



Retail
REIT

August 1, 2017

Slate Retail REIT Reports Second Quarter 2017 Results

(All amounts are expressed in U.S. dollars unless otherwise stated)

TORONTO, ON - Slate Retail REIT (TSX: SRT.U) (TSX: SRT.UN) (the "REIT"), an owner of U.S. grocery-anchored real estate, today announced its financial results for the three and six months ended June 30, 2017. Senior management will host a conference call at 9:00 a.m. ET on Wednesday, August 2, 2017 to discuss the results and ongoing business initiatives of the REIT. The dial-in details can be found below.

"In the last two months we have closed on over \$165 million of acquisitions, more than fully deploying all of the equity capital raised in the second quarter." said Greg Stevenson, the REIT's Chief Executive Officer. "We are excited about the recent expansion to the portfolio and the accretive impact the recent acquisitions will have on earnings."

For the CEO's letter to unitholders for the quarter, please follow the link [here](#).

Quarterly Highlights

- Increased quarterly year-over-year same-property net operating income ("NOI") by \$0.2 million or 1.5% to \$16.0 million.
- Completed 258,083 square feet of renewals this quarter, two of which were grocery-anchor leases signed in advance of their expiry. At the end of the first half of the year, the REIT has proactively renewed four grocery-anchored tenants in advance of their expiry totaling 167,351 square feet for a weighted average lease term of 6.0 years.
- Completed 79,623 square feet of new leasing in the second quarter. The REIT executed 14 new shop space leases at an average rental rate of \$17.19 per square foot, \$4.89 per square foot or 39.8% higher than the weighted average in-place rent for comparable space.
- The REIT acquired two grocery-anchored properties for a total purchase price of \$71.2 million (\$113 per square foot) at a weighted average capitalization rate of 7.0%. Subsequent to the quarter end, the REIT acquired a portfolio of five grocery-anchored assets located in Florida and Pennsylvania for \$105 million (\$160 per square foot), and Battleground Village in North Carolina for \$14.4 million (\$191 per square foot). The REIT has also committed to the acquisition of two properties totaling \$23.2 million subsequent to the quarter.
- On May 31, 2017, the REIT completed a sale of 5.2 million class U units by way of a public offering of 5.0 million class U units and a private placement to Slate Asset Management L.P. of 0.2 million class U units, at a price of \$11.00 or C\$14.75 per unit, for gross proceeds to the REIT of approximately \$57.7 million or C\$77.3 million.
- The REIT reported a \$2.5 million increase in rental revenue to \$26.6 million compared to the second quarter of 2016 as a result of rental rate growth from leasing and new acquisition activity.
- Net income increased by \$16.7 million to \$16.0 million compared to the same period in the prior year.
- Funds from operations ("FFO") was \$12.7 million or \$0.30 per unit, a decrease of \$0.05 per unit compared to the same period in the prior year as a result of the timing between the aforementioned equity raise and deploying such funds.
- Adjusted funds from operations ("AFFO") was \$10.7 million or \$0.25 per unit.
- In June 2017, the REIT increased the revolver and term loan each to \$362.5 million or in aggregate by an additional \$140.0 million. Proceeds from the increase in the term loan were used to reduce the outstanding amount on the revolver. Debt-to-GBV is down to 49.6% from 55.0% for the same period in the prior year, which has positioned the REIT's balance sheet to take advantage of our growing pipeline of opportunities.

Summary of Q2 2017 Results

<i>(in thousands of U.S. dollars except, per unit amounts)</i>			Three months ended June 30,	
	2017		2016	Change %
Rental revenue	\$ 26,614	\$	24,088	10.5 %
Net operating income	\$ 19,172	\$	17,438	9.9 %
Net income (loss)	\$ 16,049	\$	(605)	2,752.7 %
Leasing - shop space	137,424		78,035	76.1 %
Leasing - anchor	200,282		177,588	12.8 %
Total leasing activity (square feet)	337,706		255,623	32.1 %
Same-property NOI	\$ 15,980	\$	15,747	1.5 %
Weighted average number of units outstanding ("WA units")	42,832		34,627	23.7 %
FFO	\$ 12,741	\$	11,998	6.2 %
FFO per WA units	\$ 0.30	\$	0.35	(14.3)%
FFO payout ratio	70.8%		57.5%	23.1 %
AFFO	\$ 10,713	\$	10,208	4.9 %
AFFO per WA units	\$ 0.25	\$	0.29	(13.8)%
AFFO payout ratio	84.2%		67.5%	24.7 %

<i>(in thousands of U.S. dollars except, per unit amounts)</i>			As at June 30,	
	2017		2016	Change %
Total assets	\$ 1,225,065	\$	1,072,823	14.2 %
Total debt	\$ 608,035	\$	589,731	3.1 %
Net asset value per unit	\$ 12.91	\$	13.23	(2.4)%
Portfolio occupancy	91.7%		95.0%	(3.5)%
Debt / GBV ratio	49.6%		55.0%	(9.8)%
Interest coverage ratio	3.52x		3.57x	(1.4)%

Conference Call and Webcast

Senior management will host a live conference call at 9:00 a.m. ET on Wednesday, August 2, 2017 to discuss the results and ongoing business initiatives.

The conference call can be accessed by dialing (647) 427-2311 or 1 (866) 521-4909. Additionally, the conference call will be available via simultaneous audio found at www.snwebcastcenter.com/webcast/slate/2017/0802. A replay will be accessible until August 16, 2017 via the REIT's website or by dialing (416) 621-4642 or 1 (800) 585-8367 (access code 44285106) approximately two hours after the live event.

About Slate Retail REIT (TSX: SRT.U / SRT.UN)

Slate Retail REIT is a real estate investment trust focused on U.S. grocery-anchored real estate. The REIT owns and operates over U.S. \$1 billion of assets located across the top 50 U.S. metro markets that are visited regularly by consumers for their everyday needs. The REIT's conservative payout ratio, together with its diversified portfolio and quality tenant covenants, provides a strong basis to continue to grow unitholder distributions and the flexibility to capitalize on opportunities that drive value appreciation. Visit slateretailreit.com to learn more about the REIT.

About Slate Asset Management L.P.

Slate Asset Management L.P. is a leading real estate investment platform with over \$4 billion in assets under management. Slate is a value-oriented manager and a significant sponsor of all of its private and publicly-traded investment vehicles, which are tailored to the unique goals and objectives of its investors. The firm's careful and selective investment approach creates long-term value with an emphasis on capital preservation and outsized returns. Slate is supported by exceptional people, flexible capital and a proven ability to originate and execute on a wide range of compelling investment opportunities. Visit slateam.com to learn more.

Supplemental Information

All interested parties can access Slate Retail's Supplemental Information online at slateretailreit.com in the Investors section. These materials are also available on SEDAR or upon request to the REIT at info@slateam.com or (416) 644-4264.

Forward Looking Statements

Certain statements herein may be forward-looking statements within the meaning of applicable securities laws. These statements reflect management's expectations regarding objectives, plans, goals, strategies, future growth, results of operations, performance and business prospects and opportunities of the REIT including expectations for the current financial year, and include, but are not limited to, statements with respect to management's beliefs, plans, estimates and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Statements that contain words such as "could", "should", "would", "anticipate", "expect", "believe", "plan", "intend", "will", "may", "might" 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. Forward-looking statements contained herein are made as the date hereof and accordingly are subject to change after such date. The REIT does not undertake to update any forward-looking statements that are contained herein except as expressly required by applicable securities laws.

Non-IFRS Measures

This news release and accompanying financial statements are based on International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

We disclose a number of financial measures in this news release that are not measures used under IFRS, including NOI, same-property NOI, FFO, FFO payout ratio, AFFO, AFFO payout ratio, adjusted EBITDA and the interest coverage ratio, in addition to certain measures on a per unit basis.

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

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 Management's Discussion and Analysis. 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.

For Further Information

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Calculation and Reconciliation of Non-IFRS Measures

The table below summarizes a calculation of non-IFRS measures based on IFRS financial information.

<i>(in thousands of U.S. dollars except, per unit amounts)</i>	Three months ended June 30,	
	2017	2016
Rental revenue	\$ 26,614	\$ 24,088
Straight-line rent revenue	(639)	(415)
Property operating expenses	(3,532)	(3,158)
IFRIC 21 property tax adjustment	(3,271)	(3,077)
NOI⁽¹⁾	\$ 19,172	\$ 17,438
Net income (loss)	\$ 16,049	\$ (605)
Acquisition and disposition costs	90	229
Change in fair value of properties	5,255	3,262
Deferred income taxes	3,393	3,281
Unit expense	(8,775)	8,908
IFRIC 21 property tax adjustment	(3,271)	(3,077)
FFO⁽¹⁾	\$ 12,741	\$ 11,998
Straight-line rental revenue	(639)	(415)
Capital	(940)	(669)
Leasing costs	(220)	(311)
Tenant improvements	(229)	(395)
AFFO⁽¹⁾	\$ 10,713	\$ 10,208
NOI	\$ 19,172	\$ 17,438
Other expenses	(2,127)	(1,638)
Cash interest, net	(4,704)	(4,231)
Finance charge and mark-to-market adjustments	(239)	14
Capital	(940)	(669)
Leasing costs	(220)	(311)
Tenant improvements	(229)	(395)
AFFO⁽¹⁾	\$ 10,713	\$ 10,208
WA units	42,832	34,627
FFO per WA unit ⁽¹⁾	\$ 0.30	\$ 0.35
FFO payout ratio ⁽¹⁾	70.8%	57.5%
AFFO per WA unit ⁽¹⁾	\$ 0.25	\$ 0.29
AFFO payout ratio ⁽¹⁾	84.2%	67.5%

⁽¹⁾ Refer to "Non-IFRS Measures" section above.