Office REIT

SLATE

August 17, 2016

# Slate Office REIT Announces Multiple Acquisitions and $50 Million Public Offering

TORONTO, ON – Slate Office REIT (TSX: SOT.UN) (the "REIT"), a leading owner of office properties in Canada, announced today its intention to purchase a government-tenanted office building located at 365 Hargrave Street in Winnipeg, Manitoba (the "Hargrave Acquisition") for $12.25 million. The REIT is also increasing its interest in three office properties located in St. John's, Newfoundland (the "Places") from 49% to 100%, with an additional investment of approximately $19.8 million (the "Places Investment", and together with the Hargrave Acquisition, the "Acquisitions"). The Acquisitions are expected to close by the end of the third quarter of 2016.

In conjunction with the Acquisitions, the REIT also announced today that it has entered into an agreement with a syndicate of underwriters co-led by TD Securities Inc. and BMO Capital Markets (the "Underwriters"), to sell on a bought deal basis 6,000,000 trust units of the REIT ("Units") at a price of $8.45 per Unit for gross proceeds of $50 million (the "Offering").

The Offering consists of a treasury offering by the REIT of 5,204,500 Units for gross proceeds of $44.0 million (the "Treasury Offering") and a secondary offering by Subcore Equities Inc., a private corporation managed by Greystone Managed Investments Inc. on behalf of certain pension fund clients, (the "Selling Unitholder") of 795,500 Units for gross proceeds of $6.7 million (the "Secondary Offering"). Following the Offering, the Selling Unitholder will no longer hold an interest in the REIT. The REIT has also granted the Underwriters an over-allotment option to purchase up to an additional 15% of the Offering on the same terms and conditions, exercisable at any time, in whole or in part, up to 30 days after the closing of the Offering. The over-allotment option, if exercised, will be satisfied through the sale of Units from the REIT.

The REIT will use the net proceeds of the Treasury Offering to reduce outstanding indebtedness (which will be subsequently redrawn and applied as needed to pay a portion of the purchase price of the Acquisitions, for funding of future acquisitions and for general trust purposes). The REIT will not receive any proceeds from the Secondary Offering.

The Units will be offered in all provinces and territories of Canada by way of a short form prospectus. The Offering is subject to the receipt of all necessary regulatory and stock exchange approvals, including the approval of the TSX. Closing of the Offering is expected to occur on or about September 7, 2016.

"There are significant opportunities to make acquisitions today that meet the REIT's investing criteria – well located, performing assets in markets with strong operating fundamentals." said Scott Antoniak, the REIT's

Chief Executive Officer. "The REIT's acquisition pipeline is robust and we continue to see significant opportunities to grow our portfolio."

**Highlights of the Acquisitions and Offering**

- The Acquisitions are immediately accretive to the REIT's adjusted funds from operations on a per unit basis
- The acquisition price for 365 Hargrave Street is $12.25 million representing a cost of $171 per square foot
- Strategic acquisition of assets in markets where the REIT has an existing presence
- Following the Acquisitions, the Government of Canada will be the largest tenant in the REIT's portfolio by revenue
- Increases total GLA to 5.0 million square feet
- The 51% interest in the Places Investment will be acquired for a gross purchase price of $73.4 million and includes the assumption of $53.6 million in debt, for an additional investment of $19.8 million
- The Acquisitions will increase the occupancy of the REIT's portfolio by approximately 50 basis points
- The reduction in debt, which will be available to fund future acquisitions, will initially decrease the REIT's LTV ratio by approximately 90 basis points
- Following the Offering, Slate Asset Management L.P. will own approximately 15.3% of the Units outstanding on a fully diluted basis

**365 Hargrave Street**

365 Hargrave Street is a 71,472 square foot office building owned by Slate Management Corporation, the manager of the REIT, and located in the heart of downtown Winnipeg, Manitoba. The building is 90.1% leased to the Government of Canada through 2025.

**Places Investment**

The REIT will enter into a third amendment to the strategic co-ownership agreement with St. John's Harbour Properties Ltd. pursuant to which the REIT will increase its interest in the Places from 49% to 100%. The Places consist of three of Atlantic Canada's highest-quality commercial buildings, located in St. John's, Newfoundland. The three properties are 97.2% occupied, with a diverse group of high-quality covenant tenants.

**Forward-Looking Statements**

Certain information herein constitutes "forward-looking information" as defined under Canadian securities laws which reflect management's expectations regarding objectives, plans, goals, strategies, future growth, results of operations, performance, business prospects and opportunities of the REIT. The words "plans", "expects", "does not expect", "scheduled", "estimates", "intends", "anticipates", "does not anticipate", "projects", "believes", or variations of such words and phrases or statements to the effect that certain actions, events or results "may", "will", "could", "would", "might", "occur", "be achieved", or "continue" and similar expressions identify forward-looking statements. Some of the specific forward-looking statements contained herein include, but are not limited to statements with respect to the following: the use of the net proceeds of the Treasury Offering; the intention of the REIT to complete the Offering on the terms and conditions described herein; the date on which the closing of the Offering is expected to occur; the intention of the REIT to complete the closing of the Acquisitions on the terms and conditions described herein; and the expected benefits to the REIT of the completion of the Acquisitions. Such forward-looking statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations, including that the transactions contemplated herein are completed.

Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable by management as of the date hereof, are inherently subject to significant business, economic and competitive uncertainties and contingencies. When relying on forward-looking statements to make decisions, the REIT cautions readers not to place undue reliance on these statements, as forward-looking statements involve significant risks and uncertainties and should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not the times at or by which such performance or results will be achieved. A number of factors could cause actual results to differ, possibly materially, from the results discussed in the forward-looking statements.

**About Slate Office REIT (TSX: SOT.UN)**

Slate Office REIT is an open-ended real estate investment trust. The REIT's portfolio currently comprises 34 strategic and well-located real estate assets located primarily across Canada's major population centres. The REIT is focused on maximizing value through internal organic rental and occupancy growth and strategic acquisitions. Visit slateam.com/SOT to learn more.

**About Slate Asset Management L.P.**

Slate Asset Management L.P. is a leading real estate investment platform with over $3 billion in assets under management. Slate is a value-oriented company and a significant sponsor of all 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.

**For Further Information:**
Investor Relations
Slate Office REIT
+1 416 644 4264
ir@slateam.com