIBOR depending on the ratio of the Consolidated Total Indebtedness to Gross Asset Value. 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.

(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, term loan and term loan 2 are secured by a general pledge of equity of certain subsidiaries of the REIT. Collectively, those subsidiaries hold an interest in 76 of the REIT's properties.

(5) Excludes a one-year extension option exercisable at the REIT's option. With the one-year extension the weighted average debt maturity is 3.7 years.

(6) The TIF notes receivable are pledged as security for the TIF notes payable. Interest on the TIF notes payable is equal to a three-month U.S. LIBOR, plus 350 bps.

(7) The weighted average interest rate including the impact of pay-fixed receive-float swaps is 3.70%.

The carrying amount of debt was $864.1 million at June 30, 2018, which represents a decrease of $19.0 million compared to December 31, 2017. The decrease is due to principal repayments totaling $19.7 million on its revolver and mortgages funded by cash received from the disposal of four property outparcels and cash on hand.

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, 2018	December 31, 2017
Gross book value	**$ 1,474,077**	$ 1,499,519
Debt	**864,051**	883,046
Leverage ratio	**58.6%**	58.9%

The REIT's leverage ratio has decreased by 0.3% for the six month period ended June 30, 2018 to 58.6% from December 31, 2017 due to a decrease in gross book value as a result of changes in fair value of properties, partially offset by repayments on the revolver funded by the disposition of four outparcels during the period and cash on hand.

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

The REIT's revolver, term loan and term loan 2 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, 2018**	December 31, 2017
Maximum leverage ratio: consolidated total indebtedness shall not exceed 65% of gross asset value	< 65%	**59.6%**	60.5%
Minimum fixed charge coverage ratio: adjusted EBITDA to consolidated fixed charges shall not be less than 1.50x [1]	> 1.50x	**2.75x**	2.74x

(1) Adjusted EBITDA is defined as earnings before interest, tax, depreciation and amortization, as defined by the Amended and Restated Credit Agreement for the revolver and term loan, and the Credit Agreement for term loan 2.

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:

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	**2018**	2017
NOI	**$ 25,304**	$ 19,172	**$ 50,028**	$ 38,583
Other expenses	**(2,625)**	(2,127)	**(5,101)**	(4,146)
Adjusted EBITDA	**$ 22,679**	$ 17,045	**$ 44,927**	$ 34,437
Cash interest paid	**(9,287)**	(4,848)	**(17,629)**	(9,526)
Interest coverage ratio	**2.44x**	3.52x	**2.55x**	3.62x

The interest coverage ratio decreased to 2.44x for the three month period ended June 30, 2018 compared to 3.52x in the same quarter of the prior period. For the six month period ended June 30, 2018, the interest coverage ratio was 2.55x compared to 3.62x in the 2017 period. The decreases were the result of increases in interest costs due to one-month U.S. LIBOR rates going from 1.23% at June 30, 2017 to 2.09% for the current period and increases in other expenses, partially offset by increase in NOI.

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 loans, revolver and 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.

The REIT manages its cash flow from operating activities by maintaining a target debt level. The debt to gross book value, as defined in the Declaration of Trust, as at June 30, 2018 is 58.6% (December 31, 2017 – 58.9%). With available liquidity, the REIT could invest in an additional $228.1 million and remain within the permitted limit under the Declaration of Trust.

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	$	23,196	$	23,196	$	—	$	—	$	—
Revolver (1)		141,814		—		141,814		—		—
Revolver interest payable (1) (2)		11,957		6,922		5,035		—		—
Term loan (1)		362,500		—		362,500		—		—
Term loan interest payable (1)		46,358		16,283		30,075		—		—
Term loan 2 (3)		250,000		—		—		250,000		—
Term loan 2 interest payable (3)		55,963		11,230		24,978		19,755		—
Mortgages		112,213		2,468		15,355		4,961		89,429
Mortgage interest payable		26,975		4,624		8,782		7,345		6,224
TIF notes payable		2,995		2,995		—		—		—
TIF notes interest payable		220		220		—		—		—
Exchangeable units of subsidiaries		21,727		—		—		—		21,727
Total contractual commitments	**$**	**1,055,918**	**$**	**67,938**	**$**	**588,539**	**$**	**282,061**	**$**	**117,380**

(1) Revolver and term loan interest payable is calculated on $141.8 million and $362.5 million (balance outstanding) using an estimated "all in" interest rate of 4.49% 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 resulting in an estimated future "all-in" interest rate of 4.99%. 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.
(3) Term loan 2 interest payable is calculated on $250.0 million (balance outstanding) using an estimated "all in" Interest rate of 4.49% under the "less than one year" column. The long-term average interest rate is based on the 30-day LIBOR curve plus the specified margin for the LIBOR rate option under the term loan and results in an anticipated increase to the "all-in" interest rate to 4.95%. The total term loan 2 interest payable is calculated until maturity.

REIT UNITS AND EXCHANGEABLE UNITS OF SUBSIDIARIES

The units of the REIT are presented as equity instruments while Class B units of Slate Retail One L.P. and Slate Retail Two L.P. and exchangeable limited partnership units of GAR B all of which are issued by subsidiaries of the REIT (collectively, the "exchangeable units of subsidiaries") are presented as financial liabilities in accordance with IAS 32, *Financial Instruments: Presentation*.

The exchangeable units of subsidiaries are redeemable at the option of the holder for cash or class U units of the REIT as determined by the REIT. Distributions paid on exchangeable units of subsidiaries are recorded as unit expense in the period in which they become payable. The exchangeable units of subsidiaries are measured at fair value at each reporting period with any changes in fair value recognized in net and income.

REIT units and exchangeable units of subsidiaries outstanding for the six month period ended June 30, 2018 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, 2017	43,482	309	282	220	1,603	496	**46,410**
Issued under the DRIP	117	—	—	—	—	—	**117**
Repurchases	(496)	—	—	—	—	—	**(496)**
Issued under the subdivision	—	3	15	—	—	—	**—**
Exchanges	120	(18)	(15)	—	—	(87)	**—**
Class U units equivalent, June 30, 2018	**43,223**	**294**	**282**	**220**	**1,603**	**409**	**46,031**

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

Effective March 15, 2018 the REIT elected to suspend its DRIP, which allowed holders of REIT units to elect to receive their distributions in the form of class U units for holders of class A units, class I units and class U units due to the dilutive impact of issuing units at the current market price. For the six month period ended June 30, 2018, 117 thousand class U units for $1.1 million were issued under the DRIP.

Normal course issuer bid

The REIT renewed its existing NCIB effective May 26, 2018. The NCIB remains in effect until the earlier of May 25, 2019 or the date on which the REIT has purchased an aggregate of 3.9 million class U units, representing 10% of the REIT's public float of 38.7 million class U units at the time of entering the NCIB 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.

For the three month period ended June 30, 2018, 0.2 million class U units have been purchased and subsequently canceled under the NCIB for a total cost, including transaction costs, of $2.2 million at an average price of $9.72. For the six month period ended June 30, 2018, 0.5 million class U units have been purchased and subsequently canceled under the NCIB for a total cost, including transaction costs, of $4.8 million at an average price of $9.60. Subsequent to the quarter, an additional 0.1 million class U units have been purchased and subsequently canceled under the NCIB aggregating for 2018 to a total of 0.6 million class U units purchased and subsequently canceled under the NCIB for a total cost, including transaction costs, of $5.6 million at an average price of $9.62.

On July 6, 2018, in connection with the REIT's NCIB, the REIT entered into an automatic securities repurchase plan with its designated broker in order to facilitate purchases of class U units. The automatic securities repurchase plan allows for purchases by the REIT of class U units at points in time when the REIT would ordinarily not be permitted to make purchases due to regulatory restrictions or self-imposed blackout periods. The automatic securities repurchase plan is to terminate on August 2, 2018.

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

	June 30, 2018	December 31, 2017
Trade payables and accrued liabilities	**$ 15,788**	$ 10,609
Prepaid rent	**4,268**	3,665
Tenant improvements payable	**271**	387
Other payables	**2,869**	2,628
Total	**$ 23,196**	$ 17,289

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, 2018	December 31, 2017
Rent receivable	**$ 3,177**	$ 3,519
Allowance for doubtful accounts	**(464)**	(322)
Accrued recovery income	**4,568**	5,148
Other receivables	**2,329**	1,531
Total	**$ 9,610**	$ 9,876

Rent receivable consists of base rent and operating expense recoveries. Management has provided for $0.5 million (December 31, 2017 – $0.3 million) as an allowance for doubtful accounts and anticipates that the unprovided balance is collectible.

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

The $0.5 million decrease in rent receivable, net of allowance from December 31, 2017 is due to increased collections during the period and increase in the allowance for doubtful accounts.

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

		June 30, 2018		December 31, 2017
Current to 30 days	**$**	**1,255**	$	2,405
31 to 60 days		**264**		223
61 to 90 days		**417**		65
Greater than 90 days		**777**		504
Total	**$**	**2,713**	$	3,197

The net amounts aged greater than 90 days are at various stages of the collection process and are considered collectible by management.

SUBSEQUENT EVENTS

i. On July 6, 2018, in connection with the REIT's NCIB, the REIT entered into an automatic securities repurchase plan with its designated broker in order to facilitate purchases of class U units. The automatic securities repurchase plan allows for purchases by the REIT of class U units at points in time when the REIT would ordinarily not be permitted to make purchases due to regulatory restrictions or self-imposed blackout periods. The automatic securities repurchase plan is to terminate on August 2, 2018. Subsequent to the quarter end the REIT has repurchased for cancellation 90 thousand units at an average price of $9.73 per unit at an aggregate cost of $0.9 million.

ii. On July 16, 2018, the REIT declared monthly distributions of $0.07 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 30, 2018, the REIT entered into two $175.0 million pay-fixed receive-float interest rate swaps for a total of $350.0 million to hedge interest rate risk from floating rate debt. The first $175.0 million interest rate swap has a fixed rate of 2.88% and a maturity of August 22, 2023, and the second $175 million interest rate swap has a fixed rate of 2.93% and a maturity of August 22, 2025. As a result of the interest rate swaps, 99.2% of the REIT's debt is now subject to fixed rates, compared to 58.9% at June 30, 2018.

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, 2018 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, 2018, all valuations were completed by management of the REIT using the overall income capitalization method. Historically, estimates of fair value have in certain instances included valuations completed for transaction or lending purposes, in which case a discounted cash flow approach was also used.

NEW AND FUTURE ACCOUNTING POLICIES

i. Application of new and revised IFRSs

The REIT has adopted the following new accounting standards:

IFRS 9, Financial Instruments ("IFRS 9")

The REIT has applied IFRS 9 effective January 1, 2018. IFRS 9 replaces IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39") and provides new guidance on the classification and measurement, impairment and hedge accounting for financial instruments in addition to clarification for the treatment of modifications of financial liabilities that do not result in extinguishment. IFRS 9 is required to be adopted retrospectively with certain available transition provisions.

Details of these new requirements as well as their impact on the REIT's consolidated financial statements are described below. The REIT has applied the standard on a retrospective basis using the available transition provision to not restate comparatives.

Classification and measurement

IFRS 9 requires a new approach for the classification and measurement of financial assets based on the REIT's business models for managing these financial assets and their contractual cash flow characteristics. This approach is summarized as follows:

- Assets held for the purpose of collecting contractual cash flows that represent solely payments of principal and interest are measured at amortized cost.
- Assets held within a business model where assets are both held for the purpose of collecting contractual cash flows or sold prior to maturity and the contractual cash flows represent solely payments of principal and interest are measured at fair value through other comprehensive income ("FVTOCI").
- Assets held within another business model or assets that do not have contractual cash flow characteristics that are solely payments of principal and interest are measured at fair value through profit or loss ("FVTPL").

The REIT has completed a review of its financial instruments held including performing a cash flow and business model assessment. As a result, the REIT determined that cash and cash equivalents, accounts receivable, tax incremental financing ("TIF") notes receivable, financial assets within other assets, and notes receivable currently measured at amortized cost will continue to be measured at amortized cost, and that the REIT's interest rate swaps will continue to be measured at FVTPL.

Impairment

IFRS 9 requires the use of an expected credit loss ("ECL") impairment model for financial assets measured at amortized cost or debt instruments measured at FVTOCI. The ECL model uses an allowance for expected credit losses being recorded regardless of whether or not there has been an actual loss event.

The REIT measures the loss allowance at an amount equal to lifetime ECL for trade receivables. The loss allowance for the TIF receivable and notes receivable is also measured at an amount equal to lifetime expected losses. The REIT evaluates each receivable on a specific basis for collectability in addition to the ECL model in general. This did not have a material impact to the REIT's policy of impairment of financial assets.

Hedge accounting

IFRS 9 expands the scope of hedge items and risks eligible for hedge accounting and aligns hedge accounting more closely with risk management. This new standard did not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however, it allows more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship.

In accordance with IFRS 9's transition provisions for hedge accounting, the REIT has chosen as its accounting policy to continue to apply the hedge accounting requirements of IAS 39.

Financial liabilities

Generally, IFRS 9 did not introduce changes to the classification of financial liabilities. The REIT will continue to measure its financial liabilities at amortized cost.

In regards to modifications of financial liabilities, IFRS 9 requires that when a financial liability measured at amortized cost is modified or exchanged, and such modification or exchange does not result in derecognition, the adjustment to the amortized cost of the financial liability is recognized in profit or loss at the date of modification. This did not have a material impact on the REIT's measurement of its financial liabilities, nor opening retained earnings as at January 1, 2018 as the adjustment was only $113 thousand.

Disclosures in relation to the initial application of IFRS 9

The table below illustrates the classification and measurement of financial assets and financial liabilities under IFRS 9 and IAS 39 at the date of initial application, January 1, 2018.

Financial instrument	IAS 39 measurement category	IFRS 9 measurement category	Carrying amount under IAS 39	Carrying amount under IFRS 9
Financial assets				
Cash	Loans and receivables	Amortized cost	$ 5,380	$ 5,380
Cash equivalents	FVTPL	FVTPL	2,003	2,003
Interest rate swaps	FVTPL (1)	FVTPL (1)	10,607	10,607
Accounts receivable	Loans and receivables	Amortized cost	9,876	9,870
TIF notes receivable	Loans and receivables	Amortized cost	3,312	3,312
Financial assets within other assets	Loans and receivables	Amortized cost	118	118
Notes receivable	Loans and receivables	Amortized cost	10,841	10,841
Financial liabilities				
Accounts payable and accrued liabilities	Amortized cost	Amortized cost	17,289	17,289
Distributions payable	Amortized cost	Amortized cost	3,249	3,249
Revolver, term loans and mortgages	Amortized cost	Amortized cost	879,914	880,027
TIF notes payable	Amortized cost	Amortized cost	3,132	3,132
Financial liabilities within other liabilities	Amortized cost	Amortized cost	2,869	2,869
REIT units (2)	FVTPL	FVTPL	457,590	457,590
Exchangeable units of subsidiaries	FVTPL	FVTPL	24,075	24,075

(1) Interest rate swaps are held in a hedge relationship, such that fair value movements are recognized in other comprehensive income as opposed to profit or loss.
(2) Effective May 11, 2018, the class A, class I and class U units of the REIT have been presented within unitholders' equity. Refer to note 11 "REIT units and exchangeable units of subsidiaries" for further detail.

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

IFRS 15 replaces IAS 18, *Revenue,* and IAS 11, *Construction contracts,* and is effective January 1, 2018. The REIT has elected to apply the standard on a modified retrospective basis.

The adoption of the new standard did not have a material impact to the REIT's consolidated statements of income. The recovery of costs related to common area maintenance services is considered within the scope of IFRS 15 and the REIT has concluded that the pattern of revenue recognition remains unchanged. As a result of the adoption of IFRS 15, the REIT discloses revenue recognized from contracts with customers related to common area maintenance recoveries separately from other sources of revenue, including those included within gross leases.

In addition, the REIT assessed that it is a principal in relation to property taxes that are paid directly by the tenants to the relevant taxing authority as the REIT is primarily responsible for fulfilling the promise to satisfy its property tax obligations. As a result, the REIT recognizes the gross amount of consideration for property taxes paid directly by tenants. There was no adjustment to opening retained earnings on the date of adoption of this standard.

No impact on the consolidated statements of cash flow as a result of adoption.

ii. Future accounting policies

IFRS 16, Leases ("IFRS 16")

IFRS 16 replaces IAS 17, *Leases* ("IAS 17"), and IFRIC 4, *Determining whether an arrangement contains a lease,* and is effective January 1, 2019. The objective of IFRS 16 is to report information that faithfully represents lease transactions and provides a basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. To meet that objective, a lessee should recognize assets and liabilities arising from a lease.

IFRS 16 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 leased asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17 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 REIT has established an impact assessment and implementation team to evaluate the impacts of IFRS 16 on its consolidated financial statements. Currently, the REIT has completed the issue identification phase of the transition and has commenced its evaluation of the resulting impact on its consolidated financial statements, reporting system, internal controls and disclosures required by the standard.

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, 2018.

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, 2018, 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

At June 30, 2018, the REIT owns a portfolio of 86 grocery-anchored retail properties. The portfolio consists of 11,060,145 square feet of GLA with a current occupancy rate of 93.9%.

Property	Location	Associated MSA	Area (SF)	% of Total	Occ. %	Anchor
98 Palms	Destin	Crestview-Fort Walton Beach-Destin	84,682		98%	Winn-Dixie
Bellview Plaza	Pensacola	Pensacola	82,910		100%	Publix
Bloomingdale Plaza	Brandon	Tampa-St. Petersburg	83,237		93%	Winn-Dixie
Cordova Commons	Pensacola	Pensacola	164,343		100%	The Fresh Market
Errol Plaza	Orlando	Orlando	72,150		93%	Winn-Dixie
Eustis Village	Eustis	Orlando	156,927		96%	Publix
Good Homes Plaza	Ocoee	Orlando	165,741		96%	Publix
Meres Town Center	Tarpon Springs	Tampa-St. Petersburg	47,183		100%	Winn-Dixie
Oak Hill Village	Jacksonville	Jacksonville	78,492		100%	Publix
Salerno Village Square	Stuart	Port St. Lucie	77,677		93%	Winn-Dixie
Seminole Oaks	Seminole	Tampa-St. Petersburg	63,572		98%	Winn-Dixie
Uptown Station	Fort Walton Beach	Pensacola	270,276		91%	Winn-Dixie
Wedgewood Commons	Stuart	Port St. Lucie	165,308		87%	Publix
Total Florida			**1,512,498**	**14%**		
County Line Plaza	Philadelphia	Philadelphia	74,968		90%	Edge Fitness
Field Club Commons	New Castle	Pittsburgh	131,270		100%	Save-A-Lot
Kennywood Shops	Pittsburgh	Pittsburgh	194,823		94%	Giant Eagle
Lake Raystown Plaza	Huntingdon	Harrisburg	140,159		100%	Giant Foods
Northland Centre	State College	State College	111,496		90%	Giant Foods
Norwin Town Square	North Huntingdon	Pittsburgh	141,466		100%	Shop 'n Save
Shops at Cedar Point	Allentown	Allentown-Bethlehem-Easton	130,553		93%	Weis
Summit Ridge	Mount Pleasant	Pittsburgh	227,729		100%	Walmart
West Valley Marketplace	Allentown	Allentown-Bethlehem-Easton	259,207		95%	Walmart
Total Pennsylvania			**1,411,671**	**13%**		
11 Galleria	Greenville	Greenville	105,608		86%	The Fresh Market
Battleground Village	Greensboro	Greensboro-High Point	75,407		98%	Earth Fare
Flowers Plantation	Clayton	Raleigh	53,500		100%	Food Lion
Fuquay Crossing	Fuquay-Varnia	Raleigh	96,638		100%	Kroger
Independence Square	Charlotte	Charlotte	190,361		99%	Walmart
Mooresville Consumer Square	Mooresville	Charlotte	421,682		97%	Walmart
Mooresville Town Square	Mooresville	Charlotte	89,824		98%	Lowes Foods
North Summit Square	Winston-Salem	Winston-Salem	224,530		75%	Sam's Club
Wellington Park	Cary	Raleigh	102,487		88%	Lowes Foods
Total North Carolina			**1,360,037**	**12%**		
Abbott's Village	Alpharetta	Atlanta	109,586		99%	Publix
Birmingham Shoppes	Milton	Atlanta	82,905		89%	Publix
Douglas Commons	Douglasville	Atlanta	97,027		98%	Kroger
Duluth Station	Duluth	Atlanta	94,966		82%	Publix
Locust Grove	Locust Grove	Atlanta	89,568		86%	Publix
Merchants Crossing	Newnan	Atlanta	174,059		98%	Kroger
Merchants Square	Riverdale	Atlanta	118,986		98%	Kroger
National Hills	Augusta	Augusta-Richmond	159,885		94%	The Fresh Market
Robson Crossing	Flowery Branch	Atlanta	103,720		91%	Publix
Total Georgia			**1,030,702**	**9%**		
Armstrong Plaza	Fountain Inn	Greenville	57,838		97%	BI-LO
Barefoot Commons	North Myrtle Beach	Myrtle Beach-Conway	90,702		93%	BI-LO
Dill Creek Commons	Greer	Greenville-Spartanburg-Anderson	72,526		100%	BI-LO
Dorman Centre	Spartanburg	Greenville-Spartanburg-Anderson	388,276		97%	Walmart
Little River Pavilion	North Myrtle Beach	Myrtle Beach-Conway	63,823		96%	Lowes Foods
North Augusta Plaza	North Augusta	Augusta-Richmond	231,998		92%	Publix
North Pointe	Columbia	Columbia	64,255		100%	Publix
Total South Carolina			**969,418**	**9%**		
Buckeye Plaza	Cleveland	Cleveland	116,905		98%	Simon's Supermarket
Hocking Valley Mall	Lancaster	Columbus	181,863		93%	Kroger

Property	Location	Associated MSA	Area (SF)	% of Total	Occ. %	Anchor
Mulberry Square	Milford	Cincinnati	146,730		84%	Kroger
Pinewood Plaza	Dayton	Dayton	88,700		91%	Kroger
Springboro Plaza	Dayton	Dayton	154,034		41%	Kroger
Total Ohio			**688,232**	**6%**		
Highland Square	Crossville	Nashville	179,243		100%	Kroger
North Hixson Marketplace	Hixson	Chattanooga	64,254		91%	Food City
St. Elmo Central	Chattanooga	Chattanooga	74,978		100%	Food City
Sunset Plaza	Johnson City	Johnson City	143,752		100%	Kroger
Westhaven Town Centre	Franklin	Nashville	63,904		100%	Kroger
Total Tennessee			**526,131**	**5%**		
Cambridge Crossings	Troy	Detroit	238,963		100%	Walmart
Canton Shopping Centre	Canton	Detroit	72,361		92%	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%**		
East Brainerd Mall	Brainerd	Minneapolis-St Paul	191,459		96%	Cub Foods
Mapleridge Centre	Maplewood	Minneapolis-St Paul	114,681		89%	Rainbow Foods
North Branch Marketplace	North Branch	Minneapolis-St Paul	72,895		100%	County Market
Phalen Retail Centre	St. Paul	Minneapolis-St Paul	73,678		97%	Cub Foods
Total Minnesota			**452,713**	**4%**		
Glidden Crossing	DeKalb	Chicago-Naperville-Joliet	98,683		92%	Schnucks
North Lake Commons	Lake Zurich	Chicago-Naperville-Joliet	127,099		89%	Jewel-Osco
Oakland Commons	Bloomington	Bloomington	73,705		94%	Jewel-Osco
Plaza St. Clair	Fairview Heights	St. Louis	97,459		78%	Schnucks
Total Illinois			**396,946**	**4%**		
Charles Town Plaza	Charles Town	Washington-Baltimore	206,146		98%	Walmart
Eastpointe Shopping Centre	Clarksburg	Morgantown	181,016		99%	Kroger
Total West Virginia			**387,162**	**3%**		
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**	**2%**		
Southgate Crossing	Minot	Minot	159,780		100%	CashWise
Watford Plaza	Watford City	McKenzie	101,798		99%	CashWise
Total North Dakota			**261,578**	**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		95%	Farm Fresh
Total Virginia			**203,434**	**2%**		
Roxborough Marketplace	Littleton	Denver Aurora-Lakewood	106,378		94%	Safeway
Westminster Plaza	Westminster	Denver Aurora-Lakewood	97,013		91%	Safeway
Total Colorado			**203,391**	**2%**		
Derry Meadows Shoppes	Derry	Manchester-Nashua	187,001		97%	Hannaford
Total New Hampshire			**187,001**	**2%**		
Alta Mesa Plaza	Fort Worth	Dallas-Ft. Worth	167,961		85%	Kroger
Total Texas			**167,961**	**2%**		
Mitchellville Plaza	Mitchellville	Washington	147,803		93%	Weis
Total Maryland			**147,803**	**1%**		
Waterbury Plaza	Waterbury	New Haven-Milford	139,653		100%	Stop & Shop
Total Connecticut			**139,653**	**1%**		
Taylorsville Town Centre	Salt Lake City	Salt Lake City	127,231		97%	Fresh Market
Total Utah			**127,231**	**1%**		
Stonefield Square	Louisville	Louisville	90,991		90%	The Fresh Market
Total Kentucky			**90,991**	**1%**		
Total / WA			**11,060,145**	**100%**	**94%**	

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 11.1 million square feet of GLA and consists of 86 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

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