



May 11, 2022

Slate Office REIT Reports First Quarter 2022 Results

TORONTO, ON - Slate Office REIT (TSX: SOT.UN) (the "REIT"), an owner and operator of high-quality workplace real estate, reported today financial results for the three months ended March 31, 2022.

"This quarter marked the closing of a transformative acquisition for Slate Office REIT that is emblematic of our growth strategy going forward," said Steve Hodgson, Chief Executive Officer of Slate Office REIT. "We are seeing that well-operated, well-located, and high-quality workplace real estate remains in demand, particularly among tenants who recognize the importance of the office in fostering innovation, collaboration and culture. We are well positioned to capitalize on mispriced investment opportunities coming out of the pandemic that will further align our portfolio with these tenants, assets and markets and enable us to continue providing stable, long-term income to our unitholders."

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

Highlights

- **Achieved significant growth through closing of Irish portfolio acquisition**
 - On February 7, 2022 the REIT closed the transformative acquisition of Yew Grove REIT plc, an Irish entity that owned a high-quality, fit-for-purpose portfolio of 23 properties anchored by government, technology and life science tenants (the "Acquisition")
 - The Acquisition was accretive to the REIT's key portfolio metrics, enhancing occupancy and weighted average lease term, and increasing the REIT's exposure to high-quality credit tenants from 61.3% to 67.0%
- **Strong operational performance further enhanced the durability of the REIT's income**
 - Completed 129,535 square feet of total leasing in the quarter at a 7.4% average rental rate spread
 - Same property net operating income for the first quarter increased by 4.4%, as compared to the previous quarter
 - Subsequent to quarter end, Slate Asset Management released an updated Corporate Environmental, Social and Governance ("ESG") Policy, which embeds ESG strategies and practices into the REIT's operations to mitigate ESG risk
- **The REIT is well positioned for organic growth and acquisition activity**
 - Teams on the ground in Canada, the United States and Europe will enable the REIT to act opportunistically on a pipeline of actionable opportunities in growing markets with resilient office demand

- Reopening momentum continues to accelerate, as evidenced by the 12.0% increase in utilization rates across the REIT's portfolio quarter over quarter

Summary of Q1 2022 Results

(thousands of dollars, except per unit amounts)	Three months ended March 31,		
	2022	2021	Change %
Rental revenue	\$ 47,602	\$ 43,161	10.3%
Net operating income ("NOI")	\$ 23,691	\$ 21,345	11.0%
Net income	\$ 29,044	\$ 18,638	55.8%
Same-property NOI	\$ 21,267	\$ 21,125	0.7%
Weighted average diluted number of trust units (000s)	80,386	73,266	9.7%
FFO	\$ 9,860	\$ 9,634	2.3%
FFO per unit	\$ 0.12	\$0.13	(7.7)%
FFO payout ratio	82.4%	75.8%	6.6%
Core-FFO	\$ 10,681	\$ 10,406	2.6%
Core-FFO per unit	\$ 0.13	\$0.14	(7.1)%
Core-FFO payout ratio	76.1%	70.1%	6.0%
AFFO	\$ 9,622	\$ 9,211	4.5%
AFFO per unit	\$ 0.12	\$ 0.13	(7.7)%
AFFO payout ratio	84.4%	79.2%	5.2%

	March 31, 2022	December 31, 2021	Change %
Total assets	\$ 1,972,562	\$ 1,808,907	9.0%
Total debt	\$ 1,177,149	\$ 1,045,542	12.6%
Portfolio occupancy	84.7%	83.8%	0.9%
Loan-to-value ratio	60.1%	59.7%	0.4%
Net debt to adjusted EBITDA ¹	13.7x	12.6x	1.1x
Interest coverage ratio ¹	2.0x	2.0x	0x

¹ EBITDA is calculated using trailing twelve month actuals, as calculated below.

Conference Call and Presentation Details

Senior management will host a live conference call at 9:00 a.m. ET on Thursday, May 12, 2022 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/2022/0512. A replay will be accessible until May 26, 2022 via the REIT's website or by dialing (416) 621-4642 or 1 (800) 585-8367 (access code 1498858) approximately two hours after the live event.

About Slate Office REIT (TSX: SOT.UN)

Slate Office REIT is a global owner and operator of high-quality workplace real estate. The REIT owns interests in and operates a portfolio of strategic and well-located real estate assets in North America and Europe. A majority of the REIT's portfolio is comprised of government and high-quality credit tenants. The REIT acquires quality assets at a discount to replacement cost and creates value for unitholders by applying hands-on asset management strategies to grow rental revenue, extend lease term and increase occupancy. Visit slateofficereit.com to learn more.

About Slate Asset Management

Slate Asset Management is a global alternative investment platform targeting real assets. We focus on fundamentals with the objective of creating long-term value for our investors and partners. Slate's platform has a range of real estate and infrastructure investment strategies, including opportunistic, value add, core plus, and debt investments. We are supported by exceptional people and flexible capital, which enable us 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 Office REIT's Supplemental Information online at slateofficereit.com in the Investors section. These materials are also available on SEDAR or upon request at ir@slateam.com or (416) 644-4264.

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 relating to the impact of the COVID-19 pandemic. Such forward-looking statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations.

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. Additional information about risks and uncertainties is contained in the filings of the REIT with securities regulators.

Non-IFRS Measures

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, Core-FFO, Core-FFO payout ratio, AFFO, AFFO payout ratio, IFRS net asset value, adjusted EBITDA, net debt to 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 property expenses, prior to straight-line rent and other changes. Same-property NOI includes those properties owned by the REIT for each of the current period and the relevant comparative period.
- FFO is defined as net income and comprehensive income adjusted for certain items including leasing costs amortized to revenue, change in fair value of properties, change in fair value of financial instruments, transaction costs, depreciation of hotel asset, change in fair value of Class B LP units, distributions to Class B LP unitholders and subscription receipts equivalent amount.

- Core-FFO is defined as FFO adjusted for the REIT's share of lease payments received for its Data Centre asset, which for IFRS purposes is accounted for as a finance lease and removes the impact of mortgage discharge fees (if any).
- AFFO is defined as FFO adjusted for certain items including guaranteed income supplements, amortization of deferred transaction costs, de-recognition and amortization of mark-to-market adjustments on mortgages refinanced or discharged, adjustments for interest rate subsidies received, recognition of the REIT's share of lease payments received for its Data Centre asset, which for IFRS purposes is accounted for as a finance lease, amortization of straight-line rent and normalized direct leasing and capital costs.
- FFO payout ratio, Core-FFO payout ratio and AFFO payout ratio are defined as distributions declared divided by FFO, Core-FFO and AFFO, respectively.
- FFO per unit, Core-FFO per unit and AFFO per unit are defined as FFO, Core-FFO and AFFO divided by the weighted average diluted number of units outstanding, respectively.
- IFRS net asset value is defined as the aggregate of the carrying value of the REIT's equity, Class B LP units and deferred units.
- Adjusted EBITDA is defined as earnings before interest, income taxes, depreciation, fair value gains (losses) from both financial instruments and investment properties, while also excluding non-recurring items such as transaction costs from dispositions, acquisitions or other events and adjusting income received from the Data Centre to cash received as opposed to finance income recorded for accounting purposes.
- Net debt to adjusted EBITDA is calculated by dividing the aggregate amount of debt outstanding, less cash on hand, by annualized adjusted EBITDA.
- 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, which readers should read when evaluating the measures included herein. 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.

SOT-FR

For Further Information

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Calculation and Reconciliation of Non-IFRS Measures

The tables below summarize a calculation of non-IFRS measures based on IFRS financial information.

The calculation of NOI is as follows:

<i>(in thousands of U.S. dollars, except per unit amounts)</i>	Three months ended March 31,	
	2022	2021
Revenue	\$ 47,602	\$ 43,161
Property operating expenses	(34,865)	(31,005)
IFRIC 21 property tax adjustment ¹	8,869	7,319
Straight-line rents and other changes	2,085	1,870
Net operating income	\$ 23,691	\$ 21,345

The reconciliation of net income to FFO, Core-FFO and AFFO is as follows:

<i>(thousands of dollars, except per unit amounts)</i>	Three months ended March 31,	
	2022	2021
Net income	\$ 29,044	\$ 18,638
Add (deduct):		
Leasing costs amortized to revenue	2,238	1,963
Change in fair value of properties	(15,955)	(9,027)
IFRIC 21 property tax adjustment ¹	8,869	7,319
Change in fair value of financial instruments	(19,645)	(11,614)
Depreciation of hotel asset	240	254
Deferred income tax expense	3,587	252
Change in fair value of Class B LP units	581	1,321
Distributions to Class B unitholders	528	528
Subscription receipts equivalent amount	373	—
FFO ²	\$ 9,860	\$ 9,634
Finance income on finance lease receivable	(784)	(834)
Finance lease payments received	1,605	1,606
Core-FFO ²	\$ 10,681	\$ 10,406
Amortization of deferred transaction costs	1,215	778
Amortization of debt mark-to-market adjustments	40	(40)
Amortization of straight-line rent	(153)	(93)
Interest rate subsidy	—	108
Normalized direct leasing and capital costs	(2,161)	(1,948)
AFFO ²	\$ 9,622	\$ 9,211
Weighted average number of diluted units outstanding(000s)	80,386	73,266
FFO per unit ²	\$ 0.12	\$ 0.13
Core-FFO per unit ²	\$ 0.13	\$ 0.14
AFFO per unit ²	\$ 0.12	\$ 0.13
FFO payout ratio ²	82.4%	75.8%
Core-FFO payout ratio ²	76.1%	70.1%
AFFO payout ratio ²	84.4%	79.2%

¹ In accordance with IFRIC 21, the REIT recognizes property tax liability and expense on its existing U.S. 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.

² Refer to "Non-IFRS measures" section above.

The reconciliation of cash flow from operating activities to FFO, Core-FFO and AFFO is as follows:

(thousands of dollars)	Three months ended March 31,	
	2022	2021
Cash flow from operating activities	\$ 12,996	\$ 9,154
Add (deduct):		
Leasing costs amortized to revenue	2,238	1,963
Subscription receipts equivalent amount ¹	373	—
Working capital items	(2,935)	597
Straight-line rent and other changes	(2,085)	(1,870)
Interest and other finance costs	(12,348)	(10,727)
Interest paid	11,093	9,989
Distributions paid to Class B unitholders	528	528
FFO ²	\$ 9,860	\$ 9,634
Finance income on finance lease receivable	(784)	(834)
Finance lease payments received	1,605	1,606
Core-FFO ²	\$ 10,681	\$ 10,406
Amortization of deferred transaction costs	1,215	778
Amortization of debt mark-to-market adjustments	40	(40)
Amortization of straight-line rent	(153)	(93)
Interest rate subsidy	—	108
Normalized direct leasing and capital costs	(2,161)	(1,948)
AFFO ²	\$ 9,622	\$ 9,211

¹As at February 7, 2022 each subscription receipt issued by the REIT on November 19, 2021 was exchangeable for one unit and a cash distribution equivalent payment of \$0.0666 (being equal to the aggregate amount of distributions paid by the REIT per unit for which record dates occurred between December 15, 2021 and January 17, 2022). The cash distribution equivalent payment of \$0.4 million has been recorded in interest and finance costs.

²Refer to "Non-IFRS measures" section above.

The calculation of trailing twelve month adjusted EBITDA is as follows:

(thousands of dollars)	Trailing twelve months ended March 31,	
	2022	2021
Net income	\$ 57,046	\$ 47,192
Straight-line rent and other changes	8,704	6,547
Interest income	(491)	(521)
Interest and finance costs	46,083	42,902
Change in fair value of properties	(15,636)	(5,984)
IFRIC 21 property tax adjustment ¹	1,550	150
Change in fair value of financial instruments	(26,855)	(13,671)
Distributions to Class B shareholders	2,112	2,112
Transaction costs	657	1,560
Depreciation of hotel asset	1,008	1,050
Change in fair value of Class B LP units	3,806	3,805
Deferred income tax expense	6,063	252
Current income tax expense	264	—
Adjusted EBITDA ¹	\$ 84,311	\$ 85,394

¹ Adjusted EBITDA is based on actuals for the twelve months preceding the balance sheet date.

The calculation of net debt is as follows:

<i>(thousands of dollars)</i>	March 31, 2022	March 31, 2021
Debt, non-current	\$ 890,012	\$ 801,836
Debt, current	287,137	166,563
Debt	\$ 1,177,149	\$ 968,399
Less: cash on hand	23,447	2,758
Net debt	\$ 1,153,702	\$ 965,641

The calculation of net debt to adjusted EBITDA is as follows:

<i>(thousands of dollars)</i>	Trailing twelve months ended March 31,	
	2022	2021
Debt	\$ 1,177,149	\$ 968,399
Less: cash on hand	23,447	2,758
Net debt	\$ 1,153,702	\$ 965,641
Adjusted EBITDA ^{1, 2}	84,311	85,394
Net debt to adjusted EBITDA ²	13.7x	11.3x

¹ Adjusted EBITDA is based on actuals for the twelve months preceding the balance sheet date.

² Refer to "Non-IFRS measures" section above.

The interest coverage ratio is calculated as follows:

<i>(thousands of dollars)</i>	Trailing twelve months ended March 31,	
	2022	2021
Adjusted EBITDA ¹	\$ 84,311	\$ 85,394
Interest expense	41,242	39,752
Interest coverage ratio ¹	2.0x	2.1x

¹ Refer to "Non-IFRS measures" section above.

The following is the calculation of IFRS net asset value on a total and per unit basis at March 31, 2022 and December 31, 2021:

<i>(thousands of dollars, except per unit amounts)</i>	March 31, 2022	December 31, 2021
Equity	\$ 698,740	\$ 621,967
Class B LP units	27,007	26,426
Deferred unit liability	912	815
Deferred tax liability	6,250	2,750
IFRS net asset value	\$ 732,909	\$ 651,958
Diluted number of units outstanding (000s) ¹	85,638	73,214
IFRS net asset value per unit	\$ 8.56	\$ 8.90

¹ Represents the fully diluted number of units outstanding and includes outstanding REIT units, DUP units and Class B LP units.