



July 30, 2019

Slate Retail REIT Reports Second Quarter 2019 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, 2019.

"Slate Retail's properties and tenants play a vital long-term role in the communities they serve. Our results this quarter highlight the strength and desirability of our grocery-anchored and necessity based portfolio which registered a 96.8% tenant retention ratio. Total net operating income grew 4.5% year-over-year driven by strong leasing demand and the progress we are making on our active redevelopment pipeline. As a result of completing several major leasing projects, our capital spend is trending back toward historical levels which resulted in our AFFO payout ratio declining to a healthy 87.9%," said Greg Stevenson, Chief Executive Officer.

Mr. Stevenson continued, "We have sold \$35.2 million of non-core properties at a weighted average 7.5% cap rate and have used those funds to paydown debt and fund our redevelopment projects that we anticipate will deliver an accretive 15.6% yield on cost. The Slate Retail team continues to do a tremendous job executing on our business plan, keeping it simple, and delivering superior risk-adjusted returns on invested capital. We are excited to report further progress and about the momentum we have heading into the second half of the year."

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

Highlights

- Completed 324,242 square feet of leasing in the quarter, comprised of 285,589 square feet of lease renewals at a 4.7% weighted average spread above expiring rent and 38,653 square feet of new leasing at a 57.1% premium to the weighted average in-place rent of comparable space.
- The weighted average tenant retention rate for the second quarter is 96.8%. Since the beginning of 2016, the weighted average retention rate has been 91.5%.
- Rental revenue over the quarter was \$36.0 million, an increase of \$0.3 million over the same period in the prior year due to rental rate growth from re-leasing at rates above in-place rents, new leasing and the acquisition of one property and an interest in one property, partially offset by the disposition of four properties and 12 outparcels at certain properties.
- Net operating income ("NOI") was \$25.5 million for the three month period ended June 30, 2019, compared to \$25.3 million in the same period in the prior year.
- Of the last 12 quarters, the REIT has now had 10 quarters of positive same-property NOI growth. Same-property NOI increased by 2.9% (comprised of 75 properties) and 2.9% (comprised of 58 properties) for the three and trailing twelve month periods ended June 30, 2019, respectively. Including the impact of the REIT's redevelopment projects completed from the 2018 year end, same-property NOI increased by 4.4% and 4.4% for the three and trailing twelve month periods ended June 30, 2019, respectively.
- Funds from operations ("FFO") was \$13.6 million or \$0.31 per unit, a decrease of \$0.01 per unit from the same period in the prior year, primarily due to the \$0.5 million increase in cash interest paid largely as a result of fixing the REIT's debt through interest rate swaps from 58.9% to 101.6% over the period.
- Adjusted funds from operations ("AFFO") was \$10.7 million or \$0.24 per unit, representing a \$0.03 per unit increase compared to the same quarter in 2018, mainly due to a \$1.9 million decrease in capital, leasing, and tenant improvement spend.
- Net income for the quarter was \$5.9 million, an increase of \$20.1 million from the same quarter in the prior year. This is primarily due to aforementioned increases in rental revenue, decreases in unit expense over the prior quarter due to the

classification of REIT units as equity effective May 11, 2018 and a decrease in fair value of exchangeable units of subsidiaries.

- Net asset value per unit was \$11.04 at June 30, 2019, a decrease of \$0.57 since the 2018 year end. The decrease is mainly due to a non-cash impact from the change in fair value on the REIT's interest rate swaps.

<i>(in thousands of U.S. dollars, except per unit amounts)</i>	2019	Three months ended June 30, 2018	Change %
Rental revenue	\$ 36,016	\$ 35,669	1.0 %
NOI	\$ 25,507	\$ 25,304	0.8 %
Net income (loss)	\$ 5,934	\$ (14,201)	(141.8)%
Leasing – shop space	147,754	164,881	(10.4)%
Leasing – anchor / junior anchor	176,488	77,520	127.7 %
Total leasing activity (square feet) ⁽¹⁾	324,242	242,401	33.8 %
Weighted average number of units outstanding ("WA units")	44,101	46,153	(4.4)%
FFO ⁽²⁾	\$ 13,622	\$ 14,542	(6.3)%
FFO per WA units ⁽²⁾	\$ 0.31	\$ 0.32	(3.1)%
FFO payout ratio ⁽²⁾	69.0%	66.5%	2.5 %
AFFO ⁽²⁾	\$ 10,694	\$ 9,465	13.0 %
AFFO per WA units ⁽²⁾	\$ 0.24	\$ 0.21	14.3 %
AFFO payout ratio ⁽²⁾	87.9%	102.2%	(14.3)%

<i>(in thousands of U.S. dollars)</i>	2019	2018	Change %
Same-property NOI (3 month period, 75 properties)	\$ 23,816	\$ 23,146	2.9 %
Same-property NOI (12 month period, 58 properties)	\$ 69,788	\$ 67,797	2.9 %

<i>(in thousands of U.S. dollars, except per unit amounts)</i>	2019	2018	As at June 30, Change %
Total assets	\$ 1,375,824	\$ 1,474,077	(6.7)%
Total debt	\$ 838,126	\$ 864,051	(3.0)%
Net asset value per unit	\$ 11.04	\$ 12.62	(12.5)%
Number of properties ⁽¹⁾	83	86	(3.5)%
Portfolio occupancy ⁽¹⁾	93.3%	93.9%	(0.6)%
Debt / GBV ratio	60.9%	58.6%	2.3 %
Interest coverage ratio ⁽²⁾	2.53x	2.44x	3.7 %

⁽¹⁾ Includes the REIT's share of its equity accounted property investment.

⁽²⁾ Refer to "Non-IFRS Measures" section below.

Conference Call and Webcast

Senior management will host a live conference call at 9:00 a.m. ET on Wednesday, July 31, 2019 to discuss the results and ongoing business initiatives of the REIT.

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/2019/0731. A replay will be accessible until August 14, 2019 via the REIT's website or by dialing (416) 621-4642 or 1 (800) 585-8367 (access code 7363039) 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 approximately U.S. \$1.4 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 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 \$6 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 sleteam.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@sleteam.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, IFRIC 21, *Levies* ("IFRIC 21") property tax adjustments and adjustments for equity investment. 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, change in fair value of financial instruments, deferred income taxes, unit expense (income), adjustments for equity investment 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.

- Net asset value is defined as the aggregate of the carrying value of the REIT's equity, deferred income taxes and exchangeable units of subsidiaries.

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,	
	2019	2018
Rental revenue	\$ 36,016	\$ 35,669
Straight-line rent revenue	(415)	(658)
Property operating expenses	(5,323)	(5,117)
IFRIC 21 property tax adjustment	(4,763)	(4,590)
Adjustments for equity investment	(8)	—
NOI ⁽¹⁾	\$ 25,507	\$ 25,304
Cash flow from operations	\$ 17,730	\$ 19,943
Changes in non-cash working capital items	(4,981)	(6,024)
Disposition costs	852	148
Finance charge and mark-to-market adjustments	(401)	(403)
Interest, net and TIF note adjustments	47	220
Adjustments for equity investment	(40)	—
Capital	(485)	(1,018)
Leasing costs	(437)	(849)
Tenant improvements	(1,591)	(2,552)
AFFO ⁽¹⁾	\$ 10,694	\$ 9,465
Net income (loss)	\$ 5,934	\$ (14,201)
Change in fair value of financial instruments	987	—
Disposition costs	852	148
Change in fair value of properties	7,521	7,773
Deferred income tax expense	2,694	2,406
Adjustments for equity investment	87	—
Unit expense (income)	310	23,006
IFRIC 21 property tax adjustment	(4,763)	(4,590)
FFO ⁽¹⁾	\$ 13,622	\$ 14,542
Straight-line rental revenue	(415)	(658)
Capital	(485)	(1,018)
Leasing costs	(437)	(849)
Tenant improvements	(1,591)	(2,552)
AFFO ⁽¹⁾	\$ 10,694	\$ 9,465
NOI ⁽¹⁾	\$ 25,507	\$ 25,304
Other expenses	(2,899)	(2,625)
Cash interest, net	(8,895)	(8,392)
Finance charge and mark-to-market adjustments	(401)	(403)
Adjustments for equity investment	(32)	—
Current income tax expense	(73)	—
Capital	(485)	(1,018)
Leasing costs	(437)	(849)
Tenant improvements	(1,591)	(2,552)
AFFO ⁽¹⁾	\$ 10,694	\$ 9,465

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

<i>(in thousands of U.S. dollars, except per unit amounts)</i>	Three months ended June 30,			
	2019		2018	
NOI ⁽¹⁾	\$	25,507	\$	25,304
Other expenses		(2,899)		(2,625)
Adjusted EBITDA ⁽¹⁾	\$	22,608	\$	22,679
Cash interest paid		(8,942)		(8,612)
Interest coverage ratio ⁽¹⁾		2.53x		2.44x
WA units		44,101		46,153
FFO per WA unit ⁽¹⁾	\$	0.31	\$	0.32
FFO payout ratio ⁽¹⁾		69.0%		66.5%
AFFO per WA unit ⁽¹⁾	\$	0.24	\$	0.21
AFFO payout ratio ⁽¹⁾		87.9%		102.2%

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