Office
REIT

SLATE

**Q1 2016**
TSX: SOT.UN

# DEAR FELLOW UNITHOLDERS

*"In the middle of difficulty lies opportunity."*
- Albert Einstein

From the outset, Slate Office REIT was created to take advantage of emerging opportunities in the Canadian office market. We believe that these opportunities are now coming to the fore and that Slate Office REIT is uniquely positioned to continue the aggressive growth of our portfolio.

Challenges in the energy sector have had a demonstrable impact on office markets in Calgary and Edmonton - markets where Slate Office REIT has no exposure at the present time. In our view, the uncertainty surrounding future investment levels in the Canadian Oil Sands has resulted in liquidity challenges for property owners considering the sale of office assets in these markets. We believe that the follow-on impact will be to create opportunities in other markets as owners chase liquidity where it can be found. Furthermore, new supply in Calgary, Toronto and Vancouver has caused a shuffling of deck chairs in the respective leasing markets creating additional opportunities for buyers of well located, non-trophy assets in key markets. These are exactly the type of situations that Slate Office REIT is positioned to capitalize upon.

Turning to our existing portfolio, we continue to drive net asset value through effective leasing strategies and, in particular, increasing net rental rates. Our GTA assets, comprising 37% of the portfolio, have performed very well and we expect that trend to continue. While there has been some discussion regarding the economic prospects for Atlantic Canada and Newfoundland in particular, we remain confident in our belief in the real estate we own in these markets. We have a diversified, well-capitalized tenant base with only a 3% exposure to the energy sector. New supply in Atlantic Canada is limited compared to other markets across the country and most importantly, we acquired these assets at a cost base that reflects a full and complete underwriting of these risks. In Atlantic Canada, as with our entire portfolio, we own well located, performing office assets with average in-place rental rates below market at a basis below replacement cost.

**Improved Financial Metrics**

In many ways, the first quarter of 2016 for Slate Office REIT was an ideal quarter for a real estate investment trust. Overall, we saw stable performance with modest improvement across a number of financial metrics. While NOI was down slightly quarter over quarter as a result of the full impact of our non-core retail and industrial dispositions in Q4 2015, Core FFO increased slightly, up 1.7% to $0.25 per unit. AFFO was flat at $0.21 per unit and the AFFO payout ratio remained at 90%. AFFO payout ratio is a key indicator and one that we watch very closely. With REITs being viewed by investors primarily as a means to generate yield - there are two key things to consider. First, the amount/size of the distribution and secondly, the durability of that distribution. Having a sustainable payout ratio at or below 90% provides investors with security of their distribution/yield and allows the REIT to invest in its portfolio and to grow via acquisition.

**Operations Highlights**

The first quarter of 2016 was a continuation of the strong leasing and operating performance that Slate Office REIT enjoyed in 2015. While overall occupancy was down slightly to 89.7% (excluding properties under development) these numbers compare favorably to national statistics where overall occupancy stood at 87.5%. On the leasing side, we completed in excess of 200,000 square feet of leasing in the first quarter highlighted by the renewal of The Minacs Group, a 103,000 square foot tenant in the GTA that renewed for an additional five years of term lease. Overall, the REIT had 15.2% of its net rentable area scheduled to mature in 2016. To date, we have already leased approximately 460,000 square feet of that space, reducing our remaining 2016 maturities to 4.6% of the portfolio. Finally, while we have discussed our 215,000 square foot lease with SNC Lavalin in previous quarters, it is worth noting that the transaction was recently awarded the prestigious 2015 REX Award for “Office Lease of the Year”. This is the fourth REX award nomination and win for Slate and is a testament to the hard work and capability of our team.

**Continued Growth**

As we look ahead to the reminder of 2016 and beyond, we remain very positive about the future prospects for Slate Office REIT. We own a diversified portfolio of well-located and solidly performing office assets in key office markets across the country. Moreover, these assets feature average in-place rents below market and are owned at a basis below replacement cost. This provides us with a platform for steady, consistent organic growth as we deploy our asset management and leasing strategies. With respect to external growth, or growth through acquisitions, we are optimistic that the market dynamics we discussed above will create an environment with a variety of compelling investment opportunities.

Finally, Gary Samuel has chosen not to stand for re-election to the board of trustees. I would like to thank Gary for his contribution to the growth and development of Slate Office REIT. Gary has been a valued trustee since the REITs initial public offering in 2012 and helped guide the REIT through its recent transition period. I wish Gary well in all his future endeavors.

We thank our unitholders for their continued trust and support.

Sincerely,

Scott Antoniak
Chief Executive Officer
May 5, 2016

Slate Office REIT

# Management's Discussion and Analysis

TSX: SOT.UN

**March 31, 2016**

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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 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, 2015 ("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 May 5, 2016 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 of dollars, except unit amounts)

| | March 31, 2016 | December 31, 2015 | March 31, 2015 |
|---|---|---|---|
| **Summary of Portfolio Information** | | | |
| Number of properties | **34** | 34 | 35 |
| Gross leasable area ("GLA") | **4,436,293** | 4,436,293 | 2,903,398 |
| Total assets | **$ 817,233** | $ 812,995 | $ 476,293 |
| Total debt | **$ 493,496** | $ 495,604 | $ 281,210 |
| Occupancy | **85.0%** | 85.4% | 91.7% |

| | | | Three months ended |
|---|---|---|---|
| | March 31, 2016 | December 31, 2015 | March 31, 2015 |
| **Summary of Financial Information** | | | |
| Revenue | **$ 27,569** | $ 29,939 | $ 14,082 |
| Net operating income | **11,774** | 12,326 | 7,126 |
| Net income and comprehensive income | **3,621** | 13,201 | (1,230) |
| Funds from operations ("FFO") | **8,173** | 7,513 | 4,530 |
| Core FFO | **8,676** | 8,528 | 4,530 |
| Adjusted FFO | **7,338** | 7,409 | 3,339 |
| | | | |
| **Per Unit Financial Information** | | | |
| Weighted average diluted number of trust units (000s) | **35,334** | 35,519 | 20,016 |
| FFO per unit | **$ 0.23** | $ 0.21 | $ 0.23 |
| Core FFO per unit | **0.25** | 0.24 | 0.23 |
| AFFO per unit | **0.21** | 0.21 | 0.17 |
| Distributions per unit | **0.1875** | 0.1875 | 0.1875 |
| AFFO pay-out ratio | **90.3%** | 89.7% | 112.4% |

| | March 31, 2016 | December 31, 2015 | March 31, 2015 |
|---|---|---|---|
| **Financial Data** | | | |
| Weighted average debt interest rate | **3.2%** | 3.2% | 3.9% |
| Interest coverage ratio (times) | **3.2x** | 3.0x | 2.5x |
| Net Debt to Adjusted EBITDA ratio (times) | **9.7x** | 9.4x | 10.2x |

# PART I - OVERVIEW

## INTRODUCTION

This Management's Discussion and Analysis ("MD&A") of the financial position and results of operations of Slate Office REIT (TSX: SOT.UN) (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 three months ended March 31, 2016. 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 comparative consolidated interim financial statements as at and for the three months ended March 31, 2016 and 2015 (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 Canadian dollars, unless otherwise noted.

The information contained in this MD&A is based on information available to the REIT and is dated as of May 5, 2016, which is also the date the Board of Trustees, upon the recommendation of its Audit Committee, approved the contents of this MD&A.

## SLATE OFFICE REIT PROFILE

The REIT is an unincorporated open-ended real estate investment trust constituted in accordance with the laws of the Province of Ontario pursuant to an amended and restated Declaration of Trust dated as of December 17, 2014, as amended on March 16, 2015 and May 25, 2015. On March 31, 2016, the REIT owned interests in thirty-four properties comprised of twenty-eight office properties and six non-office properties totaling 4.2 million and 0.2 million square feet ("sq.ft."), respectively, of GLA at our interest. The properties are located in geographically diversified markets in Canada.

The REIT is externally managed and operated by Slate Management Corporation ("SMC"), a subsidiary of Slate Asset Management L.P., (collectively, "Slate" or the "Manager"). Slate 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 assumed management responsibilities for the REIT with the vision of creating a pure-play office REIT focused on "non-core" real estate assets in Canada. This vision was premised on the belief that the Canadian office market was changing and a pure-play office REIT would provide a vehicle to capitalize on future opportunities. Slate is the largest unitholder in the REIT, with a 19.7% interest, and accordingly, is highly motivated to increase the value of the REIT on a per unit basis 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.slateofficereit.com.

## STRATEGY AND OUTLOOK

Our strategy is to own an institutional quality portfolio of non-trophy assets in major office markets across Canada, where millions of Canadians come to work every day. We believe that non-trophy assets provide superior risk-adjusted yields relative to conventional "Class A" office towers pursued by many other large investors. This "non-core" office product comprises approximately two-thirds of Canadian office inventory that is often overlooked by large institutional investors. Accordingly, these assets can frequently be purchased at a significant discount to peak and replacement value while retaining stable operating fundamentals that together allow superior risk-adjusted yields, relative to trophy assets. The REIT's portfolio of office properties provides diversification, enhancing our ability to continue to provide steady and reliable distributions to unitholders.

We are focused on the following areas to achieve the REIT's objectives through 2016 and 2017:

- 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;
- Continue to increase the REIT's financial strength and flexibility through robust balance sheet management;
- Maintain a conservative AFFO pay-out ratio to continue to provide steady and reliable distributions to unitholders; and
- Continue to selectively dispose of non-strategic assets and recycle capital to appropriately manage leverage and acquire office properties on an opportunistic basis.

Overall, we believe that the REIT has positioned its portfolio, capital structure and distribution strategy to effectively grow in the current economic environment and to capitalize on opportunities in the future.

## NON-IFRS MEASURES

We disclose a number of financial measures in this MD&A that are not measures used under IFRS, including net operating income, same property net operating income, funds from operations, core funds from operations, adjusted funds from operations, adjusted funds from operations pay-out ratio, adjusted EBITDA, net debt to adjusted EBITDA ratio, interest coverage ratio, and the debt service coverage ratio, in addition to certain of these 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 business 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.

### RISKS 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, 2015, 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 in value. If any of the noted risks actually occur, the REIT's business may be harmed and the financial condition and results of operations may suffer significantly. In that event, the trading price of the units could decline, and unitholders may lose all or part of their investment.

### SIGNIFICANT DEVELOPMENTS

The successful repositioning of the REIT's portfolio in 2015 to a pure-play office portfolio has provided the foundation for the strong operating results realized during the first quarter of 2016. The following are the significant highlights to date during 2016:

- Completed 211,272 square feet of leasing during the first quarter of 2016. Most significantly, the REIT renewed a 103,179 square foot lease with The Minacs Group Inc. for an additional 5 years that was set to mature at the end of 2016.
- Same-property NOI for the three months ended March 31, 2016, which excludes the REIT's Atlantic Canada hotel asset due to the seasonality of the asset, increased 0.7% to $11.5 million over December 31, 2015, primarily as a result of increased rents from new leases moving to market rents offset by a slight decline in occupancy.
- AFFO was $7.3 million for the first quarter of 2016 representing an decrease of $0.1 million from the fourth quarter of 2015, attributable to the disposition of the industrial and retail assets during late 2015, offset by decreased interest costs. This represents an AFFO payout ratio of 90.3% compared to 89.7% for the fourth quarter of 2015 and 112.4% in the same period during 2015. We believe that a continually reduced payout ratio represents a more appropriate margin of safety to provide unitholders with greater assurance on the continued ability of the REIT to deliver distributions to unitholders while having the ability to reinvest undistributed earnings in the REIT.
- Subsequent to March 31, 2016, the REIT agreed with its lender to renew $144 million of mortgages secured by 12 properties originally expiring in January 2017 for an additional 5 year term. In conjunction with this refinancing the lender has also agreed to provide up to $24 million of additional debt related to the REIT's revitalization of its Speakman Drive assets. Two of these assets are to be 100% occupied by SNC-Lavalin Group Inc.'s nuclear division under a 10 year lease signed during the fourth quarter of 2015.

## PART II - LEASING AND PROPERTY PORTFOLIO

### OCCUPANCY

The following is a continuity of the change in the in-place occupancy of the REIT's properties from December 31, 2015 to March 31, 2016:

| | **Three months ended March 31, 2016** | | | Year ended December 31, 2015 | | |
|---|---|---|---|---|---|---|
| | **GLA** | **Occupancy (sq. ft.)** | **Occupancy (%)** | GLA | Occupancy (sq. ft.) | Occupancy (%) |
| Occupancy, beginning of period | **4,436,293** | **3,790,119** | **85.4%** | 5,054,812 | 4,511,395 | 89.2% |
| Acquisitions | **—** | **—** | **—%** | 203,235 | 84,886 | 41.8% |
| Dispositions | **—** | **—** | **—%** | (821,754) | (753,779) | 91.7% |
| Change in occupancy | **—** | **(17,549)** | **—%** | — | (52,383) | — |
| Occupancy, end of period | **4,436,293** | **3,772,570** | **85.0%** | 4,436,293 | 3,790,119 | 85.4% |
| Redevelopment properties | **269,771** | **49,095** | **18.2%** | 269,771 | 51,578 | 19.1% |
| Occupancy, excluding redevelopments | **4,166,522** | **3,723,475** | **89.4%** | 4,166,522 | 3,738,541 | 89.7% |

The REIT's objective is to maintain high levels of occupancy throughout the portfolio. At March 31, 2016, the REIT's occupancy, excluding redevelopment office properties, was 89.4% compared to 89.7% at December 31, 2015. This occupancy level is lower by 30 basis points primarily due to expected transitional vacancy in the Greater Toronto Area and New Brunswick.

At March 31, 2016, the in-place occupancy of the REIT's total portfolio including redevelopment assets was 85.0%. This occupancy level has decreased 40 basis points from the fourth quarter of 2015 as a result of the aforementioned transitional vacancy and a lower vacancy at the Water Street Development Properties in St. John's.

During the quarter, the REIT completed 24,966 square feet of new leasing and 186,306 square feet of renewals. The most notable transaction in the quarter was the 103,179 square foot renewal with The Minacs Group Inc. for an additional 5 years that was set to mature at the end of 2016. This lease was completed at a rate slightly below the existing lease as the original lease was part of a build-to-lease arrangement that was above current market rents.

Subsequent to March 31, 2016, a two year renewal with the Province of Nova Scotia at the Maritime Centre was completed on the same terms and conditions as the existing lease.

**LEASE MATURITIES**

The REIT generally enters into leases with an initial term to maturity between 2 and 10 years. Accordingly, the average in-place lease term remaining term to maturity is shorter than the initial term. The weighted average remaining term to maturity at March 31, 2016 was 5.4 years, not including tenants on month-to-month leases. Management considers the current average duration of rents to be indicative of the stability of the portfolio's cash flow generation abilities and diversified maturity risk.

The following table summarizes the composition of the remaining term to maturity of the REIT's leases by region:

| | **March 31, 2016** | | | December 31, 2015 | | |
|---|---|---|---|---|---|---|
| | **Weighted average years to maturity** (1) | **GLA** | **% of GLA** | Weighted average years to maturity (1) | GLA | % of GLA |
| Atlantic | 5.1 | 1,913,134 | 43.1% | 5.3 | 1,930,537 | 43.5% |
| Ontario | 4.6 | 1,339,137 | 30.2% | 4.4 | 1,339,927 | 30.2% |
| Western | 8.8 | 520,299 | 11.7% | 9.0 | 519,655 | 11.7% |
| | 5.4 | 3,772,570 | 85.0% | 5.5 | 3,790,119 | 85.4% |
| Vacant (2) | | 663,723 | 15.0% | | 646,174 | 14.6% |
| Total | | 4,436,293 | 100.0% | | 4,436,293 | 100.0% |

(1) The calculation of weighted average term to maturity does not include month-to-month tenants.
(2) Does not include committed leases commencing after March 31, 2016.

The following is a profile of the maturities of the REIT's leases without including the impact of tenant extension options at March 31, 2016:

| | **GLA** | **% of portfolio** | **Weighted average in-place rent (per sq.ft.)** |
|---|---|---|---|
| Month-to-month | 110,712 | 2.5% | $ 16.70 |
| Remainder of 2016 | 304,075 | 6.9% | 14.36 |
| 2017 | 568,185 | 12.8% | 14.20 |
| 2018 | 546,300 | 12.3% | 15.63 |
| 2019 | 336,910 | 7.6% | 16.02 |
| 2020 | 572,765 | 12.9% | 17.11 |
| 2021 | 160,116 | 3.6% | 20.69 |
| 2022 and later | 1,288,129 | 29.0% | 18.98 |
| Vacant (1) | 549,101 | 12.4% | — |
| Total/weighted average | 4,436,293 | 100.0% | $ 16.92 |

(1) Net of committed leases commencing after March 31, 2016.

**IN-PLACE AND MARKET RENTS**

During the three months ended March 31, 2016, the REIT undertook 211,272 square feet of leasing comprising both new tenanting and renewals. The following table summarizes the REIT's leasing activity during the three months ended March 31, 2016:

| | **GLA** | **Number of leases** | **Weighted average expiring rent (per sq.ft.)** | **Weighted average new rent (per sq.ft.)** | **Increase in rent** |
|---|---|---|---|---|---|
| Renewed leases | 186,306 | 32 | $ 14.15 | $ 13.71 | (3.1)% |
| New leases | 24,966 | 13 | 14.64 | 15.46 | 5.6 % |
| Total / weighted average | 211,272 | 45 | $ 14.21 | $ 13.91 | (2.1)% |
| Less: leases not renewed / vacated | 49,642 | 28 | | | |
| Net total / weighted average | 161,630 | | | | |

Overall, the REIT was able to achieve rents on new leases at a 5.6% premium during the first quarter of 2016 to in-place building rents and renewed leases were completed at a 3.1% discount to expiring rents. Rents on new leases for previously vacant space have been compared to the average in-place rent of the respective property to measure the relative increase.

After removing the impact of the renewal with The Minacs Group Inc., the renewal spread on renewed leases was an increase of 11.3%. The lease with The Minacs Group Inc. was completed at a rate slightly below the existing lease as the original lease was part of a build-to-lease arrangement that was above current market rents.

The following table summarizes the REIT's leasing activity during the three months ended December 31, 2015:

| | GLA | Number of leases | Weighted average expiring rent (per sq.ft.) | Weighted average new rent (per sq.ft.) | Increase in rent |
|---|---|---|---|---|---|
| Renewed leases | 99,524 | 13 | $ 14.11 | $ 14.27 | 1.2% |
| New leases | 7,791 | 3 | 14.68 | 17.15 | 16.8% |
| Total / weighted average | 107,315 | 16 | $ 14.15 | $ 14.48 | 2.3% |
| Less: leases not renewed / vacated | 63,515 | 17 | | | |
| Net total / weighted average | 43,800 | | | | |

The weighted-average in-place rent of the REIT's portfolio at March 31, 2016 is $14.07 per sq.ft. Management estimates that current weighted average market rate to be $15.01 per sq.ft. for the markets in which the REIT's properties are located, or $0.94 per sq.ft. higher than the REIT's current in-place rental rate expiring in 2016. This estimate of current market rent is based on management's estimates, third party valuations and leasing data obtained from actual new and renewed leasing activity. While there are no assurances that maturing leases will be renewed at rates in excess of current in-place rents, or at all, management compares in-place to market rents to determine the future revenue capacity of the REIT's current portfolio and roll-over revenue risk.

**TENANT PROFILE**

Management's strategy includes ensuring that the quality of the REIT's tenants are diversified and of high credit quality. A higher quality tenant base increases the durability of the REIT's tenants through economic cycles, which directly relates to their continued ability to meet their lease obligations to the REIT and continue to retain their workforce, which directly impacts their need for office space.

The following are the REIT's top 10 largest tenants at March 31, 2016, which together represent 45.3% of base rental receipts:

| Tenant | Credit rating (1) | GLA (SF) | Number of properties | % of base rental receipts | Weighted average lease term (years) |
|---|---|---|---|---|---|
| Manitoba Telecom Services Inc. | BBB (stable) | 66,439 | 2 | 8.8% | 13.6 |
| Government of Canada | AAA (stable) | 269,675 | 3 | 8.6% | 4.5 |
| Bell Canada Enterprises | BBB (high) | 495,144 | 5 | 8.0% | 5.3 |
| SNC-Lavalin Nuclear Inc. | BBB (stable) | 223,401 | 2 | 4.5% | 5.2 |
| Blue Cross | Unrated | 160,433 | 2 | 4.0% | 3.4 |
| Province of New Brunswick | A (high) | 126,609 | 2 | 3.7% | 4.7 |
| Province of Nova Scotia | A (high) | 131,877 | 1 | 2.5% | 1.3 |
| The Minacs Group Inc. | Unrated | 103,179 | 1 | 2.2% | 5.8 |
| Province of Manitoba | A (high) | 102,876 | 2 | 2.1% | 20.2 |
| Lenovo Canada Inc. | Unrated | 36,720 | 1 | 0.9% | 8.8 |
| | | **1,716,353** | | **45.3%** | **6.0** |

(1) Source: DBRS
(2) The credit rating for SNC-Lavalin Nuclear Inc. reflects that of its parent, SNC-Lavalin Group Inc.

**PROPERTY PROFILE**

The REIT's property portfolio at March 31, 2016 comprised wholly-owned interests in twenty-five office properties, three industrial properties, three retail properties, one hotel and a 30% interest in three office properties located in St. John's, Newfoundland. The portfolio comprises 4.4 million square feet of GLA. Of the REIT's property portfolio, three of its office properties are currently under redevelopment. For a listing of all of the REIT's properties see PART VI of this MD&A.

### IFRS fair value

The REIT's property portfolio at March 31, 2016 had an estimated IFRS fair value of $741.7 million, with a weighted average stabilized capitalization rate of 7.66%. It is important to highlight that this capitalization rate balances the current economics of the REIT's properties, including its 85.0% in-place occupancy which includes its redevelopment assets and current in-place rents of $14.07, which management estimates to be $0.94 below market rents. Overall, the average estimated IFRS value per sq.ft. of the REIT's portfolio is $167. Management believes that this average value per sq.ft. is significantly lower than replacement cost, which management estimates to be between $250 and $400 per sq.ft., depending on the property. The REIT's average cost per sq.ft. value is lower than the current estimated fair value and replacement cost which we believe gives the REIT a significant pricing advantage compared to new office development.

The following table presents a summary of the discount, terminal capitalization and stabilized capitalization rates for the fair value of the REIT's properties at March 31, 2016 and December 31, 2015:

| | **March 31, 2016** | | | December 31, 2015 | | |
|---|---|---|---|---|---|---|
| | **Discount rate** | **Terminal cap rate** | **Capitalization rate(1)** | Discount rate | Terminal cap rate | Capitalization rate(1) |
| Minimum | **7.00%** | **6.25%** | **4.50%** | 7.00% | 6.25% | 4.50% |
| Maximum | **11.00%** | **9.00%** | **13.17%** | 11.00% | 9.00% | 13.17% |
| Weighted average | **7.83%** | **6.93%** | **7.66%** | 7.83% | 6.93% | 7.74% |

(1) Represents the stabilized capitalization rate on the REIT's properties based on management's estimate of stabilized NOI. The figures presented are inclusive of both those properties where the direct capitalization approach has been used as well as those properties where the primary valuation methodology was the discounted cash flow approach.

While the weighted average capitalization rate is 7.66%, the minimum and maximum capitalization rates are 4.50% and 13.17%, respectively. The lower end of the range represents a property with redevelopment excess density, while the upper end of the range represents a property with a single tenant under shorter duration lease. Both of these properties are worth less than $4.0 million individually.

The following are the per square foot values of the REIT's property portfolio based on management's estimate of fair value:

| | **March 31, 2016** | December 31, 2015 |
|---|---|---|
| Property value per square foot | **$167.18** | $164.35 |

The fair values of investment 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 investment properties taken in aggregate may differ from the fair value of investment properties measured individually in the REIT's consolidated statements of financial position.

### Property continuity

A continuity of the REIT's property interests, including acquisitions, dispositions, capital and other changes is summarized below:

| | **March 31, 2016** | December 31, 2015 | Three months ended March 31, 2015 |
|---|---|---|---|
| Balance, beginning of period | **$ 729,089** | $ 728,053 | $ 448,012 |
| Acquisitions | **—** | 38,688 | — |
| Capital expenditures | **6,099** | 2,378 | 203 |
| Direct leasing costs | **4,198** | 4,059 | 1,430 |
| Dispositions | **—** | (53,261) | — |
| Provisions | **—** | (545) | 42 |
| Depreciation of hotel | **(136)** | (271) | — |
| Change in fair value | **1,938** | 9,657 | (2,127) |
| Straight line rent and other changes | **493** | 331 | 502 |
| **Balance, end of period** | **$ 741,681** | $ 729,089 | $ 448,062 |

Capital expenditures are incurred by the REIT for maintaining or improving its office properties. Certain leases provide the ability to recover all or a portion of these costs from tenants over time. Direct leasing costs generally include tenant improvement construction costs related to new and renewal leasing.

The change in carrying value of the REIT's properties during the three months ended March 31, 2016 is primarily the result of capital and other additions and small modifications to discount and capitalization rates.

## PART III - RESULTS OF OPERATIONS

### SUMMARY OF RESULTS OF OPERATIONS

The following is a summary of the results of operations for the three months ended March 31, 2016 and 2015 and three months ended December 31, 2015:

| | Three months ended | | |
|---|---|---|---|
| | **March 31, 2016** | December 31, 2015 | March 31, 2015 |
| Rental revenue | **$ 27,569** | $ 29,939 | $ 14,082 |
| Property operating expenses | **(15,302)** | (17,295) | (6,454) |
| Income from equity accounted investment | **—** | — | 1,190 |
| Finance income on finance lease receivable | **1,022** | 1,030 | — |
| Interest income | **15** | 21 | 287 |
| Interest and finance costs | **(4,203)** | (5,234) | (2,760) |
| General and administrative | **(1,040)** | (975) | (593) |
| Change in fair value of investment properties | **1,938** | 9,657 | (2,127) |
| Change in fair value of financial instruments | **(811)** | 21 | (1,748) |
| Depreciation on hotel asset | **(136)** | (271) | — |
| Acquisition and disposition costs | **—** | (3,412) | — |
| **Net income before Class B LP units** | **$ 9,052** | $ 13,481 | $ 1,877 |
| Change in fair value of Class B LP units | **(4,440)** | 712 | (2,156) |
| Distributions to Class B LP unitholders | **(991)** | (992) | (951) |
| **Net income (loss) and comprehensive income (loss)** | **$ 3,621** | $ 13,201 | $ (1,230) |
| Attributed to unitholders | **3,621** | 13,181 | (1,230) |
| Attributed to non-controlling interests | **—** | 20 | — |
| | **$ 3,621** | $ 13,201 | $ (1,230) |

### NET INCOME BEFORE CLASS B LP UNITS

Net income before Class B LP units is an IFRS measure that represents the change in net income, before the impact of fair value adjustments to Class B LP units and distributions to Class B LP unitholders recorded in net income. Management uses and believes that this metric is valuable to users to evaluate net income prior to all residual equity holders, as the Class B LP units are exchangeable into REIT units and are in all material respects economically equivalent to REIT units.

Net income before Class B LP units for the three months ended March 31, 2016 was $9.1 million compared to $1.9 million for the same period in 2015. Net income before Class B LP units for the three months ended December 31, 2015 was $13.5 million. The higher net income before Class B LP units for the three months ended December 31, 2015 was primarily due to a favourable fair value adjustment on the revaluation of investment properties of $9.7 million, offset by disposition costs of $3.4 million.

### NET INCOME

For the three months ended March 31, 2016 net income was $3.6 million, representing an increase of $4.9 million compared to the same period in 2015. This increase was primarily due to the change in net income before Class B LP units described above, together with a loss of $4.4 million as a result of an increase in fair value of the Class B LP units, which are directly correlated with the share price of the REIT's units. Class B LP units are recorded as a liability by the REIT. Distributions to Class B LP units remained the same from the comparative period.

### NET OPERATING INCOME

Net operating income ("NOI") is a non-GAAP measure and is defined by the REIT as rental revenue, excluding non-cash straight-line rent and leasing costs amortized to revenue, less property operating costs. Rental revenue for purposes of measuring NOI excludes revenue recorded as a result of determining rent on a straight-line basis and the amortization of leasing costs in revenue for IFRS, which management believes better 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.

The following is a calculation of NOI for the three months ended March 31, 2016 and 2015 and three months ended December 31, 2015:

| | | Three months ended | |
|---|---|---|---|
| | **March 31, 2016** | December 31, 2015 | March 31, 2015 |
| Revenue | **27,569** | 29,939 | 14,082 |
| Operating expenses | **(15,302)** | (17,295) | (6,454) |
| Straight-line rents and other changes | **(493)** | (318) | (502) |
| Net operating income | **11,774** | 12,326 | 7,126 |

The increase in NOI of $4.6 million for the three months ended March 31, 2016 compared to the same period in 2015 was the result of portfolio growth, most notably the acquisition of the portfolio and co-owned properties from Fortis Properties Corp. in June 2015 offset by the sale of the industrial and retail assets at the end of 2015. Net operating income for the three months ended December 31, 2015 was $12.3 million, which was $0.6 million higher then NOI in the current period. This decrease in NOI is primarily attributable to the sale of the industrial portfolio in December 2015.

**SAME-PROPERTY NOI**

Same-property NOI is a non-GAAP measure and is defined by the REIT as rental revenue, excluding non-cash straight-line rent, less property operating costs for those properties owned by the REIT for all of the current period and the relevant comparative period, but excluding the earnings attributable to the REIT's hotel asset due to the seasonality of that asset. 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-asset 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.

As a result of the REIT's transition during 2015 from a diversified portfolio to a pure-play office REIT as well as the significant level of acquisition and disposition activity, management compares same-property NOI for the current quarter to the most recently completed comparative quarter. The same-property comparison includes all of the REIT's properties owned during the quarter, but reflecting only a 10% interest the REIT's three St. John's assets as only 10% of those assets were owned for a portion of the fourth quarter of 2015. The following is a calculation of same-property NOI for the three months ended March 31, 2016 as compared to the three months ended December 31, 2015:

| | | Three months ended |
|---|---|---|
| | **March 31, 2016** | December 31, 2015 |
| Number of properties | **34** | 34 |
| GLA | **4,436,293** | 4,436,293 |
| Revenue | **$ 26,780** | $ 27,985 |
| Operating expenses | **(14,919)** | (16,125) |
| Straight-line rents and other changes | **(477)** | (309) |
| Same-property NOI (including hotel asset) | **11,384** | 11,551 |
| NOI attributable to hotel asset | **(142)** | 109 |
| Same-property NOI (excluding hotel asset) | **$ 11,526** | $ 11,442 |
| Quarter-over-quarter change - $ | **$ 84** | |
| Quarter-over-quarter change - % | **0.7%** | |

Same-property NOI for the three months ended March 31, 2016 increased 0.7% to $11.5 million primarily as a result of increased rents from new leases moving to market rents offset by a slight decline in occupancy. In accordance with the REIT's definition of same-property NOI, these results exclude the impact of the REIT's Atlantic Canada hotel asset due to the seasonality of such asset, which generally experiences decreased levels of business in the winter months and heightened activity during spring and summer.

Same-property NOI including the REIT's hotel asset remained relatively consistent for the three months ended March 31, 2016 compared to three months ended December 31, 2015 decreasing by $0.2 million. The decline for the three months ended March 31, 2016 is mainly attributable to a decrease in NOI from the hotel of $0.3 million period over period.

**FUNDS FROM OPERATIONS**

**Funds from operations**

Funds from operations ("FFO") is a non-IFRS measures for evaluating real estate operating performance. The REIT calculates FFO in accordance with the definition provided by the Real Property Association of Canada ("RealPAC") in its White Paper on Funds From Operations, as revised in April 2014.

**Core-FFO**

Core-FFO makes certain adjustments to the REIT's calculation of FFO to recognize the REIT's share of lease payments received for its Data Centre asset, which for IFRS purposes is accounted for as a finance lease. Core-FFO also removes the impact of mortgage discharge fees.

**Reconciliation of FFO and Core-FFO**

Management believes that FFO and Core-FFO are important measures of the operating performance and are used by the REIT in evaluating the combined performance of its operations including the impact of its capital structure and are useful for investors to evaluate the performance of the REIT. The following is a reconciliation of FFO and Core-FFO for the three months ended March 31, 2016 and 2015 and three months ended December 31, 2015 from net income (loss) and comprehensive income (loss):

| | | | Three months ended |
|---|---|---|---|
| | **March 31, 2016** | December 31, 2015 | March 31, 2015 |
| **Net income (loss) and comprehensive income (loss)** | **$ 3,621** | $ 13,201 | $ (1,230) |
| Add (deduct): | | | |
| Leasing costs amortized to revenue | **112** | 62 | 97 |
| Fair value adjustment in equity accounted investment | **—** | — | (1,319) |
| Non-controlling interests | **—** | (35) | — |
| Fair value adjustments of investment property | **(1,938)** | (9,657) | 2,127 |
| Fair value adjustments to financial instruments | **811** | (21) | 1,748 |
| Acquisition and disposition costs | **—** | 3,412 | — |
| Depreciation of hotel asset | **136** | 271 | — |
| Change in fair value of Class B LP units | **4,440** | (712) | 2,156 |
| Distributions to Class B unitholders | **991** | 992 | 951 |
| **FFO** | **$ 8,173** | $ 7,513 | $ 4,530 |
| Finance income on finance lease receivable | **(1,022)** | (996) | — |
| Finance lease payments received | **1,525** | 1,475 | — |
| Mortgage discharge fees | **—** | 536 | — |
| **Core - FFO** | **$ 8,676** | $ 8,528 | $ 4,530 |
| Weighted average number of units outstanding (1) | **35,334** | 35,519 | 20,016 |
| FFO per unit (diluted) | **$ 0.23** | $ 0.21 | $ 0.23 |
| Core- FFO per unit (diluted) | **$ 0.25** | $ 0.24 | $ 0.23 |

(1) Represents the diluted weighted average number of units outstanding and includes the weighted average of all REIT units, DUP units and Class B LP units.

For the three months ended March 31, 2016 FFO was $8.2 million or $0.23 per unit whereas FFO for the three months ended March 31, 2015 was $4.5 million or $0.23 per unit, representing an increase of $3.7 million while FFO per unit remains at $0.23. The increase in FFO is primarily attributable to the acquisition of the portfolio and co-owned properties from Fortis Properties Corp. in June 2015.

FFO for the three months ended December 31, 2015 was $7.5 million, which is $0.7 million lower then current quarter FFO. The increase in FFO for the three months ended March 31, 2016 is as a result of lower interest costs due to a lower carrying value of debt as a result of the industrial portfolio disposition in December 2015 and lower interest rates.

Core-FFO for the three months ended March 31, 2016 was $8.7 million compared to $8.5 million for the three months ended December 31, 2015. The increase in Core-FFO in the current quarter is attributable to the change in FFO and increased lease payments from the Data Centre. The current quarter accounts for a full quarter of income due to the purchase of an additional 20% of this asset on October 15, 2015.

**ADJUSTED FUNDS FROM OPERATIONS**

Adjusted FFO ("AFFO") is a non-IFRS measure that is widely used by the real estate industry and investors to measure the cash generated from operations, after debt service and certain capital and leasing costs and also after reversing the impact of non-cash interest and revenue amounts. It is also a meaningful measure used to evaluate the cash available for distribution to unitholders.

In calculating AFFO, the REIT makes adjustments to FFO 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; amortization of straight-line rent and normalized direct leasing and capital costs. The method applied by the REIT to calculate AFFO may differ from methods applied by other issuers in the real estate industry and therefore may not be comparable with measures reported by such issuers.

A reconciliation of Core-FFO to AFFO for the three months ended March 31, 2016 as compared to the same period in the prior year and for the three month period ended December 31, 2015 is as follows:

| | | | Three months ended |
|---|---|---|---|
| | **March 31, 2016** | December 31, 2015 | March 31, 2015 |
| **Core - FFO** | **$ 8,676** | $ 8,528 | $ 4,530 |
| Add (deduct): | | | |
| Guaranteed income supplement | **238** | 259 | 154 |
| Amortization of deferred transaction costs | **231** | 336 | 72 |
| Amortization of debt mark-to-market adjustments | **25** | (69) | (55) |
| Amortization of straight-line rent | **(605)** | (381) | (599) |
| Normalized direct leasing and capital costs | **(1,227)** | (1,264) | (763) |
| **AFFO** | **$ 7,338** | $ 7,409 | $ 3,339 |
| Weighted average number of units outstanding (1) | | | |
| Basic and diluted | **35,334** | 35,519 | 20,016 |
| AFFO per unit (diluted) | **$ 0.21** | $ 0.21 | $ 0.17 |

(1) The basic and diluted weighted average number of units outstanding includes the weighted average of all REIT units and Class B LP units.

For the three months ended March 31, 2016 AFFO was $7.3 million or $0.21 per unit whereas AFFO for the three months ended March 31, 2015 was $3.3 million or $0.17 per unit, representing an increase of $4.0 million or $0.04 per unit, respectively. The increase in AFFO is attributable to the growth in the portfolio over the year. AFFO for the three months ended December 31, 2015 was $7.4 million. The decrease compared to the three months ended December 31, 2015 was primarily a result of lower NOI in the quarter, offset by interest cost savings.

**Reconciliation of FFO, Core-FFO and AFFO**

A reconciliation of net income to FFO, Core-FFO and AFFO for the three months ended March 31, 2016 as compared to the same period in the prior year and three months ended December 31, 2015 is as follows:

| | | | Three months ended |
|---|---|---|---|
| | **March 31, 2016** | December 31, 2015 | March 31, 2015 |
| **Net income (loss) and comprehensive income (loss)** | **$ 3,621** | $ 13,201 | $ (1,230) |
| Add (deduct): | | | |
| Leasing costs amortized to revenue | **112** | 62 | 97 |
| Fair value adjustment in equity accounted investment | **—** | — | (1,319) |
| Non-controlling interests | **—** | (35) | — |
| Fair value adjustments of investment property | **(1,938)** | (9,657) | 2,127 |
| Fair value adjustments to financial instruments | **811** | (21) | 1,748 |
| Acquisition and disposition costs | **—** | 3,412 | — |
| Depreciation of hotel asset | **136** | 271 | — |
| Change in fair value of Class B LP units | **4,440** | (712) | 2,156 |
| Distributions to Class B unitholders | **991** | 992 | 951 |
| **FFO** | **8,173** | 7,513 | 4,530 |
| Finance income on finance lease receivable | **(1,022)** | (996) | — |
| Finance lease payments received | **1,525** | 1,475 | — |
| Mortgage discharge fees | **—** | 536 | — |
| **Core - FFO** | **8,676** | 8,528 | 4,530 |
| Guaranteed income supplement | **238** | 259 | 154 |
| Amortization of deferred transaction costs | **231** | 336 | 72 |
| Amortization of debt mark-to-market adjustments | **25** | (69) | (55) |
| Amortization of straight-line rent | **(605)** | (381) | (599) |
| Normalized direct leasing and capital costs | **(1,227)** | (1,264) | (763) |
| **AFFO** | **$ 7,338** | $ 7,409 | $ 3,339 |

The following is FFO and AFFO expressed on a per unit basis for the three months ended March 31, 2016 as compared to the same period in the prior year and and three months ended December 31, 2015:

| | | | Three months ended |
|---|---|---|---|
| | **March 31, 2016** | December 31, 2015 | March 31, 2015 |
| FFO per unit (diluted) | **$ 0.23** | $ 0.21 | $ 0.23 |
| Core- FFO per unit (diluted) | **0.25** | 0.24 | 0.23 |
| AFFO per unit (diluted) | **0.21** | 0.21 | 0.17 |

The following table reconciles AFFO from cash flow from operating activities for the three months ended March 31, 2016 and 2015 :

| | | Three months ended |
|---|---|---|
| | **March 31, 2016** | March 31, 2015 |
| **Cash flow from operating activities** | **$ 10,835** | $ 2,382 |
| Add (deduct): | | |
| Working capital items | **(4,002)** | 615 |
| Principal repayments on finance lease receivable | **503** | — |
| Distributions paid to Class B LP unitholders | **991** | 951 |
| Guaranteed income supplement | **238** | 154 |
| Normalized direct leasing and capital costs | **(1,227)** | (763) |
| **AFFO** | **$ 7,338** | $ 3,339 |

The following table reconciles AFFO from NOI for the three months ended March 31, 2016 and 2015:

| | | Three months ended |
|---|---|---|
| | **March 31, 2016** | March 31, 2015 |
| **Net operating income** | **$ 11,774** | $ 7,126 |
| Add (deduct): | | |
| General and administrative | **(1,040)** | (593) |
| Finance lease payments received | **1,525** | — |
| Other earnings from equity accounted investments | **—** | (129) |
| Cash interest, net of disposition costs | **(3,932)** | (2,456) |
| Guaranteed income supplement | **238** | 154 |
| Normalized direct leasing and capital costs | **(1,227)** | (763) |
| **AFFO** | **$ 7,338** | $ 3,339 |

**DISTRIBUTIONS**

During the year, the REIT paid monthly distributions of $0.1875 per unit, or $0.75 per unit on an annualized basis. Distributions paid to unitholders are paid at the same rate to holders of the REIT's Class B LP units and are paid on or about the 15th day of the month following declaration.

The following table summarizes distributions made during the three months ended March 31, 2016 and 2015 to unitholders of the REIT and Class B LP unitholders:

| | **Three months ended March 31, 2016** | | | Three months ended March 31, 2015 | | |
|---|---|---|---|---|---|---|
| | **Trust units** | **Class B LP units** | **Total** | Trust units | Class B LP units | Total |
| Distributions declared | **$ 5,632** | **$ 991** | **$ 6,623** | $ 2,802 | $ 951 | $ 3,753 |
| Distributions reinvested in trust units | **335** | **—** | **335** | 117 | — | 117 |
| Distributions made in cash | **$ 5,297** | **$ 991** | **$ 6,288** | $ 2,685 | $ 951 | $ 3,636 |

The REIT has a distribution reinvestment plan (the "DRIP"), where eligible unitholders, which include holders of Class B LP units, that elect to participate in the DRIP will have their cash distributions used to purchase trust units of the REIT. The distributions declared during the three months ended March 31, 2016 resulted in 71,274 trust units issued under the DRIP. For the March 2016 distribution, approximately 1.4% of the trust units outstanding subscribed to the REIT's DRIP. To the extent unitholders participate in the DRIP additional cash will be retained by the REIT.

## AFFO PAYOUT RATIO

The AFFO payout ratio is a non-IFRS measure that provides a representation of the distributions made by the REIT compared to AFFO generated by the REIT. 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 units of the REIT and Class B LP units by AFFO during the period of measurement.

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 or increased over time.

For the three months ended March 31, 2016, the AFFO payout ratio was 90.3%, compared to the payout ratio of 89.7% for the three months ended December 31, 2015. The AFFO payout ratio has decreased significantly from the same period in 2015, with a payout ratio of 112.4%. The increase in the AFFO pay-out ratio from the fourth quarter of 2015 is primarily the result of the loss of earnings contribution from properties disposed on in December 2015, offset by decreased interest costs. The decrease from the same period in the prior year in pay-out ratio is mainly due to the overall growth of portfolio. Management believes that the now current distribution level is more appropriate to meet the REIT's objective to provide a high level of certainty over ongoing distributions. We expect that in the short-term the REIT's AFFO pay-out ratio will be approximately 90%, while our longer term target AFFO payout ratio is approximately 85%.

The table below illustrates the REIT's cash flow capacity, based on AFFO, in comparison to its cash distributions:

| | | | | | | Three months ended |
|---|---|---|---|---|---|---|
| | | **March 31, 2016** | | December 31, 2015 | | March 31, 2015 |
| AFFO | **$** | **7,338** | $ | 7,409 | $ | 3,339 |
| REIT unit and Class B LP distributions declared | | **6,623** | | 6,646 | | 3,753 |
| Excess (deficiency) of AFFO over distributions declared | | **715** | | 763 | | (414) |
| Cash retained from DRIP | | **335** | | 472 | | 117 |
| Excess (deficiency) of AFFO over cash distributions | **$** | **1,050** | $ | 1,235 | $ | (297) |
| AFFO payout ratio | | **90.3%** | | 89.7% | | 112.4% |
| AFFO payout ratio after DRIP (1) | | **85.7%** | | 83.3% | | 108.9% |

(1) Impact after DRIP represents actual DRIP levels during the period.

## SEGMENTED INFORMATION

The REIT has earnings from three geographic locations:

| | | | | | | | | | Three months ended |
|---|---|---|---|---|---|---|---|---|---|
| | | | **March 31, 2016** | | | December 31, 2015 | | | March 31, 2015 |
| | | **Total** | **Percentage (%)** | | Total | Percentage (%) | | Total | Percentage (%) |
| Atlantic | **$** | **6,084** | **51.7%** | $ | 5,999 | 48.8% | $ | — | —% |
| Ontario | | **4,336** | **36.8%** | | 4,328 | 35.0% | | 4,885 | 68.6% |
| Western | | **1,354** | **11.5%** | | 1,999 | 16.2% | | 2,241 | 31.4% |
| | **$** | **11,774** | **100.0%** | $ | 12,326 | 100.0% | $ | 7,126 | 100.0% |

### Atlantic

| | | | | | | Three months ended |
|---|---|---|---|---|---|---|
| ($000s unless otherwise noted) | | **March 31, 2016** | | December 31, 2015 | | March 31, 2015 |
| # of properties (period-end) | | **11** | | 11 | | — |
| Owned GLA (000s of sq. ft.) (period-end) | | **2,190** | | 2,190 | | — |
| Occupancy rate (%) (period-end) | | **87.4%** | | 88.2% | | — |
| Revenue from investment properties | **$** | **15,564** | $ | 16,610 | $ | — |
| Property operating expenses | | **(9,480)** | | (10,611 ) | | — |
| Net operating income | **$** | **6,084** | $ | 5,999 | $ | — |

NOI for the Atlantic properties has increased $0.1 million during the three months ended March 31, 2016 compared to the three months ended December 31, 2015. The increase in NOI is attributable to the incremental contribution from the 20% purchase of three properties in St. John's, NL, offset by a negative contribution to NOI from the REIT's hotel asset. There is no comparative NOI for the three months ended March 31, 2015 as the Atlantic Canadian portfolio was purchased on June 30, 2015.

**Ontario**

| ($000s unless otherwise noted) | | **March 31, 2016** | | December 31, 2015 | Three months ended<br>March 31, 2015 |
|---|---|---|---|---|---|
| # of properties (period-end) | | **11** | | 11 | 11 |
| Owned GLA (000s of sq. ft.) (period-end) | | **1,626** | | 1,626 | 1,626 |
| Occupancy rate (%) (period-end) | | **82.4%** | | 82.4% | 90.4% |
| Revenue from investment properties | **$** | **8,795** | $ | 9,190 | 9,433 |
| Property operating expenses | | **(4,459)** | | (4,862 ) | (4,548 ) |
| Net operating income | **$** | **4,336** | $ | 4,328 | 4,885 |

NOI for the three months ended March 31, 2016 was $4.3 million compared to NOI of $4.9 million for the three months ended March 31, 2015. Net operating income for the three months ended December 31, 2015 was $4.3 million. The NOI is comparative quarter over quarter and any changes are the result of changes in occupancy.

**Western**

| ($000s unless otherwise noted) | | **March 31, 2016** | | December 31, 2015 | | Three months ended<br>March 31, 2015 |
|---|---|---|---|---|---|---|
| # of properties (period-end) | | **12** | | 12 | | 18 |
| Owned GLA (000s of sq. ft.) (period-end) | | **621** | | 621 | | 1,133 |
| Occupancy rate (%) (period-end) | | **83.8%** | | 83.7% | | 93.9% |
| Revenue from investment properties | **$** | **2,717** | $ | 3,821 | $ | 4,147 |
| Property operating expenses | | **(1,363)** | | (1,822 ) | | (1,906 ) |
| Net operating income | **$** | **1,354** | $ | 1,999 | $ | 2,241 |
| Net operating income from Data Centre | | **1,525** | | 1,525 | | — |
| Net operating income including Data Centre | **$** | **2,879** | $ | 3,524 | $ | 2,241 |

NOI for the three months ended March 31, 2016 was $2.9 million including the net operating income from Data Centre which is accounted for as a finance lease and corresponding interest income is recorded below net operating income. The decrease in NOI from the three months ended December 31, 2015 of $0.6 million is attributable to the sale of the industrial portfolio in December 2015.

**REVENUE**

Revenue from investment properties includes rent from tenants under lease agreements, straight-line rental income, percentage rents, property taxes and operating cost recoveries, and other incidental income. The following is a summary of the components of revenue:

| | | **March 31, 2016** | | December 31, 2015 | | Three months ended<br>March 31, 2015 |
|---|---|---|---|---|---|---|
| Property base rent | **$** | **15,084** | $ | 15,949 | $ | 7,778 |
| Operating cost and tax recoveries | | **10,535** | | 11,589 | | 5,802 |
| Hotel | | **1,457** | | 2,082 | | — |
| Straight-line adjustments and other | | **493** | | 318 | | 502 |
| | **$** | **27,569** | $ | 29,938 | $ | 14,082 |

For the three months ended March 31, 2016, revenue from investment properties was $27.6 million compared to $14.1 million for the same period in 2015. The increase in revenue is as a result of overall portfolio growth, most notably, the acquisition of the portfolio and co-owned properties from Fortis Properties Corp. in June 2015. For the three months ended December 31, 2015, revenue from investment properties was $29.9 million. The decline in revenue for the three months ended March 31, 2016 compared to the three months ended December 31, 2015 was primarily as a result of the sale of the industrial and retail portfolio in December 2015 and a $0.6 million decline in hotel revenues.

**PROPERTY OPERATING EXPENSES**

Property operating expenses consist of property taxes, property management fees, and other expenses such as common area costs, utilities, and insurance. The majority of the REIT's property operating expenses are recoverable from tenants in accordance with the terms of the tenants' lease agreements. Operating cost recoveries are included in revenue from investment properties and amounted to $10.5 million for the three months ended March 31, 2016 compared to $5.8 million for the same periods in 2015 and $11.6 million for the three months ended December 31, 2015.

## GENERAL AND ADMINISTRATIVE

General and administration expenses are primarily comprised of asset management fees, professional fees, trustee fees, and other reporting fees.

For the three months ended March 31, 2016, general and administrative expenses increased by $0.4 million compared to the three months ended March 31, 2015. General and administrative expenses for the three months ended March 31, 2016 is marginally higher than the fourth quarter of 2015, due to the timing of expenses which decreased fourth quarter costs. The increase in expenses is attributable to overall portfolio growth, offset by the sale of the industrial and retail portfolios in December 2015.

## INTEREST AND FINANCE COSTS

Interest and finance costs are comprised of the following:

| | | | Three months ended |
|---|---|---|---|
| | **March 31, 2016** | December 31, 2015 | March 31, 2015 |
| Mortgage interest | **$ 2,125** | $ 2,701 | $ 2,621 |
| Interest on other debt | **1,822** | 1,730 | 53 |
| Interest on vendor take-back loan | **—** | — | 69 |
| Amortization of deferred transaction costs | **231** | 336 | 72 |
| Amortization of mark-to-market adjustment on mortgages | **25** | (69) | (55) |
| Mortgage discharge | **—** | 536 | — |
| | **$ 4,203** | $ 5,234 | $ 2,760 |

For the three months ended March 31, 2016, finance costs resulted in expenses of $4.2 million compared to $5.2 million in the prior quarter and finance costs were the $2.8 million for the three months ended March 31, 2015. The decline in interest expense for the three months ended March 31, 2016, when compared to the three months ended December 31, 2015, was as a result of decrease in the carrying value of debt due to the industrial portfolio sale in December 2015 and lower rates on certain floating rate debt.

## FINANCE INCOME ON FINANCE LEASE RECEIVABLE

The REIT has a 15 year lease with Manitoba Telecom Services Inc. for the Data Centre. The terms of the lease meet the requirements for classification as a finance lease because the minimum lease payments amount to at least substantially all of the fair value of the leased asset. As a result of this classification, a portion of revenue earned on the property is recorded as interest income on finance lease. Interest income recognized on the finance lease for the three months ended March 31, 2016 was $1.0 million.

The REIT makes certain non-IFRS adjustments for the contributions made by the Data Centre to its Core-FFO and AFFO to account for the difference between accounting under IFRS and the lease contributions under a cash basis. On a cash basis the Data Centre contributes approximately $6.0 million annually from lease payments.

## INCOME TAXES

The REIT is a mutual fund trust and real estate investment trust pursuant to the Income Tax Act (Canada). Under the Income Tax Act (Canada), so long as the REIT meets prescribed conditions relating to the nature of its assets and revenue (the “REIT Conditions”), the REIT is not liable to pay Canadian income taxes provided that its taxable income is fully distributed to unitholders during the period. Management intends to operate the REIT in a manner that enables the REIT to continue to meet the REIT Conditions and to distribute all of its taxable income to unitholders. Therefore, the REIT has not recognized any current or deferred income taxes in its consolidated financial statements.

**QUARTERLY INFORMATION**

The following is a summary of financial and operational information for the REIT for the eight most recently completed quarters:

| | **Q1 2016** | Q4 2015 | Q3 2015 | Q2 2015 | Q1 2015 | Q4 2014 | Q3 2014 | Q2 2014 |
|---|---|---|---|---|---|---|---|---|
| Revenue | **$ 27,569** | $ 29,939 | $ 29,133 | $ 14,390 | $ 14,082 | $ 8,917 | $ 7,991 | $ 7,972 |
| Operating costs | **(15,302)** | (17,295) | (14,808) | (6,387) | (6,454) | (4,165) | (3,148) | (3,045) |
| Less: Straight-line rent and other | **(493)** | (318) | (438) | (369) | (502) | (64) | (46) | (109) |
| Net operating income | **$ 11,774** | $ 12,326 | $ 13,887 | $ 7,634 | $ 7,126 | $ 4,688 | $ 4,797 | $ 4,818 |
| Net income (loss) and comprehensive income (loss) | **$ 3,621** | $ 13,201 | $ 4,830 | $ 10,480 | $ (1,230) | $ 435 | $ 4,652 | $ (1,872) |
| Weighted average diluted units (1) | **35,334** | 35,519 | 35,565 | 20,204 | 20,016 | 19,126 | 14,973 | 13,551 |
| Distributions (2) | **6,623** | 6,646 | 6,664 | 4,729 | 3,753 | 3,138 | 2,811 | 2,616 |
| Distributions per unit | **0.1875** | 0.1875 | 0.1875 | 0.1875 | 0.1875 | 0.1875 | 0.1875 | 0.1875 |
| FFO | **8,173** | 7,513 | 9,525 | 4,720 | 4,530 | 1,125 | 2,712 | 2,601 |
| FFO per unit - diluted | **0.23** | 0.21 | 0.27 | 0.24 | 0.23 | 0.06 | 0.18 | 0.19 |
| Core-FFO | **8,676** | 8,528 | 9,525 | 4,720 | 4,530 | 1,125 | 2,712 | 2,601 |
| Core-FFO per unit - diluted | **0.25** | 0.24 | 0.27 | 0.24 | 0.23 | 0.06 | 0.18 | 0.19 |
| AFFO | **7,338** | 7,409 | 8,293 | 3,685 | 3,339 | 1,971 | 2,411 | 2,245 |
| AFFO per unit - diluted | **0.21** | 0.21 | 0.23 | 0.18 | 0.17 | 0.10 | 0.16 | 0.17 |
| AFFO payout ratio | **90.3%** | 89.7% | 80.4% | 128.3% | 112.4% | 159.2% | 116.6% | 116.5% |
| Properties | **741,681** | 729,089 | 728,053 | 747,270 | 448,062 | 729,089 | 262,866 | 262,849 |
| Total assets | **817,233** | 812,995 | 813,571 | 801,946 | 476,293 | 476,670 | 289,500 | 289,107 |
| Total debt | **493,496** | 495,604 | 498,573 | 490,656 | 281,210 | 280,486 | 136,126 | 137,075 |
| LTV ratio | **60.5%** | 61.1% | 61.4% | 61.3% | 59.2% | 59.0% | 47.3% | 47.7% |
| Number of properties | **34** | 34 | 48 | 48 | 35 | 35 | 28 | 28 |
| Office GLA | **4,243,928** | 4,243,928 | 4,204,054 | 4,343,891 | 2,038,036 | 2,040,294 | 963,748 | 963,748 |
| Total GLA | **4,436,293** | 4,436,293 | 5,054,812 | 5,262,636 | 2,903,398 | 2,905,756 | 1,829,103 | 1,829,096 |
| Occupancy - excluding redevelopment | **89.4%** | 89.7% | 90.7% | 90.7% | 91.7% | 92.3% | 94.8% | 97.8% |
| Occupancy | **85.0%** | 85.4% | 89.2% | 90.0% | 91.7% | 92.3% | 94.8% | 97.8% |

(1) The weighted average number of basic units reflects the REIT units and includes the conversion of the Class B LP units and is shown in thousands.
(2) Includes distributions made to both unitholders of the REIT, DUP units and Class B LP unitholders.

# PART IV - FINANCIAL CONDITION

## LIQUIDITY AND CAPITAL RESOURCES

The principal liquidity needs of the REIT arise from working capital requirements, distributions to unitholders, planned funding of maintenance capital expenditures and leasing costs, and future property acquisitions.

Cash flows from operating the REIT's property portfolio, available funding under the REIT's credit facilities and cash on hand represent the primary sources of liquidity. Cash flows from operations are dependent upon rental occupancy levels, rental rates, the collection of rents, recoveries of operating costs and the level of operating costs.

## DEBT STRATEGY

The REIT's obligations with respect to debt repayments and funding requirements for future investment property acquisitions will be primarily funded by refinancing cash retained after distribution the REIT's maturing debt, financing unencumbered properties, or future issuances of trust units and debentures.

The REIT's overall borrowing objective is to obtain secured 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 achieve and maintain staggered debt maturities that reduce its exposure to interest rate fluctuations and re-financing risk in any particular period. The REIT also endeavors to have an appropriate amount of fixed rate debt and to extend loan terms when borrowing conditions are favourable.

**INDEBTEDNESS RATIO**

Indebtedness ratio is a non-IFRS measure calculated by the REIT. In accordance with the REIT's Declaration of Trust the REIT's indebtedness may not exceed 65% of the gross book value, which is defined by the Declaration of Trust as total assets less restricted cash. The REIT's indebtedness ratio at March 31, 2016 was 60.5% compared to 61.1% as at December 31, 2015. The change is primarily a result of property acquisitions being financed with borrowings at a leverage ratio greater than the REIT's pre-existing properties. Subject to market conditions and the growth of the REIT, management's target is to maintain total indebtedness at approximately 55%. 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, debt principal repayments would be funded by operating cash flows, additional draws under the REIT's revolving credit facility, financing of unencumbered income-producing properties or by issuances of equity or debt securities.

The REIT's indebtedness level is calculated as follows:

| | | **March 31, 2016** | | December 31, 2015 |
|---|---|---|---|---|
| Total assets | **$** | **817,233** | $ | 812,995 |
| Less: restricted cash | | **(1,403)** | | (1,403) |
| Gross book value | | **815,830** | | 811,592 |
| Debt | **$** | **493,496** | $ | 495,604 |
| Leverage ratio | | **60.5%** | | 61.1% |

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

**ADJUSTED EBITDA**

Adjusted EBITDA is a non-IFRS measure and is used by the REIT to monitor the REIT's ability to satisfy and service its debt as well as monitor requirements imposed by the REIT's lenders. Specifically, adjusted EBITDA is used to monitor the REIT's leverage ratio, interest coverage ratio and debt service ratio, which the REIT uses to measure its debt profile and assess its ability to satisfy its obligations, including servicing its debt. Management views adjusted EBITDA as a proxy for operating cash flow prior to interest costs. Adjusted EBITDA represents earnings before interest, income taxes, depreciation, fair value gains (losses) from both financial instruments and investment properties, while also excluding nonrecurring items such as transaction costs from dispositions, acquisitions or other events. Similar adjustments are made to the REIT's share of net income or loss from its equity accounted investment when calculating adjusted EBITDA.

The following is a calculation of adjusted EBITDA for the three months ended March 31, 2016 and 2015 and the three months ended December 31, 2015:

| | | | | | | Three months ended |
|---|---|---|---|---|---|---|
| | | **March 31, 2016** | | December 31, 2015 | | March 31, 2015 |
| Net income and comprehensive income | **$** | **3,621** | $ | 13,201 | $ | (1,230) |
| Fair value adjustment for equity accounted investment | | **—** | | — | | (1,319) |
| Finance income on finance lease receivable | | **(1,022)** | | (1,030) | | — |
| Net operating income from Data Centre | | **1,525** | | 1,475 | | — |
| Interest income | | **(15)** | | (21) | | (287) |
| Interest expense and other changes | | **4,203** | | 5,234 | | 2,760 |
| Fair value adjustments on investment property | | **(1,938)** | | (9,657) | | 2,127 |
| Fair value adjustments on financial instruments | | **811** | | (21) | | 1,748 |
| Fair value adjustments on Class B LP units | | **4,440** | | (712) | | 2,156 |
| Class B LP distributions | | **991** | | 992 | | 951 |
| Depreciation | | **136** | | 271 | | — |
| Acquisition and disposition costs | | **—** | | 3,412 | | — |
| **Adjusted EBITDA** | **$** | **12,752** | $ | 13,144 | $ | 6,906 |

## INTEREST COVERAGE

In addition to the REIT's level of indebtedness calculated in accordance with the REIT's Declaration of Trust, management also monitors certain financial measures, which include the (i) net debt to adjusted EBITDA leverage ratio, (ii) interest coverage ratio, and (iii) the debt service coverage ratio. All of these measures are non-IFRS measures.

### Net Debt to adjusted EBITDA leverage ratio

The net debt to adjusted EBITDA ratio is used to calculate the financial leverage of the REIT, specifically, its ability to meet financial obligations and to provide a measure of its balance sheet strength. The REIT calculates debt to adjusted EBITDA by dividing the aggregate amount of debt outstanding, less cash on hand, by annualized adjusted EBITDA. The net debt to adjusted EBITDA leverage ratio also indicates the number of years required for the REIT's unleveraged operating earnings (i.e. before depreciation, amortization, transaction costs, gains or losses, fair value adjustments, and taxes) to cover or repay all outstanding debts. The net debt to adjusted EBITDA ratio also takes into consideration the cash on hand to decrease debt.

The following is a calculation of adjusted EBITDA for the three months ended March 31, 2016 and 2015 and three months ended December 31, 2015:

| | | | | Three months ended |
|---|---|---|---|---|
| | | **March 31, 2016** | December 31, 2015 | March 31, 2015 |
| Debt, net | **$** | **493,496** | $ 495,604 | $ 281,210 |
| Adjusted EBITDA (1) | | **51,008** | 52,576 | 27,624 |
| Net debt to Adjusted EBITDA | | **9.7x** | 9.4x | 10.2x |

(1) Adjusted EBITDA for three months is based on three months adjusted EBITDA annualized.

### Interest coverage ratio

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 limit leverage.

The following is a calculation of adjusted EBITDA for the three months ended March 31, 2016 and 2015 and three months ended December 31, 2015:

| | | | | Three months ended |
|---|---|---|---|---|
| | | **March 31, 2016** | December 31, 2015 | March 31, 2015 |
| Adjusted EBITDA | **$** | **12,752** | $ 13,144 | $ 6,906 |
| Interest expense | | **3,947** | 4,431 | 2,743 |
| Interest coverage ratio | | **3.2x** | 3.0x | 2.5x |

### Debt service coverage ratio

The debt service coverage ratio is determined as adjusted EBITDA divided by the debt service requirements for the period, whereby the debt service requirements reflects principal repayments and interest expensed during the period. Payments related to defeasance, prepayment penalties, or payments upon discharge of a mortgage are excluded from the calculation. The debt service coverage ratio is a useful measure and is used by the REIT's management to monitors the REIT's ability to meet annual interest and principal payments.

The following is a calculation of adjusted EBITDA for the three months ended March 31, 2016 and 2015 and three months ended December 31, 2015:

| | | | | Three months ended |
|---|---|---|---|---|
| | | **March 31, 2016** | December 31, 2015 | March 31, 2015 |
| Adjusted EBITDA (1) | **$** | **12,752** | $ 13,144 | $ 6,906 |
| Interest expense | | **3,947** | 4,431 | 2,743 |
| Principal repayments | | **608** | 1,123 | 1,034 |
| Debt service requirements | **$** | **4,555** | $ 5,554 | $ 3,777 |
| Debt service coverage ratio | | **2.8x** | 2.4x | 1.8x |

(1) Adjusted EBITDA for three months is based on three months adjusted EBITDA annualized.

## DEBT REPAYMENT SCHEDULE

The following table outlines the REIT's annual principal payments and maturity schedule, together with the weighted average annual interest rates at March 31, 2016:

| | | Annual Principal Payments | | Principal Repayments on Maturity (1) | | Total | Percentage (%) | Weighted Average Contractual Interest Rate (%)(2) |
|---|---|---|---|---|---|---|---|---|
| Remainder of 2016 | $ | 2,541 | $ | 1,510 | $ | 4,051 | 0.8% | 4.1% |
| 2017(1) | | 3,462 | | 200,500 | | 203,962 | 41.2% | 3.0% |
| 2018 | | 3,538 | | 197,484 | | 201,022 | 40.6% | 2.9% |
| 2019 | | 3,665 | | 10,376 | | 14,041 | 2.8% | 4.4% |
| 2020 | | 3,429 | | — | | 3,429 | 0.7% | 0.0% |
| Thereafter | $ | 28,045 | $ | 41,707 | $ | 68,931 | 13.9% | 4.2% |

(1) Principal debt repayments of $144.0 million due in January 2017 were renewed subsequent to March 31, 2016 for an additional 5 year term to January 2021. Refer to note 24 of the REIT's interim condensed consolidated financial statement for further details.
(2) Includes payments under interest rate swaps.

## CONTRACTUAL OBLIGATIONS

The following is a summary of the REIT's contractual obligations over the next five years at March 31, 2016:

| | | Total contractual cash flow | | Remainder of 2016 | | 2017-2018(1) | | 2019-2020 | | Thereafter |
|---|---|---|---|---|---|---|---|---|---|---|
| Accounts payable and other liabilities | $ | 23,715 | $ | 23,715 | $ | — | $ | — | $ | — |
| Amortizing principal repayments on debt | | 44,680 | | 2,541 | | 7,000 | | 7,094 | | 28,045 |
| Principal repayments on maturity of debt (1) | | 451,577 | | 1,510 | | 397,984 | | 10,376 | | 41,707 |
| Interest on debt(2) | | 47,552 | | 11,661 | | 16,713 | | 6,575 | | 12,603 |
| Interest rate swaps(3) | | 4,488 | | 493 | | 1,294 | | 1,202 | | 1,499 |
| Security deposits | | 4,105 | | 1,221 | | 698 | | 669 | | 1,517 |
| **Total** | **$** | **576,117** | **$** | **41,141** | **$** | **423,689** | **$** | **25,916** | **$** | **85,371** |

(1) Principal debt repayments of $144.0 million due in January 2017 were renewed subsequent to March 31, 2016 for an additional 5 year term to January 2021. Refer to note 24 of the REIT's interim condensed consolidated financial statement for further details.
(2) Interest amounts on floating debt have been determined using floating rates at March 31, 2016.
(3) Interest rate swap obligations have been calculated as the difference between the pay-fixed rate and receive-float rate based on the March 31, 2016 floating rate.

## INTEREST RATE SWAPS

As at March 31, 2016, the REIT has interest rate swaps that entitle the REIT to receive interest at floating rates and pay interest at fixed rates. Interest rate swaps are measured at fair value with fair values calculated as the present value of contractual cash flows based on current forward curves.

On March 31, 2016 and December 31, 2015 the REIT had the following interest rate swap agreements:

| | | Notional amount | | Fair value | | | |
|---|---|---|---|---|---|---|---|
| **Maturity date** | **Fixed interest rate** | **March 31, 2016** | December 31, 2015 | | **March 31, 2016** | | December 31, 2015 |
| Aug. 14, 2023 | 4.60% | 21,653 | 21,790 | | **2,559** | | 2,163 |
| May 1, 2023 | 3.68% | 23,178 | 23,347 | | **1,405** | | 990 |
| | | | | **$** | **3,964** | $ | 3,153 |

The following is a reconciliation of the change in the balance of the interest rate swap liability during the three months ended March 31, 2016:

| | | **March 31, 2016** | | December 31, 2015 |
|---|---|---|---|---|
| Balance, beginning of period | **$** | **3,153** | $ | 2,239 |
| Extinguishment | | **—** | | (651) |
| Fair value changes | | **811** | | 1,565 |
| Balance, end of period | **$** | **3,964** | $ | 3,153 |

Changes in the fair value of the interest rate swaps is dependent on changes in the underlying swap curve which impacts the future expectation of net payments to be made by the REIT over the term to maturity.

## FINANCIAL CONDITION

The REIT's primary sources of capital are cash generated from operating, financing and investing activities. Management expects to meet all of the REIT's obligations through current cash and cash equivalents, cash flows from operations, the REIT's revolving credit facility, and refinancing of mortgages and equity.

The following table provides an overview of the REIT's cash flows from operating, financing and investing activities for the three months ended March 31, 2016 and 2015 and the three months ended December 31, 2015:

| | | | Three months ended |
|---|---|---|---|
| | **March 31, 2016** | December 31, 2015 | March 31, 2015 |
| Net change in cash related to: | | | |
| Operating | **$ 10,835** | $ 9,930 | $ 2,382 |
| Investing | **(9,794)** | 26,144 | (1,609) |
| Financing | **(7,633)** | (33,793) | (1,974) |
| Increase (decrease) in cash | **$ (6,592)** | $ 2,281 | $ (1,201) |

The decrease in net cash flow for the three months ended March 31, 2016 compared to the same period in 2015 and December 31, 2015 was the result of the following factors:

- Operating – cash flows for the three months ended March 31, 2016 increased when compared to the same period in 2015, mainly due the increase in non-cash working capital items. Net operating income increased significantly in the quarter when compared to the same quarter in 2015 attributable to growth in the portfolio. These increases are offset by distributions on Class B LP units distributions in cash, and interest paid on mortgage payable.
- Investing – cash outflows for the three months ended March 31, 2016 were primarily related to capital and direct leasing costs for investment properties of $6.1 million and $4.2 million respectively, offset by principal repayments on the finance lease at the Data Centre of $0.5 million.
- Financing – cash outflows for the three months ended March 31, 2016 related to distributions of $5.6 million and repayment of $1.5 million on the revolving operating facility with excess cash on hand.

## EQUITY

The REIT is authorized to issue an unlimited number of trust units. Each trust unit represents a proportionate undivided beneficial interest and voting right in the REIT and entitles the holder to an equal participation in distributions of the REIT. The trust units are redeemable at the option of the holder at any time. The trust units are traded on the TSX with a closing ask price of $7.05 as at March 31, 2016.

The REIT is also authorized to create and issue an unlimited number of preferred units, in one or more classes comprised of unlimited series, having terms and conditions as may be determined by the Board of Trustees from time to time. There were no preferred units created or issued during the period ended March 31, 2016.

As at March 31, 2016, the total number of trust units outstanding was 30,058,236. As at May 5, 2016, the total number of trust units outstanding was 30,061,793.

### Normal course issuer bid

On January 15, 2016, the REIT renewed its NCIB, whereby the REIT may purchase up to 2,334,509 trust units, subject to certain restrictions. The renewed NCIB expires on the earlier of January 25, 2017 and repurchase of the maximum number of trust units.

For the three months ended March 31, 2016, 50,813 trust units were purchased and subsequently canceled under the NCIB for a total cost, including transaction costs, of $0.4 million at an average price of $7.04 per unit. No new purchases have been made since renewing the NCIB.

### Potential trust units

| | **March 31, 2016** | December 31, 2015 |
|---|---|---|
| Class B LP units | **5,285,160** | 5,285,160 |
| Deferred units | **25,802** | 17,440 |
| | **5,310,962** | 5,302,600 |

The Class B LP units are exchangeable into trust units of the REIT on a one-for-one basis, subject to anti-dilution adjustments. Each Class B LP unit is accompanied by one special voting unit of the REIT providing the same voting rights in the REIT as the trust units of the REIT and is entitled to distributions of cash equal to the cash distributions paid to holders of trust units by the REIT. The Class B LP units are recognized in the REIT's consolidated financial statements as financial liabilities measured at fair value through profit and loss. Upon exchange into trust units of the REIT, the carrying amount of the liability representing the fair value of the Class B LP units on exchange date will be reclassified to unitholders' equity. During the three months ended March 31, 2016, there were no Class B LP units exchanged for the REIT's trust units.

**DEFERRED UNIT PLAN**

Effective May 26, 2015, the REIT adopted a Deferred Unit Plan ("DUP"). Trustees of the REIT who are neither full nor part-time employees of the REIT, Slate, or any of their subsidiaries, are eligible to participate in the DUP. Participants may elect to receive all or a portion of their annual retainer, meeting fees and additional compensation (including travel fees), in deferred units. One deferred unit, which vests immediately on the grant date, is equivalent to one trust unit. Additional deferred units accumulate at the same rate that distributions are paid on the trust units. The deferred units may be redeemed by a participant for a period of two years after the participant ceases to be a Trustee of the REIT in whole or in part for cash or trust units. The value of the deferred units when converted to cash will be equivalent to the market value of REIT units on the date of the redemption request.

The REIT measures deferred units as a liability at their fair value, which is equivalent to the fair value of trust units. Changes in the measurement of deferred units is recorded as a gain or loss.

As at March 31, 2016, the total number of deferred units outstanding was 25,802.

**RELATED PARTY TRANSACTIONS**

The REIT has a management agreement (the "Management Agreement") with SMC, a subsidiary of Slate, whereby SMC as the REIT's manager provides the REIT with the strategic, administrative, property management, leasing, acquisition and disposition, financing and construction management services necessary to manage the strategy and day-to-day operations of the REIT and its assets. Slate is also the manager of the REIT's three co-owned properties in St. John's, Newfoundland.

Slate directly and indirectly held the following interests in the REIT at March 31, 2016 and 2015:

| | **March 31, 2016** | March 31, 2015 |
|---|---|---|
| REIT units | **1,687,251** | 1,687,251 |
| Class B LP units | **5,285,160** | 5,073,818 |
| Total | **6,972,411** | 6,761,069 |
| Economic interest | **19.7%** | 33.8% |

Since becoming the manager of the REIT in late 2014, Slate has been the largest unitholder in the REIT. Accordingly, Slate is highly motivated to continue to grow the operations and financial position of the REIT on an accretive basis. The Management Agreement provides for the following fees:

| **Type** | **Basis** |
|---|---|
| Property management | 3% of revenues |
| Asset management | 0.3% of gross book value |
| Leasing | 5% on new leases, 2% on renewals (1) |
| Financing | 0.25% of debt placed |
| Construction | 5.0% of costs |
| Acquisition | Variable (2) |

(1) Leasing fees are charged to the REIT net of any third party brokerage fees paid to leasing agents retained by the REIT. No fee is charged to the REIT where such third party fees are equal to or greater than the lease fee payable to SMC.
(2) Acquisition fees are 1.0% on the first $100 million of acquisitions; 0.75% on the next $100MM of acquisitions and 0.50% for acquisitions in excess of $200 million.

For the three months and year ended March 31, 2016 and 2015 the REIT incurred the following fees under the Management Agreement:

| | Three months ended | |
|---|---|---|
| | **March 31, 2016** | March 31, 2015 |
| Property management | **$ 803** | $ 388 |
| Asset management | **614** | 356 |
| Leasing, financing, and construction management | **557** | 727 |
| Acquisition | **—** | 93 |
| | **$ 1,974** | $ 1,564 |

Property administration fees are allowable under the tenants' leases relating to assets or resources of the Manager that are directly attributable to the management of the REIT's properties. For the three months ended March 31, 2016, property administration fees were $1.3 million, compared to $0.7 million for the same period in 2015. These fees are recovered from the tenants by the REIT and payable by the REIT to the Manager under the terms of the Management Agreement.

Assets and liabilities included in the consolidated statement of financial position of the REIT related to SMC and Slate at three months ended March 31, 2016 and December 31, 2015:

| | | **March 31, 2016** | | December 31, 2015 |
|---|---|---|---|---|
| Accounts receivable | **$** | **805** | $ | 1,424 |
| Accounts payable and accrued liabilities | | **355** | | 2,748 |
| Class B LP units | | **41,700** | | 37,260 |

On December 17, 2014, the REIT completed the acquisition of the suburban office properties, with the approval of the unitholders of the REIT, from an entity controlled by Slate. On October 1, 2015, the REIT acquired 2251 Speakman Drive from Slate.

SMC has provided a guarantee on a mortgage with an aggregate principal balance of $1.6 million at March 31, 2016 (December 31, 2015 – $1.6 million).

## PART V - ACCOUNTING AND CONTROL

### CRITCIAL 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 investment properties based upon either 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 investment 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 investment properties taken in aggregate may differ from the fair value of investment 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 net operating income and applies a capitalization rate to that income to estimate fair value. Stabilized net operating income 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' net operating incomes over their sale price. 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.

*Discounted cash flow method*

Under the discounted cash flow method, fair values are primarily determined by discounting the expected future cash flows, generally over a term of 10 years, including a terminal value based on the application of a capitalization rate to estimated year 11 net operating income. Capitalization and discount rates are the most significant assumption in determining fair value. The REIT uses leasing history, market reports, tenant profiles and available appraisals, among other things, in determining the most appropriate assumptions.

*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 March 31, 2016 is included on page 7 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. Further, these changes can occur at different times and magnitudes for each of the REIT's Western, Ontario and Atlantic regions based on the investment environments in each of their respective markets.

## NEW ACCOUNTING POLICIES

The REIT adopted the following new accounting policy beginning on January 1, 2016:

IAS 1*, Presentation of Financial Statements* ("IAS 1")

IAS 1 was amended to clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and disclosure of accounting policies. The amendment to IAS 1 are effective for annual periods beginning on or after January 1, 2016.

The amendments include the following guidance:

i. the entity shall not aggregate or disaggregate information applicable to each of the primary financial statements, the notes and each specific disclosures required by IFRSs in a manner that obscures useful information;

ii. specific line items in the primary financial statements can be disaggregated;

iii. the entity has flexibility in the order of the notes to the financial statements; and

iv. an entity's share of other comprehensive income from equity accounted associates and joint ventures will be presented in aggregate, classified between amounts that will and will not be reclassified to profit and loss.

Amendments to IFRS 11, *Joint Arrangements* ("IFRS 11")

The amendments to IFRS 11 require business combination accounting to be applied to acquisitions of interests in a joint operation that constitute a business. The amendments apply prospectively for annual periods beginning on or after January 1, 2016.

These amendments did not have a material impact on the REIT's consolidated financial statements.

## FUTURE ACCOUNTING POLICIES

The IASB has issued the following new standards that will be relevant to the REIT in preparing its consolidated financial statements in future periods:

IFRS 9, *Financial Instruments* ("IFRS 9")

IFRS 9, which replaces IAS 39 *Financial Instruments: Recognition and Measurement*, establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their cash flows. In addition, under IFRS 9 for financial liabilities measured at fair value, changes in fair value attributable to changes in credit risk will be recognized in other comprehensive income, with the remainder of the changes recognized in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, the entire change in fair value will be recognized in profit or loss. This new standard is effective for annual periods beginning on or after January 1, 2018. The extent of the impact of adoption of the amendments has not yet been determined.

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

IFRS 15 provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standard on leases, insurance contracts and financial instruments. The new standards includes a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. IFRS 15 becomes effective for annual periods beginning on or after January 1, 2018, and is to be applied retrospectively. Early adoption is permitted. The extent of the impact of adoption of the amendments has not yet been determined.

IFRS 16, *Leases* ("IFRS 16")

This standard 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 asset and a lease liability representing its obligation to make lease payments. This standard substantially carries forward the lessor accounting requirements of IAS 17, *Leases*, 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 new standard is effective for annual periods beginning on or after January 1, 2019, which is when the REIT intends to adopt IFRS 16 in its financial statements. The extent of the impact of adoption of the standard has not yet been determined.

For each of the above changes in accounting policy the REIT expects to adopt such changes at the time of their required adoption. The REIT continues to assess the impact of the changes in accounting policy on its consolidated financial statements, however, there is currently no identified impact on the REIT's business.

## DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

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 adopted 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 period ended March 31, 2016.

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 three month period ended March 31, 2016, 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 TABLE

A summary of details of the REIT's property portfolio as at March 31, 2016 is set out in the table below.

| Asset Class | Property Address | Property Name | City, Province | Year Built / Renovated / Expanded | Interest | Sq ft.of GLA | Occupancy |
|---|---|---|---|---|---|---|---|
| **Office - Income Producing** | | | | | | | |
| | 1870 Albert Street | Saskatchewan Place | Regina, SK | 1985 | 100% | 84,243 | 67.1 % |
| | 280 Broadway Avenue (1) | | Winnipeg, MB | 1957 | 100% | 112,642 | 99.0 % |
| | 114 Garry Street | | Winnipeg, MB | 1950 / 2016 | 100% | 74,248 | 100.0 % |
| | 895 Waverley Street | | Winnipeg, MB | 1991 | 100% | 34,364 | 100.0 % |
| | 1000 Waverley Street | | Winnipeg, MB | 1966 / 1998 | 100% | 58,668 | 91.3 % |
| | MTS Data Centre | MTS Data Centre | Winnipeg, MB | 2015 | 100% | 64,000 | 100.0 % |
| | 4211 Yonge Street | | Toronto, ON | 1982 | 100% | 170,972 | 97.2 % |
| | 1189 Colonel Sam Drive | | Oshawa, ON | 2001 | 100% | 103,179 | 100.0 % |
| | 2655 – 2695 North Sheridan Way | The Promontory | Mississauga, ON | 1987 / 1989 | 100% | 159,752 | 99.3 % |
| | 7030, 7050, 7100 Woodbine Avenue & 55, 85 Idema Road | Woodbine Complex | Markham, ON | 1984 / 2011 | 100% | 359,833 | 89.2 % |
| | 135 Queens Plate | | Toronto, ON | 1989 / 2012 | 100% | 93,581 | 82.3 % |
| | 1 Eva Road | | Toronto, ON | 1978 / 2011 | 100% | 91,068 | 72.9 % |
| | 2400 – 2430 Meadowpine Boulevard | | Mississauga, ON | 1990 | 100% | 59,095 | 75.9 % |
| | 5395 – 5409 Eglinton Avenue West | Centennial Centre | Toronto, ON | 1985 | 100% | 235,299 | 76.4 % |
| | 2285 Speakman Drive | | Mississauga, ON | 1981 | 100% | 126,270 | 100.0 % |
| | 2599 Speakman Drive | | Mississauga, ON | 1971 / 2011 | 100% | 111,461 | 86.1 % |
| | 644 Main Street | Blue Cross Centre | Moncton, NB | 1988 / 2006 | 100% | 320,818 | 98.2 % |
| | 39 King Street (2) | Brunswick Square | Saint John, NB | 1976 | 100% | 507,804 | 85.3 % |
| | 440 King Street | King's Place | Fredericton, NB | 1974 / 2001 | 100% | 292,022 | 81.9 % |
| | 1505 Barrington Street | Maritime Center | Halifax, NS | 1977 / 1985 | 100% | 547,014 | 94.9 % |
| | 100 New Gower Street | Cabot Place | St. John's, NL | 1987 | 30% | 40,390 | 99.1 % |
| | 10 Factory Lane | Fort William Building | St. John's, NL | 1980 | 100% | 188,170 | 100.0 % |
| | 5 Springdale Street | Fortis Place | St. John's, NL | 2014 | 30% | 42,831 | 100.0 % |
| | 4 Herald Avenue | Fortis Tower | Corner Brook, NL | 2014 | 100% | 67,203 | 92.4 % |
| | 140 Water Street | TD Place | St. John's, NL | 1980 / 2013 | 30% | 29,230 | 89.7 % |
| **Office - Redevelopment** | | | | | | | |
| | 173 Water Street | Water Street Properties | St. John's, NL | Various | 100% | 71,541 | 42.6 % |
| | 2251 Speakman Drive | | Mississauga, ON | 1965 / 2016 | 100% | 115,582 | 0.0 % |
| | 139 Water Street | Fortis Building | St. John's, NL | 1968 / 1994 | 100% | 82,648 | 22.5 % |
| | | | | | | **4,243,928** | **86.0 %** |
| **Industrial** | | | | | | | |
| | 35 Martin Way | | Brooks, AB | 2005 | 100% | 28,400 | 0.0 % |
| | 5404 36th Street SE | Doka Building | Calgary, AB | 1980 | 100% | 36,000 | 100.0 % |
| | 7001 96th Street | | Grande Prairie, AB | 2005 | 100% | 33,280 | 0.0 % |
| | | | | | | **97,680** | **36.9 %** |
| **Retail** | | | | | | | |
| | 125 – 185 First Street | | Cochrane, AB | 1998 | 100% | 15,771 | 70.6 % |
| | 200 Manitoba 10 | Flin Flon Wal-Mart | Flin Flon, MB | 2002 | 100% | 63,439 | 100.0 % |
| | 307 – 311 Airport Road | Airport Road Shopping Centre | Yellowknife, NWT | 2001 / 2003 | 100% | 15,475 | 100.0 % |
| | | | | | | **94,685** | **95.1 %** |
| **Total - Total Portfolio** | | | | | | **4,436,293** | **85.0 %** |
| **Total - Excluding Office Redevelopment** | | | | | | **4,166,522** | **89.4 %** |

(1) Includes a seven-storey office building at 280 Broadway Avenue, a three-storey multi-family residential building located at 70 Smith Street and two parking lots located at 286 Broadway Avenue and 68 Smith Street; excludes occupancy from residential tenants at 70 Smith Street.
(2) Includes Delta Brunswick Hotel.

## CORPORATE INFORMATION

Slate Office 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 Canada with an emphasis on office properties. The REIT has a current portfolio that spans 4.4 million square feet of GLA and consists of 34 properties located across Canada.

**Head office**

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**Independent auditors**

KPMG LLP
Chartered Professional Accountants
Winnipeg, Canada

**Stock exchange listing and symbol**

The REIT's units are listed on the Toronto Stock Exchange and trade under the symbol SOT.UN

**Registrar and transfer agent**

Computershare Investor Services Inc.
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The REIT's website **www.slateam.com/reits/office/** 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