



**Office  
REIT**

**SLATE OFFICE REIT**

**ANNUAL INFORMATION FORM**

For the Year Ended December 31, 2020

Dated February 24, 2021

## TABLE OF CONTENTS

INFORMATION .....	1
FORWARD-LOOKING STATEMENTS.....	1
NON-IFRS MEASURES.....	2
ORGANIZATIONAL STRUCTURE .....	2
GENERAL DEVELOPMENT OF THE BUSINESS .....	3
BUSINESS OF THE REIT.....	7
Overview.....	7
Manager.....	7
Strategy and Objective .....	7
Competitive Conditions for Real Property Investments.....	8
Environmental Risk Management.....	8
PROPERTIES OF THE REIT.....	9
Overview.....	9
Geographic Diversification.....	11
Occupancy and Leasing .....	12
Ten Largest Tenants .....	13
DESCRIPTION OF THE PROPERTIES .....	13
Office Properties .....	13
Retail Properties .....	18
MATERIAL SUBSIDIARIES .....	19
Office I LP and Office II LP .....	19
Partnership Units .....	19
Slate Office US .....	19
RISK FACTORS.....	19
Risk Factors Related to the Real Estate Industry.....	20
Risk Factors Related to the Business of the REIT .....	22
Risk Factors Related to the Units .....	29
Risk Factors Related to Canadian Tax Matters.....	31
Risk Factors Related to U.S. Tax Matters .....	34
MARKET FOR SECURITIES .....	35
ESCROWED SECURITIES .....	35
DISTRIBUTION POLICY AND HISTORY .....	35
General .....	35
Distribution Reinvestment Plan .....	36
Distribution History.....	37
CAPITAL STRUCTURE .....	37
Authorized Capital and Outstanding Securities .....	37
Units.....	37
Special Voting Units .....	37
Preferred Units.....	38
Rights of Unitholders .....	38
Debentures .....	38

ARRANGEMENTS WITH THE MANAGER AND SLATE .....	39
Overview .....	39
Exchange Agreement .....	39
ROFO Agreement.....	40
BORROWING AND CREDIT FACILITIES.....	41
Overview .....	41
Revolving Credit Facility .....	41
Outstanding Mortgages .....	42
DECLARATION OF TRUST.....	42
General .....	42
Meetings of Unitholders.....	43
Advance Notice Provision.....	43
Amendments to Declaration of Trust.....	44
Redemption Right .....	46
Purchase of Units by the REIT .....	47
Take-Over Bids.....	48
Issuance of Units .....	48
Transfer and Exchange of Units.....	48
Limitation on Non-Resident Ownership.....	49
Information and Reports .....	49
Investment Guidelines .....	49
Operating Policies.....	51
Amendments to Investment Guidelines and Operating Policies .....	53
MANAGEMENT OF THE REIT .....	53
Slate and the Manager .....	53
Management Agreement .....	53
Term and Termination .....	55
Management Restrictions.....	56
Non-Solicitation.....	56
TRUSTEES AND EXECUTIVE OFFICERS OF THE REIT .....	57
Board of Trustees .....	57
Trustee Information .....	59
Audit Committee .....	62
Audit Fees, Audit Related Fees, Tax Services and All Other Fees.....	62
Investment Committee.....	62
Compensation, Governance and Nominating Committee .....	63
CONFLICTS OF INTEREST .....	63
LEGAL PROCEEDINGS AND REGULATORY ACTIONS .....	64
INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS .....	64
INTERESTS OF EXPERTS .....	64
MATERIAL CONTRACTS.....	64
TRANSFER AGENTS AND REGISTRARS.....	65
ADDITIONAL INFORMATION .....	65
GLOSSARY .....	66

APPENDIX A - AUDIT COMMITTEE CHARTER ..... 1

## INFORMATION

In this annual information form (“**Annual Information Form**”), references to Slate Office REIT (the “**REIT**”) include its subsidiaries and all prior names as required by the context. All dollar amounts are expressed in Canadian dollars unless otherwise indicated. All capitalized terms used in this Annual Information Form but not otherwise defined herein have the meanings set forth in the “*Glossary*”. Information contained in this Annual Information Form is given as at December 31, 2020 unless otherwise specifically stated.

### FORWARD-LOOKING STATEMENTS

Certain information in this Annual Information Form 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”, “seek”, “goals”, “strategy”, “future”, “likely” and similar expressions or statements relating to matters that are not historical facts constitute forward-looking statements. Some of the specific forward-looking statements contained herein include, but are not limited to, statements relating to the impact of the COVID-19 pandemic.

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 this 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.

This is not an exhaustive list of the factors that may affect the REIT’s forward-looking statements and information. Other risks and uncertainties not presently known to the REIT could also cause actual results or events to differ materially from those expressed in its forward-looking statements. Additional risks and uncertainties are discussed in the REIT’s materials filed with the Canadian securities regulatory authorities from time to time.

Forward-looking statements included in this Annual Information Form are made as at December 31, 2020 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 Annual Information Form, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities laws. Certain statements included in this Annual Information Form may be considered “financial outlook” for purposes of applicable securities laws, and such financial outlook may not be appropriate for purposes other than this Annual Information Form. Investors are cautioned against placing undue reliance on forward-looking statements.

## NON-IFRS MEASURES

We disclose a number of financial measures in this Annual Information Form that are not measures used under International Financial Reporting Standards ("**IFRS**"), including net operating income ("**NOI**"), funds from operations ("**FFO**"), adjusted funds from operations ("**AFFO**"), and adjusted funds from operations pay-out ratio ("**AFFO pay-out ratio**"), in addition to certain of these measures on a fully-diluted 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 the Management's Discussion and Analysis ("**MD&A**") of the REIT for the most recently completed financial year. 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 the MD&A.

"**FFO**" is a non-IFRS measure for evaluating real estate operating performance. The REIT calculates FFO in accordance with the definition provided by the Real Property Association of Canada in its White Paper on Funds From Operations, as revised in February 2019.

"**AFFO**" is a non-IFRS measure that is used by management of the REIT, certain of the real estate industry and investors to measure the cash flows generated from operations including certain capital costs, leasing costs, tenant improvements and the impact of non-cash revenue. It is a meaningful measure used to evaluate the extent of cash available for distribution to Unitholders. The REIT's use and calculation of AFFO may be different than the use or as disclosed by other businesses, and as a result, may not be comparable to similar measures presented by others. In calculating AFFO, the REIT makes adjustments to FFO for certain items, including: (i) guaranteed income supplements; (ii) amortization of deferred transaction costs; (iii) de-recognition and amortization of mark-to-market adjustments on mortgages refinanced or discharged; (iv) adjustments for interest rate subsidies received; (v) recognition of the REIT's share of lease payments received for its Bell MTS Data Centre asset, which for IFRS purposes is accounted for as a finance lease; (vi) amortization of straight-line rent; and (vii) normalized direct leasing and capital costs. The method applied by the REIT to calculate AFFO differs from the definition of AFFO as defined by the Real Property Association of Canada in its White Paper on Funds From Operations, as revised in February 2019.

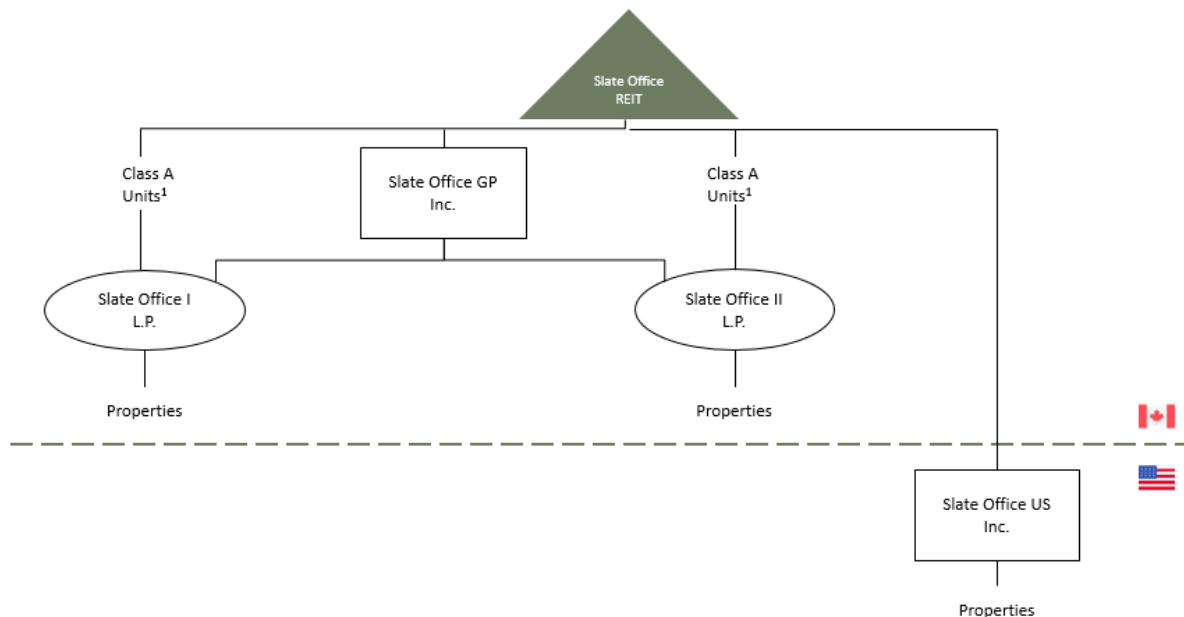
"**NOI**" is a non-IFRS measure and is defined by the REIT as rental revenue: (i) excluding non-cash straight-line rent and leasing costs amortized to revenue, (ii) less property operating costs prior to IFRIC 21, *Levies* adjustments. Rental revenue for purposes of measuring NOI excludes revenue recorded 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.

## ORGANIZATIONAL STRUCTURE

The REIT is an unincorporated open-end limited purpose real estate investment trust established pursuant to the Declaration of Trust under and governed by the laws of the Province of Ontario. The REIT focuses on acquiring, holding, developing, maintaining, improving, leasing, managing or otherwise dealing with office properties in North America. The REIT is positioned as a pure play office platform that focuses on future growth on high quality assets, including downtown and suburban office properties in geographically diversified markets in Canada and the United States of America (the "**U.S.**"). The REIT intends to divest its three remaining retail and industrial portfolios in a disciplined and orderly fashion to maximize Unitholder value.

The head and registered office of the REIT is located at 121 King Street West, Suite 200, Toronto, Ontario M5H 3T9.

Each of the REIT's properties are held indirectly by the REIT. The following diagram illustrates the simplified structure of the REIT as of the date of this Annual Information Form:



<sup>1</sup>Manager directly holds all of the Class B LP Units in each of Office I LP and Office II L.P. Each Class B LP Unit is accompanied by one Special Voting Unit which provides Manager with a right to vote on matters respecting the REIT that is proportionate to its indirect ownership in the REIT.

## GENERAL DEVELOPMENT OF THE BUSINESS

### History

#### Acquisitions

##### Seven Asset Portfolio Acquisition

On March 27, 2018 the REIT acquired seven properties located in the Greater Toronto Area and Atlantic Canada for an aggregate purchase price of approximately \$191.4 million (the "**Seven Asset Portfolio Acquisition**") representing \$192 per square foot. The Seven Asset Portfolio Acquisition properties were part of a portfolio of real estate assets sold by Cominar Real Estate Investment Trust ("**Cominar**") and which were the subject of a sale contract among Slate Acquisitions Inc. (on behalf of Slate Canadian Real Estate Opportunity Fund I ("**SCREO**") and Cominar. The purchase price was partially satisfied from the proceeds of the sale of subscription receipts of the REIT in connection with the January 2018 Offering (as defined below). Details on the properties (at the time of acquisition) are included below:

Asset	Location	GLA (square feet)	Occupancy
81 Albert Street	Moncton, NB	64,954	100%
84-86 Chain Lake Drive	Halifax, NS	77,666	97%
570 Queen Street	Fredericton, NB	69,708	87%
225 Duncan Mill Road	Toronto, ON	155,872	89%
105 Moatfield	Toronto, ON	248,981	100%
95 Moatfield	Toronto, ON	156,426	100%
5500 North Service Road	Burlington, ON	221,484	80%
<b>Total/weighted average</b>		<b>995,091</b>	<b>93%</b>

Pursuant to *Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”), the Seven Asset Portfolio Acquisition was considered a “related party transaction” for the REIT by virtue of the relationship between the REIT and SCREO, and as such, the REIT obtained minority Unitholder approval in respect of the transaction at a special meeting called for such purpose (the “**Unitholder Meeting**”).

The Board of Trustees appointed a “Special Committee” of Independent Trustees for the purposes of, among other things, considering the transaction, supervising the process to be carried out by the REIT and its professional advisors in connection with the transaction, determining whether the transaction was in the best interests of the REIT and, as the Special Committee may determine to be necessary or advisable, report and make recommendations to the Board with respect to the transaction. The Special Committee retained Blair Franklin Capital Partners (“**Blair Franklin**”) to prepare independent appraisals of each of the properties to be acquired by the REIT. The Special Committee advised the Board that, based on a number of factors, including the review of Blair Franklin’s formal valuation and fairness opinion, the Seven Asset Portfolio Acquisition was in the best interests of the REIT. As a result, the Special Committee unanimously recommended to the Board that it recommend that Unitholders vote in favour of the transaction at the Unitholder Meeting. Following receipt of the unanimous recommendation by the Special Committee, the Board (with interested Trustees abstaining) unanimously approved the Seven Asset Portfolio Acquisition and unanimously resolved to recommend to Unitholders that they vote in favour of the transaction at the Unitholder Meeting. On February 26, 2018, the REIT announced that Institutional Shareholder Services and Glass Lewis, two pre-eminent proxy advisory firms, each recommended that Unitholders vote in favour of the transaction. On March 8, 2018, the REIT announced that the Seven Asset Portfolio Acquisition was approved by the Unitholders at the Unitholder Meeting.

#### South Clark Acquisition

On February 1, 2018, the REIT closed the acquisition of 20 South Clark Street, located in downtown Chicago, Illinois (“**South Clark**”) for a price of US\$85.6 million. South Clark is a 31-storey, downtown office building in Chicago’s Central Loop submarket, that is 85% occupied, with 381,607 square feet of GLA. The REIT owns South Clark indirectly through its U.S. subsidiary Slate Office US Inc. (“**Slate Office US**”).

#### 120 South LaSalle Acquisition

On August 30, 2018, the REIT closed the acquisition of its second U.S. asset, 120 South LaSalle Street, located in downtown Chicago, Illinois (“**South LaSalle**”) for a price of US\$155.5 million. South LaSalle is a 656,264 square foot, 23-storey, office building located in the Central Loop of Chicago. The building has an occupancy of 84.5% and is anchored by CIBC (AA credit), which occupies 45% of the GLA for its U.S. corporate headquarters. The REIT owns South LaSalle indirectly through Slate Office US.



### *Other Acquisitions*

Since inception, the REIT has continuously added to its portfolio of properties. For more information about the investment properties acquired by the REIT, see “*Properties of the REIT*”.

### *Dispositions*

#### 2018 Dispositions

In the first quarter of 2018, the REIT initiated its capital recycling program in order to repay outstanding debt and provide liquidity to source new acquisitions. Over the course of the year, six properties were disposed for aggregate gross proceeds of \$79.1 million. The assets that were disposed included: (i) 35 Martin Way, Brooks, Alberta, an industrial asset which sold for \$1.0 million on January 15, 2018; (ii) 135 Queens Plate Drive, Etobicoke, Ontario, a six-storey office building located near Pearson International Airport which sold for \$16.7 million on July 12, 2018; (iii) 139 Water Street and the Water Street Properties, St. John’s, Newfoundland, two office buildings with low occupancy which sold for a combined \$17.3 million on September 28, 2018; (iv) Centennial Centre, Toronto, Ontario, a boutique office complex which sold for \$35.0 million on December 10, 2018; and (v) Meadowpine Corporate Centre, Mississauga, Ontario, a four two-storey building office complex which sold for \$9.1 million also on December 10, 2018.

#### Wafra Joint Venture Arrangement

On April 12, 2019, the REIT completed its sale of a 25% interest in six office properties located in the Greater Toronto Area to an investment fund advised by Wafra Inc., a sophisticated global private equity and alternative asset investor. The sale price for the 25% interest was \$131.8 million, implying a 100% value of \$527.2 million or \$269 per square foot. On closing, the REIT repaid approximately \$70 million in debt, including the short-term bridge financing related to the acquisition of South LaSalle. In conjunction with the sale, the REIT received incremental debt on five of the six properties, resulting in \$31.5 million of additional proceeds to the REIT at its share and extends the maturities by 1.5 years.

#### 2019 Dispositions

During 2019, the REIT continued its capital recycling program. Over the course of the year, the REIT disposed of (i) 895 Waverley Street and 1000 Waverley Street in Winnipeg, Manitoba for a combined sale price of \$21.3 million on June 27, 2019; (ii) 225 Duncan Mill Road in Toronto, Ontario for a sale price of \$27.3 million on July 4, 2019; and (iii) 5500 North Service Road in Burlington, Ontario for a sale price of \$52.2 million on November 5, 2019.

#### 2020 Dispositions

During 2020, the REIT disposed of (i) 4211 Yonge Street in Toronto, Ontario for a sale price of \$63 million on January 22, 2020. The REIT owned a 75% interest in this property, the sale price for its interest was \$47.3 million (ii) 307-311 Old Airport Road in Yellowknife, Northwest Territories for \$6.2 million on October 12, 2020; and (iii) 5404 36<sup>th</sup> Street SE in Calgary, Alberta for \$2.8 million on December 22, 2020.

### *Offerings*

As of the date of this Annual Information Form, the REIT has successfully raised over \$500.0 million in capital through equity issuances since the completion of its initial public offering on December 28, 2012 (the “**IPO**”). Proceeds have been used to acquire new properties, reduce debt and fund redevelopment projects for existing properties.

In January 2018, the REIT completed a public offering of 12,778,800 subscription receipts at price of \$8.10 per subscription receipt for gross proceeds of approximately \$103.5 million (which includes proceeds from the full exercise of an over-allotment option to purchase additional subscription receipts), and \$28.75 million of 5.25% convertible unsecured subordinated debentures of the REIT (the “**Debentures**”) (which includes

proceeds from the full exercise of an over-allotment option to purchase additional Debentures) (collectively, the “**January 2018 Offering**”). The January 2018 Offering was conducted on a bought deal basis by a syndicate of underwriters co-led by BMO Nesbitt Burns Inc. and National Bank Financial Inc., and included CIBC World Markets Inc., TD Securities Inc., GMP Securities L.P., Raymond James Ltd., RBC Dominion Securities Inc., Scotia Capital Inc., Industrial Alliance Securities Inc., Canaccord Genuity Corp. and Echelon Wealth Partners Inc. (the “**January 2018 Underwriters**”). The REIT and the January 2018 Underwriters entered into an underwriting agreement dated January 19, 2018 in connection with the January 2018 Offering (the “**January 2018 Underwriting Agreement**”). The REIT used the net proceeds from the sale of the subscription receipts to finance, in part, the purchase price for the REIT’s announced Seven Asset Portfolio Acquisition and related expenses, to reduce outstanding indebtedness under the revolving credit facility and for general trust purposes. The REIT used the net proceeds from the sale of the Debentures to reduce outstanding indebtedness under the revolving credit facility and for general trust purposes.

The REIT filed a short form base shelf prospectus dated January 24, 2019 qualifying the issuance of up to \$750,000,000 of Units, debt securities or subscription receipts.

#### *Normal Course Issuer Bid*

On May 11, 2018, the REIT announced that the TSX had accepted its notice to make a normal course issuer bid for a portion of Units (the “**2018 NCIB**”). As of April 30, 2018, 69,761,481 Units were outstanding. Pursuant to the 2018 NCIB, the REIT could purchase for cancellation up to a maximum of 6,785,339 Units, or approximately 10% of the public float, over the 12-month period commencing May 15, 2018 and ended on May 14, 2019. In 2019, 1,171,457 Units were repurchased pursuant to the 2018 NCIB.

On May 13, 2019, the REIT announced that it had received approval from the TSX to renew its existing normal course issuer bid (the “**2019 NCIB**”). As of May 1, 2019, 69,048,593 Units were outstanding. Pursuant to the 2019 NCIB, the REIT could purchase for cancellation up to a maximum of 6,703,824 Units, or approximately 10% of the public float, over the 12-month period commencing May 15, 2019 and ending on May 14, 2020. In 2019, 961,220 Units were repurchased pursuant to the 2019 NCIB.

On May 15, 2020, the REIT announced that it had received approval from the TSX to renew its existing normal course issuer bid (the “**2020 NCIB**”). As of May 1, 2020, 67,765,409 Units were outstanding. Pursuant to the 2020 NCIB, the REIT may purchase for cancellation up to a maximum of 6,579,147 Units, or approximately 10% of the public float, over the 12-month period commencing May 20, 2020 and ending on May 19, 2021. In 2020, 113,000 units were repurchased pursuant to the 2020 NCIB.

#### *Appointment of Executive Officer*

On June 3, 2020, the REIT announced the appointment of Steve Hodgson as the REIT’s Chief Executive Officer. Mr. Hodgson replaced Mr. Scott Antoniak who will continue as a member of the senior leadership team of Slate.

On December 15, 2020, the REIT announced the appointment of Lindsay Stiles as the REIT’s Chief Operating Officer effective January 1, 2021.

For more information about the current Executive Officers of the REIT, see “*Trustees and Executive Officers of the REIT – Executive Officer Information*”.

#### *Appointment of Trustees*

On January 3, 2018, Monty Baker was appointed as a Trustee.

On May 3, 2019, Meredith Michetti was elected as a Trustee.

Pam Spackman retired from the Board and did not stand for re-election at the annual meeting of Unitholders on May 3, 2019. On December 22, 2020, the REIT announced the retirement of John O'Bryan, Chair of the REIT's Board of Trustees, the appointment of Lori-Ann Beausoleil as a Trustee and the appointment of Thomas Farley as Chair of the Board of the REIT effective January 1, 2021.

For more information, about the current Trustees, see "*Trustees and Executive Officers of the REIT – Trustee Information*".

## **BUSINESS OF THE REIT**

### **Overview**

The business of the REIT is to invest in a diversified portfolio of income-producing real property investments used for office purposes, in accordance with its investment policies and investment guidelines. The REIT's office properties include buildings and complexes providing office space for federal and provincial governments and various service companies.

To the extent that funds are not invested by the REIT in real property investments from time to time, they will be invested in accordance with the Declaration of Trust. See "*Declaration of Trust – Investment Guidelines*".

In order to ensure the stability and sustainability of portfolio yields, the REIT seeks to diversify its investments among many geographic regions within North America, subject to the REIT's investment policies. See "*Declaration of Trust – Investment Guidelines*".

### **Manager**

The REIT's properties are managed by the Manager, a wholly-owned subsidiary of Slate, pursuant to the Management Agreement. Slate is a Toronto-based commercial real estate investor and asset manager. Slate's professionals have extensive experience managing complex real estate transactions in domestic and international markets. Slate's team consists of over 95 professionals with dedicated acquisition, leasing, in-house legal, construction management and financial reporting teams for its U.S. retail, European retail and North American office businesses. Due to its relationship with the Manager, the REIT does not have any of its own employees. Instead, the REIT has trustees and officers, and relies on Slate for services it might otherwise obtain from employees. See "*Management of the REIT*".

### **Strategy and Objective**

The REIT's strategy is to own an institutional quality portfolio of assets in stable and growing office markets in North America, where millions of people work every day. The REIT seeks out assets that can be purchased at a significant discount to peak and replacement value while retaining stable operating fundamentals so as to allow the potential for superior risk-adjusted returns. Management believes that approximately two-thirds of office inventory is often overlooked by large institutional investors for various reasons. The REIT's portfolio of office properties provides diversification, an ability to generate cash flow to provide distributions to Unitholders, while also providing the opportunity to grow net asset value on a per unit basis.

Management has developed a robust pipeline of assets that meet the REIT's investment criteria in the U.S. and Canada and will continue to look to expand into scalable markets in North America.

While the REIT's primary goals are to grow net asset value on a per unit basis and provide distributions to Unitholders, the REIT is focused on the following areas to achieve its objectives through 2020 and 2021:

- A focus on the REIT's cost basis, which means buying quality assets at a discount to replacement costs. The REIT and its management have a bias towards assets with strong credit tenants and where rents are below market so the REIT can realize organic growth;
- Prudent and proactive capital and asset management to reposition properties, grow rental revenue, extend lease term and increase occupancy to create value 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 taking into account the REIT's other available opportunities and capital allocation requirements; and
- Continue to selectively recycle equity through refinancing or disposing of stabilized assets and redeploying proceeds to new investment opportunities.

Overall, management believes the REIT is positioned for long term growth with a portfolio of high credit-quality tenants and a conservative AFFO pay-out ratio.

### **Competitive Conditions for Real Property Investments**

The REIT may compete for suitable real property investments with other real estate investment trusts, corporations, pension funds and other institutional investors (both Canadian and foreign) which are presently seeking, or which may seek in the future, real property investments similar to those desired by the REIT. Many of these investors have greater financial resources than the REIT, or operate without the REIT's investment restrictions, or according to more flexible conditions. An increase in the availability of investment capital and an increase in demand for real property investments should increase competition for real property investments, thereby increasing purchase prices and reducing the yields from such investments. Conversely, a decline in the availability of investment capital should produce a decline in demand for real property investments which would lead to decreasing purchase prices and higher yields from such investments.

### **Environmental Risk Management**

The REIT is exposed to potential liability in respect of environmental hazards or liability under various environmental laws and regulations. This risk is more particularly described in the "*Risk Factors*" section of this Annual Information Form. Management has developed environmental policies and procedures and has implemented an Environmental Management Program, which includes an asbestos management plan for properties with asbestos-containing materials. The purpose of the Environmental Management Program is to protect the environment, implement sound environmental practices and minimize the REIT's risks and potential liabilities. The need to address these environmental risks requires certain expenditures, including those associated with the commissioning of environmental assessments upon the acquisition, financing and ongoing maintenance of the REIT's properties. The environmental assessments which the REIT has obtained to date with respect to its portfolio have not revealed any environmental liability that management believes will have a material adverse effect on the REIT.

As an additional measure to help manage environmental exposure, the REIT enters into new tenant leases that generally specify that the tenant will conduct its business in accordance with environmental laws and be responsible for any liabilities arising out of infractions of such laws or out of contamination caused by the tenant. It is the REIT's practice to periodically inspect tenant premises that may be subject to environmental risk.

The REIT has developed design standards to ensure high-quality processes are followed when developing and refurbishing these properties. Through quality construction and upgrading of its properties, the REIT expects to increase the efficiency of mechanical and electrical systems as well as building durability.

## PROPERTIES OF THE REIT

### Overview

As at December 31, 2020, the REIT owns a portfolio of 34 assets that is primarily comprised of office properties throughout Canada and the United States. The portfolio consists of 6,909,687 square feet of GLA and has an occupancy rate of 84.2%. Management believes that the REIT's properties, which are primarily assets in major office markets, provide superior risk-adjusted yields relative to conventional "Class A" office towers pursued by many other large investors.

The following table summarizes certain aspects of the REIT's real estate assets as at December 31, 2020:

<b>Location (square feet as a percentage of total leasable area)</b>	
<b>Canada</b>	
Manitoba	5.5%
New Brunswick	20.1%
Newfoundland and Labrador	9.6%
Nova Scotia	8.8%
Ontario	40.0%
Saskatchewan	1.2%
<b>U.S.</b>	
Illinois	14.8%
<b>Total</b>	<b>100.0%</b>
<b>Asset Class (number of properties)</b>	
Office <sup>(1)</sup>	32
Data Centre	1
Retail	1
<b>Total</b>	<b>34</b>
<b>Asset Class (percentage of leasable area)</b>	
Office	98.2%
Data Centre	0.9%
Retail	0.9%
<b>Total</b>	<b>100.0%</b>

(1) Includes 298-304 Broadway, Winnipeg, Manitoba, which is a parking lot that services the REIT's office buildings in Manitoba.

The following table outlines information regarding the properties held by the REIT as at December 31, 2020:

Asset Class	Property Address	Property Name	City	Year Built / Renovated / Expanded	Interest	Square feet of GLA	Occupancy
<b>United States Office</b>							
	20 South Clark Street		Chicago, IL	1970 / 2005	100.0%	369,917	86.4%
	120 South LaSalle Street		Chicago, IL	1929 / 1998	100.0%	656,021	89.6%
United States Office						1,025,938	88.5%
<b>Greater Toronto Area Office</b>							
	7030, 7050, 7100 Woodbine Avenue & 55, 85 Idema Road	Woodbine & Steeles Corporate Centre	Markham, ON	1984 / 2011	75.0%	359,541	84.7%
	3000 - 3100 Steeles Avenue East	Gateway Centre	Markham, ON	1982 / 1987	75.0%	240,409	88.6%
	2655 – 2695 North Sheridan Way	The Sheridan Exchange	Mississauga, ON	1987 / 1989	75.0%	158,322	85.0%
	2285 Speakman Drive		Mississauga, ON	1981 / 2016	100.0%	127,419	100.0%
	2599 Speakman Drive		Mississauga, ON	1971 / 2011	100.0%	127,782	52.3%
	2251 Speakman Drive		Mississauga, ON	1965 / 2016	100.0%	115,580	100.0%
	1189 Colonel Sam Drive		Oshawa, ON	2001	100.0%	103,179	100.0%
	1 Eva Road		Toronto, ON	1978 / 2011	100.0%	91,963	81.1%
	185-195 The West Mall	West Metro Corporate Centre	Toronto, ON	1986 / 2006	75.0%	618,338	93.8%
	401-405 The West Mall	Commerce West	Toronto, ON	1982 / 2009	75.0%	412,558	90.6%
	105 Moatfield Drive		Toronto, ON	1982	100.0%	248,981	88.8%
	95 Moatfield Drive		Toronto, ON	1982	100.0%	156,426	100.0%
Greater Toronto Area Office						2,760,498	89.5%
<b>Atlantic Office</b>							
	440 King Street	Kings Place	Fredericton, NB	1974 / 2001	100.0%	296,294	90.0%
	250 King Street		Fredericton, NB	2000	100.0%	80,162	100.0%
	460 Two Nations Crossing		Fredericton, NB	2008	100.0%	50,229	100.0%
	570 Queen Street		Fredericton, NB	1989	100.0%	69,137	81.7%
	644 Main Street	Blue Cross Centre	Moncton, NB	1988 / 2006	100.0%	320,154	99.3%
	81 Albert Street		Moncton, NB	2002	100.0%	64,954	100.0%
	39 King Street <sup>(1)</sup>	Brunswick Square	Saint John, NB	1976	100.0%	508,303	63.1%
	4 Herald Avenue		Corner Brook, NL	1968 / 1978	100.0%	73,393	25.8%
	100 New Gower Street	Cabot Place	St. John's, NL	1987	100.0%	136,167	28.5%
	10 Factory Lane	The Johnson Building	St. John's, NL	1980	100.0%	210,863	75.5%
	5 Springdale Street	Fortis Place	St. John's, NL	2014	100.0%	142,973	78.2%
	140 Water Street	TD Place	St. John's, NL	1980 / 2013	100.0%	102,747	39.2%
	1505 Barrington Street	Maritime Centre	Halifax, NS	1977 / 1985	100.0%	528,087	82.9%

84-86 Chain Lake Drive	Halifax, NS	2008 / 2011	100.0%	78,111	71.7%
Atlantic Office				2,661,574	75.9%

Asset Class	Property Address	Property Name	City	Year Built / Renovated / Expanded	Interest	Square feet of GLA	Occupancy
<b>Western Office</b>							
	280 Broadway Avenue (2)		Winnipeg, MB	1957	100.0%	105,341	86.2%
	114 Garry Street		Winnipeg, MB	1950 / 1995	100.0%	74,246	100.0%
	1450 Waverley Street	Bell MTS Data Centre	Winnipeg, MB	2015	100.0%	64,000	100.0%
	365 Hargrave		Winnipeg, MB	Various	100.0%	70,719	100.0%
	1870 Albert Street	Saskatchewan Place	Regina, SK	1985	100.0%	83,932	63.1%
Western Office						398,238	88.6%
<b>Office</b>							
<b>Non-office</b>							
	200 Manitoba 10	Walmart Flin Flon	Flin Flon, MB	2002	100.0%	63,439	100.0%
Non-office						63,439	100.0%
<b>Total Portfolio</b>						<b>6,909,687</b>	<b>84.2%</b>

(1) Includes Delta Brunswick Hotel.

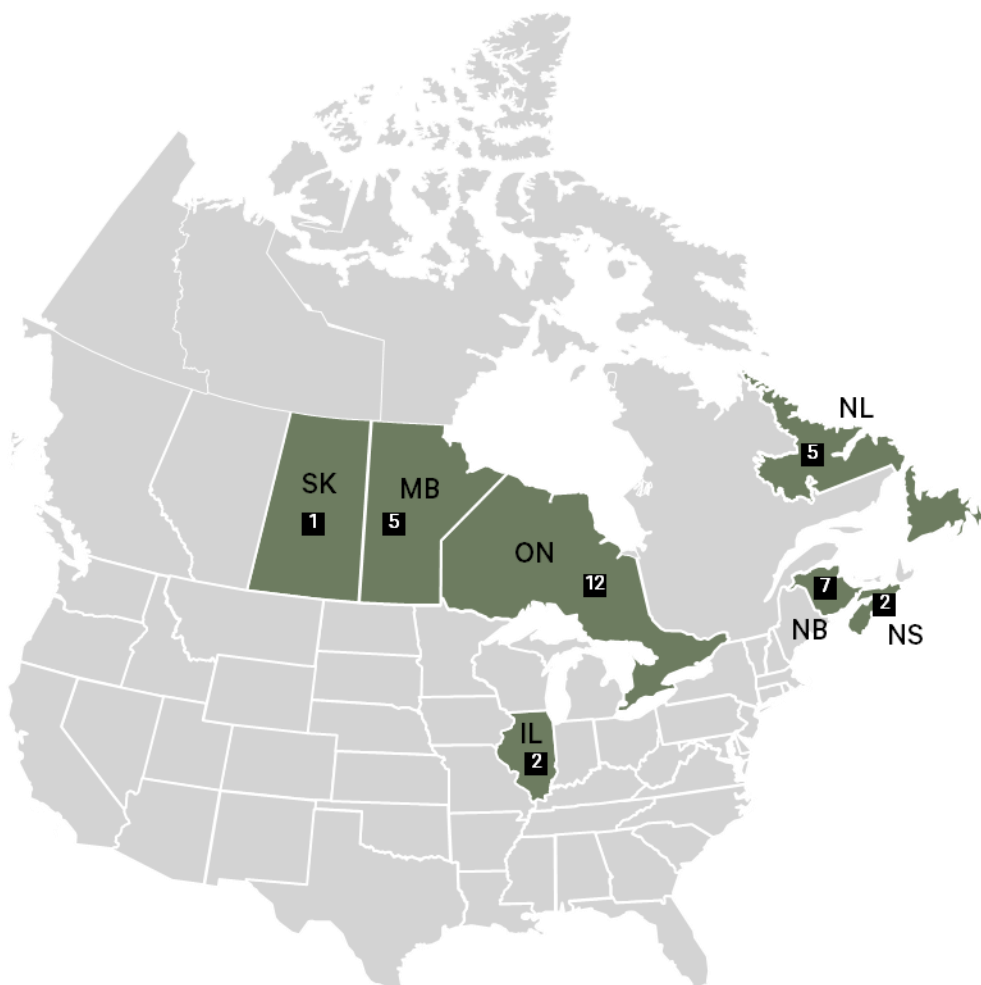
(2) Includes a seven-storey office building at 280 Broadway Avenue, a three-storey multi-family residential building located at 70 Smith Street and two parking lots located at 298-304 Broadway Avenue and 68 Smith Street; excludes the residential tenants at 70 Smith Street.

## Geographic Diversification

The REIT's portfolio is geographically diversified. As at December 31, 2020, the REIT has 34 properties located across six Canadian provinces and two properties in the United States. The following chart shows the number of properties located in each province and state, the total square footage and the percentage of portfolio square footage in each province and state.

Province/Territory/State	Number of Assets	Total SF	Percentage of Total SF
<b>Canada</b>			
Manitoba	5	377,745	5.5%
New Brunswick	7	1,389,233	20.1%
Newfoundland and Labrador	5	666,143	9.6%
Nova Scotia	2	606,198	8.8%
Ontario	12	2,760,498	40.0%
Saskatchewan	1	83,932	1.2%
<b>United States</b>			
Illinois	2	1,025,938	14.8%
<b>Total</b>	<b>34</b>	<b>6,909,687</b>	<b>100.0%</b>

The following map shows the provinces and states within which the REIT's properties are located:



### Occupancy and Leasing

The following table sets out the percentage of GLA of the REIT's properties subject to lease expirations during the periods shown:

Period	GLA (SF)	Percentage of Portfolio	Weighted Average In-place Rent (Per SF)
Month-to-month	173,905	2.5%	\$6.81
2021	322,227	4.7%	\$17.77
2022	849,429	12.3%	\$15.20
2023	438,931	6.4%	\$17.19
2024	459,633	6.6%	\$20.82
2025	868,876	12.6%	\$16.30
2026 and Later	2,702,332	39.1%	\$19.71
Vacant	1,094,354	15.8%	
<b>Total/Weighted Average</b>	<b>6,909,687</b>	<b>100%</b>	<b>\$17.95</b>



The REIT's properties have an overall weighted occupancy of 84.2% with an average remaining lease term of 5.4 years. No more than 12.6% of the leased GLA expires in any given year from 2021 to 2031.

### Ten Largest Tenants

As at December 31, 2020, the ten largest tenants in the REIT's portfolio of properties, based on the current leasable area, are:

Tenant	Credit Rating <sup>(1)</sup>	GLA (SF)	Number of Locations	Percentage of Base Rent	Weighted Average Lease Term (Years)
SNC-Lavalin Inc. <sup>(2)</sup>	BBB (low)	433,800	3	6.9%	4.0
Government of Canada	AAA	400,692	9	5.7%	4.9
Canadian Imperial Bank of Commerce	AA	346,346	4	7.3%	7.8
Province of New Brunswick	A+	317,572	5	3.5%	2.7
Thales Rail Signalling Solution:	A2	220,476	1	3.5%	4.8
Medavie Inc. (Blue Cross)	Unrated	199,358	3	3.1%	6.9
Kraft Canada Inc.	BB+	156,426	1	2.4%	5.4
Johnson Insurance	A	156,217	1	2.7%	9.9
Province of Nova Scotia	AA-	145,034	1	2.0%	6.5
Bell Canada Enterprises	BBB+	136,246	4	6.9%	7.7
<b>Total/Weighted Average</b>		<b>2,512,167</b>		<b>44.0%</b>	<b>5.6</b>

<sup>(1)</sup> Source: DBRS, Moody's and S&P.

<sup>(2)</sup> Includes 338,983 square feet of SNC-Lavalin Nuclear Inc.

### DESCRIPTION OF THE PROPERTIES

The following is a description of the properties held by the REIT as at December 31, 2020:

#### Office Properties

##### *20 South Clark Street, Chicago, Illinois, USA*

South Clark is a 369,917 square foot, 31-storey, downtown office complex located in Chicago, Illinois. It was the REIT's first asset in the U.S. market. The property is prominently located in Chicago's downtown 'Central Loop' submarket, surrounded by the city's legal, government and financial centres. It also has unique underground walking access to Chicago's train system, providing a direct link to O'Hare International Airport, and adjacent buildings. South Clark is 86.4% occupied and leased by a number of firms.

##### *120 South LaSalle Street, Chicago, Illinois, USA*

South LaSalle is a 23-storey, 656,021 square foot, vintage office building. The property is anchored by CIBC for its U.S. corporate headquarters. It is located in the heart of the Central Business District in Chicago, Illinois. Ideally situated at the southwest corner of LaSalle and Monroe Streets in Chicago's highly coveted Central Loop submarket, the property is within a five-minute walk of the Chicago Board of Trade, all Chicago Transit Authority (CTA) elevated and subway train lines and both Metra heavy-rail commuter train stations. The property has a historic prominence within the LaSalle Street corridor, which is known internationally as the heart of Chicago's financial district. The property also includes 183 West Monroe, a four storey, 422 car valet parking garage, located immediately adjacent to the property. South LaSalle is 89.6% occupied.

*Woodbine Complex, 7030, 7050 & 7100 Woodbine Avenue, 55 & 85 Idema Road, Markham, Ontario*

Woodbine Complex is a 359,541 square foot suburban office/flex office complex. Woodbine Complex is situated on 12 acres and is comprised of two single storey flex office buildings and three low to mid-rise office buildings ranging from four to nine storeys fronting Woodbine Avenue and Steeles Avenue East. Woodbine Complex is located in the Town of Markham and has a prominent and visible location at the northwest corner of Steeles Avenue East and Woodbine Avenue, just east of Highway 404. Both Steeles Avenue East and Woodbine Avenue are primary transportation routes and Highway 404 is the major north-south highway in the area with average daily traffic volume of over 250,000 vehicles. Woodbine Complex is 84.7% occupied.

55 Idema Road is a single-storey office building forming part of Woodbine Complex. The property has undergone a significant renovation and upgrade to bring it to a Class A flex office standard, including major items such as a new roof, skylights and glass curtain wall. The sole tenant of 55 Idema Road is Lenovo Canada Inc.

85 Idema Road is a single-storey flex office building forming part of Woodbine Complex. The sole tenant of 85 Idema Road is Mid-Range Computers.

*Gateway Centre, 3000-3100 Steeles Ave E, Markham, Ontario*

Gateway Centre is a 240,409 square foot Class A office complex comprised of two buildings, seven and eleven storeys respectively, located on the northeast corner of Steeles Avenue East and Woodbine Avenue in the Town of Markham. Situated on approximately 8 acres, the complex features excellent visibility from, and access to Highway 404, as well as comprehensive transit access. The Gateway Centre is 88.6% occupied and is anchored by Extencicare Inc. and Meyers Norris Penny LLP.

*Sheridan Exchange, 2655-2695 North Sheridan Way, Mississauga, Ontario*

Sheridan Exchange is a 158,322 square foot Class A office complex originally built in 1987. Sheridan Exchange is situated on 11.1 acres of land and provides convenient highway access and nearby public transit. Sheridan Exchange is 85.0% occupied and its major tenants include Mississauga Halton Local Health Integration Network, Carbonite Cloud Backup and EMD Inc.

*2285 Speakman Drive, Mississauga, Ontario*

2285 Speakman Drive is a 127,419 square foot, four-storey office building located on the north side of Speakman Drive, in the Sheridan Science and Technology Park. The building is 100.0% leased to SNC-Lavalin Nuclear Inc. 2285 Speakman Drive offers large floor plates of 32,000 square feet, institutional style finishes, upgraded washrooms and a full-service kitchen and cafeteria with an exterior patio area. There are numerous amenities within a short distance of the property including restaurants, entertainment venues, shopping centres, daycares and other services.

*2599 Speakman Drive, Mississauga, Ontario*

2599 Speakman Drive is a 127,782 square foot, two-storey office building located on the north side of Speakman Drive, in the Sheridan Science and Technology Park. The building offers large floor plates of approximately 56,000 square feet, 10' ceilings, and high quality finishes. There are numerous amenities within a short distance of the property including restaurants, entertainment venues, shopping centres, daycares and other services. 2599 Speakman Drive is currently 52.3% occupied with Hatch Ltd and a government tenant.

*2251 Speakman Drive, Mississauga, Ontario*

2251 Speakman Drive is a 115,580 square foot, four-storey office building located on the north side of Speakman Drive, in the Sheridan Science and Technology Park. The building was acquired on October 1, 2015 and was vacant at the time. The REIT re-developed and relocated SNC-Lavalin Nuclear Inc. to the building which now sits 100.0% occupied.

*1189 Colonel Sam Drive, Oshawa, Ontario*

1189 Colonel Sam Drive is a state-of-the-art, 103,179 square foot, three-storey office building that was originally constructed in 2001. The property is situated on 10.8 acres of land near the intersection of Farewell Street and Highway 401 in the General Motors/Beaton Industrial Park. 1189 Colonel Sam Drive is 100.0% occupied by Concentrix Technologies Services (Canada) Limited.

*1 Eva Road, Toronto, Ontario*

1 Eva Road is a 91,963 square foot, four-storey office building located on the south side of Eva Road, just east of The West Mall in the Highway 427 office node. The building has significant frontage on and visibility from Highway 427. The property has recently undergone a significant renovation and upgrade to the exterior and façade along with the building lobbies and common areas. 1 Eva Road is 81.1% occupied and is leased to a diverse group of smaller tenants with no tenant accounting for more than 10,000 square feet. On-site amenities for tenants include a cafe and boardroom available for tenant use.

*West Metro Corporate Centre, 185, 191 and 195 The West Mall, Toronto, Ontario*

West Metro is a three-building complex located at 185, 191 and 195 The West Mall in Etobicoke, Ontario. The 618,338 square foot complex is 93.8% occupied by several credit-quality tenants including SNC-Lavalin and The Bank of Nova Scotia. West Metro is a prominent property along the 427 Corridor and is highly visible with excellent transit access. West Metro is the REIT's 2nd largest property and SNC-Lavalin is the REIT's largest tenant.

*Commerce West, 401-405 The West Mall, Toronto, Ontario*

Commerce West is a 412,558 square foot, suburban office complex located at 401-405 The West Mall in Etobicoke, Ontario with connectivity to the 427 Corridor. The complex includes two mid-rise office towers that are connected through a single storey commercial corridor. Commerce West is 90.6% occupied with high quality tenants and is anchored by Parmalat and Trader Corporation.

*105 Moatfield Drive, Toronto, Ontario*

105 Moatfield Drive is a 248,981 square foot office building 88.8% occupied by Thales Canada Inc. The building is eleven storeys and located just south of Highway 401 in the City of Toronto. The building was originally constructed in 1982 and shares an underground parking garage with 95 Moatfield Drive.

*95 Moatfield Drive, Toronto, Ontario*

95 Moatfield Drive is a five storey office building 100.0% leased to Kraft Canada. The property is 156,426 square feet and is conveniently located just south of Highway 401 in the City of Toronto. The property was built in 1982 and features over 500 parking stalls including a shared underground parking garage with 105 Moatfield Drive. 95 Moatfield Drive features a large atrium in the center of the building allowing natural light for office space in the building.

*Kings Place, 440 King Street, Fredericton, New Brunswick*

Kings Place is a 296,294 square foot office building that was constructed in 1974 and renovated in 2001. Situated at the intersection of King Street and York Street, Kings Place occupies an entire city block in the heart of Fredericton's central business district and offers over 200 parking spaces. Kings Place is 90.0% occupied and its major tenants include CIBC and the Province of New Brunswick.

*250 King St, Fredericton, New Brunswick*

250 King is an 80,162 square foot office building built in 2000 which is located in downtown Fredericton, New Brunswick. The property is located on the south side of King St. between Northumberland and Westmorland St. in downtown Fredericton and is near several restaurants and Kings Place Mall. 250 King is 100.0% occupied by the Province of New Brunswick, an A+ rated credit tenant.

*460 Two Nations Crossing, Fredericton, New Brunswick*

460 Two Nations is a 50,229 square foot office property built in 2008 located in suburban Fredericton, New Brunswick. This property is located adjacent to the New Fredericton North Fire Hall and very close to the New NBEMS Ambulance facility. 460 Two Nations is 100.0% occupied by the Province of New Brunswick, an A+ rated credit tenant.

*570 Queen Street, Fredericton, New Brunswick*

570 Queen Street is a 69,137 square foot, six-storey office building that was constructed in 1989. 570 Queen Street is 81.7% occupied and its major tenant is the Government of Canada. 570 Queen Street is located in the downtown commercial node, directly adjacent to Officer's Square, a popular location for events throughout the year.

*Blue Cross Centre, 644 Main Street, Moncton, New Brunswick*

Blue Cross Centre is a 320,154 square foot office building that was constructed in 1988 and renovated and expanded in 2006. Blue Cross Centre is the largest and most prominent office complex in Moncton. The building is 99.3% occupied and its major tenants include Medavie Inc. and the Government of Canada.

*81 Albert Street, Moncton, New Brunswick*

81 Albert Street is a four-storey, 64,954 square foot office property built in 2002. The property is located downtown in Moncton, New Brunswick. 81 Albert is 100.0% occupied by government tenants including 86.1% with the Province of New Brunswick.

*Brunswick Square and Delta Brunswick Hotel, 39 King Street, Saint John, New Brunswick*

Brunswick Square is a 508,303 square foot mixed-use office and retail complex in Saint John, New Brunswick. Brunswick Square is 63.1% occupied. A truly integrated complex, Brunswick Square offers exceptional tenant amenities and an optimal location including an indoor connection to Market Square, the Saint John Trade and Convention Centre, Canada Games Aquatic Centre and the Saint John City Market, a national historic site. Brunswick Square also includes the Delta Brunswick Hotel. The Delta Brunswick Hotel is an approximately 221,303 square foot hotel with approximately 250 guest rooms, 18,000 square feet of meeting space, including the 6,000 square foot "Royal Ballroom", a fitness centre, indoor pool, and approximately 730 parking spaces that are shared with Brunswick Square.

*4 Herald Avenue, Corner Brook, Newfoundland*

4 Herald Avenue is a 73,393 square foot office complex, comprised of a six-storey building and a four-storey annex building, that was constructed in 1968 and is 25.8% occupied. The property also accommodates adjoining parking of up to 220 stalls.

*Cabot Place, 100 New Gower Street, St. John's, Newfoundland*

Cabot Place is a 136,167 square foot office tower in St. John's, Newfoundland. Cabot Place is 28.5% occupied and its largest tenant is the law firm, Stewart McKelvey LLP. Located in an established and intensifying mixed-use hub in the western end of downtown St. John's, Cabot Place offers 274 underground parking stalls and direct connectivity to surrounding amenities via above-grade pedestrian walkways. Cabot Place is subject to a reciprocal easement and operating agreement with an adjacent hotel property which provides for necessary operating easements and standards of operation. This property also includes Springdale Lot, a 1.48 acre parking lot featuring an additional 140 surface parking stalls.

*Johnson Building, 10 Factory Lane, St. John's, Newfoundland*

Johnson Building is a 210,863 square foot, seven-storey office building that was constructed in 1980. Johnson Building is 75.5% occupied, with Johnson Insurance being its primary tenant. Johnson Building also includes a 1.52 acre outparcel located on Forest Road offering additional long-term complementary development opportunities.

*Fortis Place, 5 Springdale Street, St. John's, Newfoundland*

Fortis Place is a 142,973 square foot office tower in St. John's, Newfoundland. Fortis Place is 78.2% occupied and its major tenants include Deloitte LLP and Fortis Inc. Built in 2014, Fortis Place was designed to LEED standards and is the newest and best-in-class Class A office development in St. John's. Fortis Place is situated in St. John's downtown business and entertainment core with 262 surface and underground parking stalls. Fortis Place received LEED Gold certification in December 2018.

*TD Place, 140 Water Street, St. John's, Newfoundland*

TD Place is a 102,747 square foot office building in St. John's, Newfoundland. It is 39.2% occupied and its major tenants include KPMG and TD Bank. Located in the heart of downtown St. John's, TD Place offers 127 surface parking stalls provided through a series of surrounding outparcel properties.

*Maritime Centre, 1505 Barrington Street, Halifax, Nova Scotia*

Maritime Centre is a 528,087 square foot office building in Halifax, Nova Scotia. It is 82.9% occupied and its major tenants include Volta Labs, the Province of Nova Scotia and the Government of Canada. As the largest office property in Canada east of Montreal, Maritime Centre holds a landmark position in the Halifax market. Maritime Centre is subject to a reciprocal easement and operating agreement with an adjacent hotel property which provides for necessary operating easements and standards of operation.

*84-86 Chain Lake Drive, Halifax, Nova Scotia*

84-86 Chain Lake Drive is a five-storey office building and single storey commercial building (occupied by Starbucks) totalling 78,111 square feet. 84-86 Chain Lake Drive is located in the Bayer's Lake Business Park. Bayer's Lake is home to a large concentration of Big Box and Power Centre retail. The property is 71.7% occupied.

*280 Broadway Avenue, Winnipeg, Manitoba*

280 Broadway Avenue is a 105,341 square foot, seven-storey office building that was originally constructed in 1957. The property also includes a small 15 unit multi-family residential building located at 70 Smith Street, Winnipeg, Manitoba, as well as two parking lots located at 298-304 Broadway Avenue, Winnipeg, Manitoba and 68 Smith Street, Winnipeg, Manitoba comprising a total of 202 parking stalls. The property is situated on 1.8 acres of land and is located at the corner of Broadway and Smith Street, along the Broadway office corridor in Winnipeg's central business district. 280 Broadway Avenue is 86.2% occupied and its major tenants include the Government of Canada and the Province of Manitoba.

*114 Garry Street, Winnipeg, Manitoba*

114 Garry Street is a 74,246 square foot, two and a half-storey office building that was originally constructed in 1950 with a subsequent addition in 1995. The property is situated on 0.8 acres of land in the central business district of Winnipeg, on the west side of Garry Street between Broadway and York Avenue. 114 Garry Street is 100.0% occupied by the Province of Manitoba.

*Bell MTS Data Centre, Winnipeg, Manitoba*

The Bell MTS Data Centre is a 64,000 square foot, fully leased data centre located at 1450 Waverly Street, Winnipeg, Manitoba and has been designed to meet Uptime Institute's Tier III certification. The building is fully occupied by Manitoba Telecom Services Inc. pursuant to a 15 year lease. Bell MTS Data Centre includes 25,000 square feet of raised floor to accommodate server racks and possesses an initial critical power load of 3 megawatts and connected power up to 7.5 MVA. Bell MTS Data Centre is located on a 6.3 acre site that has sufficient land to double the initial size of the data centre and its connected power amount. The REIT has not assigned any value to the potential development of Phase II expansion in its investment underwriting.

*365 Hargrave Street, Winnipeg, Manitoba*

365 Hargrave is a five-storey restored Heritage building which was originally constructed in 1922 with an addition built in 2003. The building consists of 70,719 square feet of office space. Known as the Film Exchange Building, the property is located in the downtown area of Winnipeg, in close proximity to the SHED and Portage and Main with onsite parking. The property is 100.0% leased to the Government of Canada through 2025.

*Saskatchewan Place, 1870 Albert Street, Regina, Saskatchewan*

Saskatchewan Place is an 83,932 square foot, six-storey office building that was originally constructed in 1985. The property is located on 1.2 acres on the corner of 12th Avenue and Albert Street on the west side of Regina's central business district. Saskatchewan Place is 63.1% occupied and its major tenants include Saskatchewan Blue Cross and Saskatchewan Property Management Corporation.

**Retail Properties**

*Flin Flon Wal-Mart, 200 Manitoba 10, Flin Flon, Manitoba*

Flin Flon Wal-Mart is a 63,439 square foot, free-standing single tenant retail property that was built in 2002 and is located adjacent to a Canadian Tire. The property is 100.0% occupied by Wal-Mart and is located on a 4.7-acre site off Highway #10A, which is the main commercial artery in Flin Flon.

## MATERIAL SUBSIDIARIES

### Office I LP and Office II LP

Slate Office I L.P. (“**Office I LP**”) is a limited partnership formed under the laws of the Province of Ontario and is governed by the Office I LP Limited Partnership Agreement. Slate Office II L.P. (“**Office II LP**”) is a limited partnership formed under the laws of the Province of Ontario and is governed by the Office II LP Limited Partnership Agreement. The general partner of each of Office I LP and Office II LP is Slate Office GP Inc. (“**Office GP**”), a company incorporated under the laws of Ontario, which is wholly owned by the REIT. The limited partners of each of Office I LP and Office II LP are the REIT and the Manager.

### Partnership Units

Office I LP has outstanding a general partner interest held by Office GP, 5,882,662 Class A LP Units, all of which are held by the REIT, and 2,977,132 Class B LP Units, all of which are held by the Manager.

Office II LP has outstanding a general partner interest held by Office GP, 27,943,631 Class A LP Units, all of which are held by the REIT, and 2,308,028 Class B LP Units, all of which are held by the Manager.

The Class B LP Units are, in all material respects, economically equivalent to the Units on a per unit basis. Under each Limited Partnership Agreement, the Class B LP Units are exchangeable on a one-for-one basis for Units (subject to adjustments) at any time at the option of their holder, unless the exchange would jeopardize the REIT’s status as a “mutual fund trust” under the Tax Act. In addition, each of Office I LP and Office II LP is entitled to require the redemption of the Class B LP Units in certain specified circumstances. Class B LP Units of Office I LP are not transferable and the Manager has agreed not to take any action that would result in: (i) the Class B LP Units being held by a Non-Resident; or (ii) Office I LP or Office II LP failing to qualify as an “excluded subsidiary entity” for purposes of the SIFT Legislation.

Each Limited Partnership Agreement provides that taxable income of Office I LP or Office II LP will, to the extent possible, be allocated to the Manager in amounts approximating what would be realized by it if it held its interest in the REIT in Units rather than by holding Class B LP Units. The remaining taxable income of Office I LP and Office II LP will be allocated to the REIT and Office GP in accordance with their respective partnership interests in Office I LP or Office II LP. Losses of Office I LP and Office II LP will be allocated under a similar methodology.

Except as required by law and in certain specified circumstances in which the rights of a holder of Class B LP Units are affected, holders of Class B LP Units are not entitled to vote at any meeting of the holders of LP Units.

Holders of Class A LP Units are entitled to notice of, and to attend and vote at, all meetings of holders of Class A LP Units. No Class A LP Units will be issued to or held by Non-Residents.

The business and affairs of each of Office I LP and Office II LP are managed and controlled exclusively by Office GP, which is bound by the investment guidelines and operating policies applicable to the REIT.

### Slate Office US

Slate Office US is a corporation formed under the laws of the State of Delaware and indirectly holds the REIT’s U.S. properties. Slate Office US has 1000 shares of common stock outstanding all of which are held by the REIT.

## RISK FACTORS

The occurrence of any of the following risks could materially and adversely affect the REIT’s investments, prospects, cash flows, results of operations or financial condition and the REIT’s ability to make cash

distributions to Unitholders. In that event, the value of the Units could decline and investors may lose all or part of their investment. Although the REIT believes that the risk factors described below are the most material risks that the REIT will face, they are not the only risks. Additional risk factors not presently known or that are currently believed to be immaterial could also materially adversely affect investments, prospects, cash flows, results of operations or financial condition and the REIT's ability to make cash distributions to Unitholders and adversely affect the value of the Units.

## **Risk Factors Related to the Real Estate Industry**

### *Real Property Ownership and Tenant Risks*

The REIT owns its properties and is expected in the future to acquire interests in other real property. All real property investments are subject to elements of risk. By specializing in particular types of real estate, the REIT is exposed to adverse effects on those segments of the real estate market. In addition, approximately 54.8% of the total GLA is located in Ontario and Chicago. As a result, the REIT is impacted by factors specifically affecting the real estate markets in Ontario and Chicago and the Ontario and Chicago economies generally. These factors may differ from those affecting other regions of North America. If conditions in Ontario or Chicago were to decline relative to conditions in other regions, this could more adversely impact the REIT's revenues and results of operations.

The value of real property and any improvements thereto depends on the credit and financial stability of tenants, and upon the vacancy rates of the properties. AFFO will be adversely affected if a significant number of tenants are unable to meet their obligations under their leases or if significant amounts of available space in the properties in which the REIT has an interest become vacant and are not able to be leased on economically favourable lease terms.

The REIT's properties generate income through rent payments made by the REIT's tenants. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less favourable to the REIT than the existing lease. In the event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and substantial costs in protecting the REIT's investment may be incurred. Furthermore, at any time, a tenant of any of the properties in which the REIT has an interest may seek the protection of bankruptcy, insolvency or similar laws that could result in the disclaimer and termination of such tenant's lease, any of which events could have an adverse effect on the REIT's financial condition and results of operations and decrease the amount of cash available for distribution to Unitholders. The ability to rent unleased space in the properties in which the REIT will have an interest will be affected by many factors, including general economic conditions, local real estate markets, changing demographics, shifting consumer preferences towards e-commerce, supply and demand for leased premises, competition from other available premises and various other factors, many of which are beyond the REIT's control.

### *Fixed Costs*

The failure to rent unleased space on a timely basis or at all would likely have an adverse effect on the REIT's financial condition and results of operation and decrease the amount of cash available for distribution to Unitholders. Certain significant expenditures, including property taxes, ground rent, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether a property is producing any income. If the REIT is unable to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or sale or the landlord's exercise of remedies. Costs may also be incurred in making improvements or repairs to property required by a new tenant and income may be lost as a result of any prolonged delay in attracting suitable tenants to the vacant space.

The timing and amount of capital expenditures by the REIT will indirectly affect the amount of cash available for distribution to Unitholders. Distributions may be reduced, or even eliminated, at times when the REIT deems it necessary to make significant capital or other expenditures.



### *Liquidity*

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity may limit the REIT's ability to vary its portfolio promptly in response to changing economic or investment conditions. If the REIT were to be required to liquidate its real property investments quickly, there is a risk the proceeds realized by the REIT from such sale might be significantly less than the aggregate carrying value of such properties which could have an adverse effect on the REIT's financial condition and results of operation and decrease the amount of cash available for distribution to Unitholders.

### *Competition*

The real estate business is competitive. Numerous other developers, managers and owners of industrial, office and retail properties will compete with the REIT in seeking tenants. Some of the properties located in the same markets as the REIT's properties are newer and better located than the REIT's properties. Some property owners with properties located in the same markets as the REIT's properties may be better capitalized and may be stronger financially and hence better able to withstand an economic downturn. The existence of developers, managers and owners in such markets and competition for the REIT's tenants could have a negative effect on the REIT's ability to lease space in its properties in such markets and on the rents charged or concessions granted, which could have an adverse effect on the REIT's financial condition and results of operation and decrease the amount of cash available for distribution to Unitholders.

Competition for acquisitions of real properties can be intense and some competitors may have the ability or inclination to acquire properties at a higher price or on terms less favourable than those that the REIT may be prepared to accept. An increase in the availability of investment funds, an increase in interest in real property investments or a decrease in interest rates may tend to increase competition for real property investments, thereby increasing purchase prices and reducing the yield on them.

### *Economic Environment*

Continued concerns about the uncertainty over whether the economy will be adversely affected by inflation, deflation or stagflation, and the systemic impact of increased unemployment, volatile energy costs, geopolitical issues, the availability and cost of credit, the Canadian and U.S. mortgage market and a distressed commercial real estate market have contributed to increased market volatility and weakened business and consumer confidence. This difficult operating environment could adversely affect the REIT's ability to generate revenues, thereby reducing its operating income and earnings. It could also have an adverse impact on the ability of the REIT's tenants and operators to maintain occupancy rates in the REIT's properties, which could harm the REIT's financial condition. If any of these economic conditions are prevalent, the REIT's tenants and operators may be unable to meet their rental payments and other obligations due to the REIT, which could have a material adverse effect on the REIT.

### *Regulation*

The REIT is subject to laws and regulations governing the ownership and leasing of real property, environmental matters, taxes and other matters. It is possible that future changes in applicable federal, provincial, state, local or common laws or regulations or changes in their enforcement or regulatory interpretation could result in changes in the legal requirements affecting the REIT (including with retroactive effect). Any changes in the laws to which the REIT is subject could materially adversely affect the rights and title to the REIT's properties. It is not possible to predict whether there will be any further changes in the regulatory regimes to which the REIT is subject or the effect of any such change on its investments.

## **Risk Factors Related to the Business of the REIT**

### *COVID-19 Pandemic*

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. The transmission of COVID-19 and efforts to contain its spread have recently resulted in international, national and local border closings, travel restrictions, significant disruptions to business operations, supply chains and customer activity and demand, cancellations, reductions and other changes to services, quarantines, and considerable general concern and uncertainty.

The economic downturn resulting from the COVID-19 pandemic and government measures to contain it may materially adversely impact the REIT's operations and financial performance. Such impacts may include: reductions in tenants' ability to pay rent in full or at all; reductions in demand for tenants' products or services; temporary or long-term suspension of development projects; temporary or long-term labour shortages or disruptions; further disruptions to local and global supply chains; increased risks to the REIT's information technology systems and internal control systems as a result of the need to increase remote work arrangements; and continued or further deterioration of worldwide credit and financial markets that could limit the REIT's ability to obtain external financing to fund operations and capital expenditures, or result in losses on the REIT's holdings of cash and investments due to failures of financial institutions and other parties.

The REIT continues to closely monitor business operations and may take further actions that respond to directives of governments and public health authorities or that are in the best interests of tenants, suppliers or other stakeholders, as necessary. These changes and any additional changes in operations in response to COVID-19 could materially impact the financial results of the REIT.

Further information on the operational and financial implications of the COVID-19 pandemic can be found in the MD&A, in particular the section entitled "Impact of COVID-19."

### *Acquisition and Integration of Additional Properties*

The REIT's business plan includes growth through identifying suitable acquisition opportunities, pursuing such opportunities, consummating acquisitions and effectively operating and leasing such properties. If the REIT is unable to manage its growth effectively, it could adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution to Unitholders. There can be no assurance as to the pace of growth through property acquisitions or that the REIT will be able to acquire assets on terms that meet its investment guidelines or on an accretive basis, and as such there can be no assurance that distributions to Unitholders will be maintained in the future.

Acquisitions may be subject to unknown, unexpected or undisclosed liabilities which could have a material adverse impact on the operations and financial results of the REIT. Such liabilities may relate to the clean-up of undisclosed environmental contamination, claims by tenants, vendors or other persons dealing with the former owners of the REIT's properties and claims for indemnification by members, directors, officers and others indemnified by the former owners of the REIT's properties. Representations and warranties given by third parties to the REIT may not adequately protect against these liabilities and any recourse against third parties may be limited by the financial capacity of such third parties.

Moreover, acquired properties may not meet expectations of operational or financial performance due to unexpected costs associated with developing an acquired property, as well as the general investment risks inherent in any real estate investment. The REIT cannot assure Unitholders that it will be able to successfully integrate acquired properties without operating disruptions or unanticipated costs. As the REIT acquires additional properties, the REIT will be subject to risks associated with integrating and managing new properties, including tenant lease-up and retention and mortgage default. In addition, acquisitions may cause disruptions in the REIT's operations and divert management's attention away from day-to-day operations. Furthermore, the REIT's profitability may suffer because of acquisition-related costs or

amortization costs for acquired intangible assets. The REIT's failure to successfully integrate any future properties could have an adverse effect on the REIT's operating costs and its ability to generate stable positive cash flow from its operations.

#### *Access to Capital*

The real estate industry is highly capital intensive. The REIT will require access to capital to maintain its properties, as well as to fund its growth strategy and significant capital expenditures from time to time. There can be no assurances that the REIT will have access to sufficient capital or access to capital on terms favourable to the REIT for future property acquisitions, financing or refinancing of properties, funding operating expenses or other purposes. Failure by the REIT to access required capital could adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution.

#### *Financing Risks*

The REIT has outstanding in-place mortgages. There can be no assurance that the REIT will continue to generate sufficient cash flow from operations to meet required interest and principal payments on its outstanding debt. If the REIT is unable to meet interest or principal payments, it could be required to seek renegotiation of such payments or obtain additional equity, debt or other financing. The failure of the REIT to make or renegotiate interest or principal payments or obtain additional equity, debt or other financing could adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution to Unitholders.

The REIT will be subject to the risks associated with debt financing, including the risk that the mortgages and banking facilities secured by the REIT's properties will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing indebtedness, which may reduce AFFO. In order to minimize this risk, the REIT will attempt to diversify the term structure of its debt so that in no one year a disproportionate amount of its debt matures.

The REIT's credit facilities contain covenants certain of which require it to maintain certain financial ratios on a consolidated basis. If the REIT does not maintain such ratios, its ability to make distributions may be limited.

#### *Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rates may have an effect on the cash flows or fair values of the REIT's financial instruments. An increase in interest rates could significantly affect the REIT's ability to meet its financial obligations. Interest rate cash flow risk is minimized by the REIT by having a portion of its mortgages on fixed term arrangements. The REIT also utilizes interest rate swaps to fix interest rates on its floating rate mortgages.

#### *Interest Rate Hedging*

The REIT currently does, and may in the future, enter into interest rate hedging arrangements or financial instruments, or refinance certain mortgages prior to their maturity, for the purpose of managing the REIT's exposure to interest rate volatility. Such activities may not prove successful in managing the REIT's exposure to such volatility. Market changes, among other things, may cause hedging arrangements or financial instruments to not perform as intended or to fail to mitigate all or part of the underlying risk. In addition, although the REIT enters into such hedging arrangements and financial instruments with financially sound counterparties in order to mitigate the risk that the counterparty may fail to honour its obligations, the risk of such failure by a counterparty cannot be mitigated completely. Further, such hedging activities may subject the REIT to additional costs, such as transaction fees or breakage costs, if these arrangements are terminated, and the REIT will also be subject to fees in respect of the early refinancing of mortgages.

## *Environmental Matters*

Environmental legislation and regulations have become increasingly important in recent years. As an owner of interests in real property in Canada and the United States, the REIT will be subject to various Canadian and United States federal, provincial, state and municipal laws relating to environmental matters. Such laws provide that the REIT could be, or become, liable for environmental harm, damage or costs, including with respect to the release of hazardous, toxic or other regulated substances into the environment, and the removal or other remediation of hazardous, toxic or other regulated substances that may be present at or under its properties. Further, liability may be incurred by the REIT with respect to the release of such substances from the REIT's properties to properties owned by third parties, including properties adjacent to the REIT's properties. The discovery of any such pollution on the sites and/or in the buildings, particularly in connection with the lease or sale of properties or borrowing using the real estate as security, could trigger claims for rent reductions or termination of leases for cause, for damages and other breach of warranty claims against us. The remediation of any pollution and the related additional measures the REIT would have to undertake could have a materially adverse effect on the REIT and could involve considerable additional costs that the REIT may have to bear. The REIT will also be exposed to the risk that recourse against the polluter or the previous owners of the properties might not be possible, for example, because they cannot be identified, no longer exist or have become insolvent. Moreover, the existence or even the mere suspicion of the existence of ground contamination, hazardous materials or other residual pollution can materially adversely affect the REIT's ability to sell such property, realize the full value of such property or borrow using such property as collateral security, and could potentially result in claims against the REIT by public or private parties by way of civil action.

The REIT's operating policy is to obtain a Phase I environmental site assessment ("**ESA**"), conducted by an independent and experienced environmental consultant, prior to acquiring a property and to have Phase II ESA work completed where recommended in a Phase I ESA. Although such ESAs would provide the REIT with some level of assurance about the condition of property, the REIT may become subject to liability for undetected contamination or other environmental conditions at its properties against which the REIT cannot insure, or against which the REIT may elect not to insure, which could negatively impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution.

Pursuant to the Phase I ESA reports that were completed in connection with the IPO, certain management plans were recommended for each of the Initial Properties and Phase II ESAs were recommended for 11 of the Initial Properties. For three of the properties, the Phase II ESAs and/or the environmental reports identified the need to develop a remediation action plan ("**RAP**") and/or a risk management plan. The Phase II ESA's for three of the properties identified the presence of chlorinated solvents, free-phase products and/or elevated concentrations of petroleum hydrocarbons and/or benzene, toluene, ethylbenzene and xylene and recommended that further work and analysis be undertaken. As a result of this additional analysis, the detailed screening level evaluations of human health and ecological risks related to chemical concentrations in soil and/or groundwater identified certain potential unacceptable health and ecological risks under existing conditions. However, the independent environmental consultant concluded that, provided the measures identified in the RAPs, the recommended risk management plans and in the environmental reports are put in place, the impacts do not pose undue ecological or human health risks and that there are no material concerns to off-site water bodies or off-site residential properties. The independent environmental consultant has developed such risk management plans, which involve conducting indoor air quality testing, implementing suitable measures to improve air quality and regular indoor air quality and groundwater monitoring at the properties, which the Manager has also implemented. Removal of free-phase products from the groundwater and the implementation of a monitoring program were also recommended as were the remediation, installation of extraction wells, and continued groundwater quality monitoring, which the Manager has also implemented. As a result, it is possible that the REIT may be required to conduct further remediation activities (including soil and groundwater remediation) going forward. In addition, there is no assurance that the chemicals, contaminants, substances and/or products identified above have not migrated offsite, including to neighbouring properties and off-site water bodies. No claims were made by the REIT against the Manager pursuant to the indemnity. As a

result, the existence of any material environmental issues could have a material adverse effect on the business, financial condition or results of the REIT.

Although the REIT is not aware of any material non-compliance with environmental laws at any of its properties, and is not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of its properties, there is no assurance that this will continue to be the case.

The REIT has implemented policies and procedures to assess, manage and monitor environmental conditions at its properties to minimize exposure to liability including the completion of asbestos surveys. The REIT will not be covered by environmental liability insurance, since insurance premium costs associated with insuring against environmental risks (including liability for pollution) or other hazards resulting from the nature of the REIT's business are considered by management to be disproportionate to the assessed risk. The lack of environmental insurance coverage could have an adverse impact on the REIT's future cash flows, earnings, results of operations and financial condition.

The REIT will make the necessary capital and operating expenditures to comply with environmental laws and address any material environmental issues and such costs relating to environmental matters may have a material adverse effect on the REIT's business, financial condition or results of operation and decrease the amount of cash available for distribution. However, environmental laws can change and the REIT may become subject to even more stringent environmental laws in the future, with increased enforcement of laws by the government. Compliance with more stringent environmental laws, which may be more rigorously enforced, the identification of currently unknown environmental issues or an increase in the costs required to address a currently known condition may have an adverse effect on the REIT's financial condition and results of operation and decrease the amount of cash available for distribution to Unitholders.

#### *Single Tenant Properties*

1,154,380 square feet of GLA of the properties, or 16.7% is occupied by single tenants. In the event that those tenants were to terminate their tenancies or become insolvent, the REIT's financial results would be materially adversely affected. Until such a time that the REIT will be in a position to acquire more assets and further diversify its tenant base, the REIT will take certain steps to mitigate any credit risk by closely monitoring its tenants' compliance with the terms of their respective leases and to report any issues as soon as they are identified.

#### *Same Management Group for Various Slate Entities*

Due to the fact that Slate and its affiliates manage other investment portfolios and realty trusts in similar asset classes, there is a risk that conflicts may arise regarding the allocation of tenants amongst the various Slate managed entities. Slate or its affiliates may acquire properties for other investment portfolios or realty trusts in the future. In such circumstances, there is a risk that conflicts may arise regarding the allocation of properties among the various Slate managed entities.

#### *Potential Conflicts of Interest*

The Trustees will, from time to time, in their individual capacities, deal with parties with whom the REIT may be dealing, or may be seeking investments similar to those desired by the REIT. The interest of these persons could conflict with those of the REIT. The Declaration of Trust contains conflict of interest provisions requiring the Trustees to disclose their interests in certain contracts and transactions and to refrain from voting on those matters.

Conflicts may exist due to the fact that certain Trustees will be affiliated with Slate. The REIT, Slate and its affiliates will enter into certain arrangements, including those relating to the Management Agreement and ROFO Agreement. Slate and its affiliates are engaged in a wide variety of real estate activities. The REIT may become involved in transactions that conflict with the interests of the foregoing.

### *General Insured and Uninsured Risks*

The business carried on by the REIT entails an inherent risk of liability. The REIT expects that from time to time it may be subject to lawsuits as a result of the nature of its business. The REIT will carry comprehensive general liability, property, boiler and machinery, fire, flood, extended coverage, rental loss insurance and other similar coverages with customary policy specifications, limits and deductibles. The REIT will have insurance for earthquake, hurricane and other natural disaster risks (including those caused by the effects of climate change), subject to certain policy limits and deductibles, and will continue to carry such insurance if it is economical to do so. There can be no assurance, however, that claims in excess of the insurance coverage or claims not covered by the insurance coverage will not arise or that the liability coverage will continue to be available on acceptable terms. A successful claim against the REIT not covered by, or in excess of, the REIT's insurance could have a material adverse effect on the REIT's business, operating results and financial condition. Claims against the REIT, regardless of their merit or eventual outcome, also may have a material adverse effect on the ability of the REIT to attract tenants or expand their businesses, and will require management to devote time to matters unrelated to the operation of the business.

### *Reliance on Key Personnel*

The management and governance of the REIT depends on the services of certain key personnel, including officers of the Manager and the Trustees. The loss of the services of any key personnel could have an adverse effect on the REIT and adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution.

### *Limit on Activities*

In order to maintain its status as a "mutual fund trust" under the Tax Act, the REIT cannot carry on most active business activities and is limited in the types of investments it may make. The Declaration of Trust contains restrictions to this effect.

### *Occupancy by Tenants*

Although certain, but not all, leases contain a provision requiring tenants to maintain continuous occupancy of leased premises, there can be no assurance that such tenants will continue to occupy such premises. Certain tenants have a right to terminate their leases upon payment of a penalty but others are not required to pay any penalty associated with an early termination. There can be no assurance that tenants will continue their activities and continue occupancy of the premises. Any cessation of occupancy by tenants may have an adverse effect on the REIT and could adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution.

### *Forecasted Occupancy Rates and Revenues in Excess of Historical Occupancy Rates and Revenues*

Historical occupancy rates and revenues are not necessarily an accurate prediction of the future occupancy rates for the REIT's properties or revenues to be derived therefrom. There can be no assurance that, upon the expiry or termination of the leases currently in effect, the average occupancy rates and revenues will be the same as, or higher than, historical occupancy rates and revenues.

### *Lease Renewals and Rental Increases*

Expiries of leases for the REIT's properties, including those of significant tenants, will occur from time to time over the short and long-term. No assurance can be provided that the REIT will be able to renew any or all of the leases upon their expiration or that rental rate increases will occur or be achieved upon any such renewals. The failure to renew leases or achieve rental rate increases may adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution.

### *External Management Arrangements*

The REIT relies on the Manager to act as asset and property manager of its properties. Consequently, the REIT's ability to achieve its investment objectives depends in large part on the Manager. This means that the REIT's investments are dependent upon the Manager's business contacts and the Manager's ability to successfully hire, train, supervise and manage its personnel and its ability to maintain its operating systems. If the REIT were to lose the services provided by the Manager or its key personnel, the REIT's investments and growth prospects may significantly decline. The REIT may be unable to duplicate the quality and depth of management available to it by becoming a self-managed company or by hiring another asset manager. Investors should not purchase any Unit unless they are prepared to rely on the Trustees, Executive Officers and the Manager.

Although the Management Agreement provides that the Manager will automatically be re-engaged at the expiration of each term (subject to certain termination provisions), the Manager has the right, at any time, but upon 180 days' notice, to terminate the Management Agreement for any reason. The Management Agreement may also be terminated in other circumstances, such as upon the occurrence of an event of default within the meaning of such agreement. Accordingly, there can be no assurance that the Manager will continue to be the REIT's manager. If the Manager should cease for whatever reason to be the REIT's manager, the cost of obtaining substitute services may be greater than the fees the REIT will pay the Manager under the Management Agreement, and this may materially adversely affect the REIT's ability to meet its objectives and execute its strategy which could materially adversely affect the REIT's cash flows, operating results and financial condition.

### *Controls over Financial Reporting*

The REIT maintains information systems, procedures and controls to ensure all information disclosed externally is as complete, reliable and timely as possible. Such internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS.

Because of the inherent limitations in all control systems, including well-designed and operated systems, no control system can provide complete assurance that the objectives of the control system will be met. Furthermore, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, will be detected or prevented. These inherent limitations include the possibility that management's assumptions and judgments may ultimately prove to be incorrect under varying conditions and circumstances and the impact of isolated errors.

Additionally, controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people, or by management override. The design of any system of controls 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.

### *Risks Relating to the REIT's Strategic Objectives*

The REIT is positioned as a pure play office REIT. By specializing in a particular type of real estate, the REIT is exposed to adverse effects on that segment of the real estate market. As a result, the REIT is exposed to the office property market segment and any adverse effects experienced by that market segment in particular. The REIT intends to divest its existing retail and industrial portfolios in a disciplined and orderly fashion to maximize Unitholder value, however the timing of such divestitures is uncertain and there is no guarantee that the REIT will be able to find purchasers for these properties or be successful in its efforts to maximize Unitholder value in connection with such divestitures. While the REIT intends to primarily invest in office properties, the REIT may continue to hold properties in other segments of the real estate market in certain circumstances where it deems appropriate.

### *Security of Information Technology*

The REIT requires segregation and protection of its information, including security over tenant lease details, employee information, financial records and operational data (“**Confidential Information**”). Some of this Confidential Information is held and managed by third-party service providers. Any failure in data security or any system vulnerability (internal or external) could result in harm to the reputation or competitive position of the REIT. To reduce the level of vulnerability, the REIT has implemented security measures, including monitoring and testing, maintenance of protective systems and contingency plans, to protect and to prevent unauthorized access of Confidential Information and to reduce the likelihood of disruptions to its IT systems.

Despite these measures, all of the REIT’s information systems, including its back-up systems and any third-party service provider systems that it employs, are vulnerable to damage, interruption, disability or failures due to a variety of reasons, including physical theft, fire, power loss, computer and telecommunication failures or other catastrophic events, as well as from internal and external security breaches, denial of service attacks, viruses, worms and other known or unknown disruptive events. These types of privacy and information security risks have generally increased in recent years as a result of the proliferation of new technologies, such as ransomware, and the increased sophistication and activities of perpetrators of cyber-attacks.

The REIT or its third-party service providers may be unable to anticipate, implement adequate preventative measures, timely identify or appropriately respond to one or more of the rapidly evolving and increasingly sophisticated means by which computer hackers, cyber terrorists and others may attempt to breach the REIT’s security measures or those of our third-party service providers’ information systems.

As cyber threats evolve and become more difficult to detect and successfully defend against, one or more cyber threats might defeat the REIT’s security measures or those of its third-party service providers and result in unauthorized parties gaining access to Confidential Information. Moreover, employee error or malfeasance, faulty password management or other irregularities may result in a breach of the REIT’s or its third-party service providers’ security measures, which could result in a breach of Confidential Information.

If the REIT does not allocate and effectively manage the resources necessary to build and sustain a reliable IT infrastructure, fails to timely identify or appropriately respond to cybersecurity incidents, or the REIT’s or its third-party service providers’ information systems are damaged, destroyed, shut down, interrupted or cease to function properly, the REIT’s business could be disrupted and the REIT could, among other things, be subject to: the loss of or failure to attract new tenants; the loss of revenue; the loss or unauthorized access to Confidential Information or other assets; the loss of or damage to trade secrets; damage to its reputation; litigation; regulatory enforcement actions; violation of privacy, security or other laws and regulations; and remediation costs.

### *New Markets*

If the opportunities arise, the REIT may explore additional acquisitions of properties in new markets. Each of the risks applicable to the REIT’s ability to acquire and successfully integrate and operate properties in its current markets is also applicable to its ability to acquire and successfully integrate and operate properties in new markets. In addition to these risks, the REIT may not possess the same level of familiarity with the dynamics and market conditions of any new markets, which could materially adversely affect its ability to expand into or operate in those markets. The REIT may be unable to achieve a desired return on its investments in new markets.

### *Joint Ventures and Partnership Arrangements*

Subject to the Declaration of Trust, the REIT may from time to time participate in joint ventures and limited partnerships with third party co-owners in real properties. Joint venture or partnership arrangements involve certain additional risks including: (i) the possibility that a co-owner may at any time have economic or business interests or goals that are inconsistent with those of the REIT or take actions contrary to the



instructions or requests of the REIT or contrary to the REIT's policies or objectives with respect to its real estate investments; (ii) the risk that the co-owners with which the REIT has entered into a joint venture or partnership could experience financial difficulties or seek the protection of bankruptcy, insolvency or other laws, which could result in additional financial demands on the REIT to maintain and operate the properties or repay the co-owners' share of property debt guaranteed by the REIT or for which the REIT is jointly and severally liable and which could result in delays, expenses and other problems associated with obtaining a court approval of joint venture or partnership decisions; (iii) the need to obtain co-owners' consents with respect to certain major decisions, including the decision to distribute cash or refinance or sell a property. In addition, the sale or transfer of an interest in joint ventures and limited partnerships could be subject to rights of first refusal or first offer and certain other joint venture or limited partnership agreements may provide for buy-sell or similar arrangements. Such rights may also inhibit the ability of the REIT to buy or sell its interest in a property or joint venture/limited partnership within the time frame or otherwise on the basis desired by the REIT.

The REIT cannot guarantee that a joint venture partner will continue to have adequate access to capital or that they will not experience financial difficulties or that could impair their ability to perform their obligations as the REIT's joint venture partner in connection with any joint venture or limited partnership. Any disputes that may arise between the REIT and its joint venture or limited partners could result in litigation or arbitration that could increase the REIT's expenses and divert management's attention away from day-to-day operations. While the REIT attempts to mitigate a number of the risks or factors discussed above in connection with any investments in joint ventures and limited partnerships, there is no guarantee that the REIT will be protected from such risks or other risks inherent in participating in any joint venture arrangement.

#### *Climate Change Risks*

Natural disasters and severe weather such as storms, flooding, hurricanes, blizzards and rising temperatures and sea-levels may result in damage to the REIT's properties and could have a material adverse effect on the REIT's business and operations. Such damage could compromise the REIT's ability to continue critical operations and processes and may result in loss of NOI from properties becoming non-operational, an increase in costs to recover and repair properties from a natural disaster or inclement weather, and an increase in insurance costs to insure the property against natural disasters and severe weather events.

#### **Risk Factors Related to the Units**

##### *Cash Distributions are Not Guaranteed*

The REIT has adopted a distribution policy, as permitted under the Declaration of Trust, pursuant to which it makes monthly cash distributions. However, the Board of Trustees may reduce or suspend cash distributions indefinitely, which could have a material adverse effect on the market price of the Units.

There can be no assurance regarding the amount of income to be generated by the REIT's properties. The ability of the REIT to make cash distributions, and the actual amount distributed, will be entirely dependent on the operations and assets of the REIT, and will be subject to various factors including financial performance, obligations under applicable credit facilities, fluctuations in working capital, the sustainability of income derived from the tenant profile of the REIT's properties, the asset allocation alternatives available to the REIT including acquisitions and their impact, the interest rate environment, and capital expenditure requirements. Distributions may be increased, reduced or suspended entirely depending on the REIT's operations and the performance of the REIT's assets. The market value of the Units will deteriorate if the REIT is unable to meet its distribution targets in the future, and that deterioration may be significant. In addition, the composition of cash distributions for tax purposes may change over time and may affect the after-tax return for investors.

### *Non-Cash Distributions*

The REIT intends to make distributions in each year to Unitholders in an amount sufficient to ensure that it generally will not be liable for tax under Part I of the Tax Act in any year. Where the income (including net realized capital gains) of the REIT in a taxation year exceeds the cash available for distribution in the year, such excess net income and net realized capital gains will be distributed to Unitholders in the form of additional Units. Unitholders generally will be required to include an amount equal to the fair market value of those Units in their taxable income, even in circumstances where they do not receive a cash distribution.

### *Potential Volatility of Unit Prices*

One of the factors that may influence the market price of the Units is the annual yield on the Units. An increase in market interest rates may lead purchasers of Units to demand a higher annual yield, which accordingly could adversely affect the market price of the Units. In addition, the market price of the Units may be affected by changes in general market conditions, fluctuations in the markets for equity securities and numerous other factors beyond the control of the REIT.

### *Nature of Investment*

A holder of a Unit does not hold a share of a body corporate. As holders of Units, the Unitholders will not have statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring “oppression” or “derivative” actions. The rights of Unitholders are based primarily on the Declaration of Trust. There is no statute governing the affairs of the REIT equivalent to the *Canada Business Corporations Act* (“**CBCA**”) which sets out the rights and entitlements of shareholders of corporations in various circumstances. As well, the REIT may not be a recognized entity under certain existing insolvency legislation such as the *Bankruptcy and Insolvency Act* (Canada) and the *Companies Creditors’ Arrangement Act* (Canada) and thus the treatment of Unitholders upon an insolvency is uncertain.

### *Availability of Cash Flow*

AFFO may exceed actual cash available to the REIT from time to time because of items such as principal repayments, and tenant allowances, leasing costs and capital expenditures in excess of stipulated reserves identified by the REIT in its calculation of AFFO and redemptions of Units, if any. The REIT may be required to use part of its debt capacity to reduce distributions in order to accommodate such items.

### *Currency Exchange Rate Risk*

The business of one of the REIT’s subsidiaries, Slate Office US, is conducted in the U.S., and the REIT may acquire additional U.S. properties in the future. Consequently, any income and gains earned, and any expenses and losses incurred, that are attributable to Slate Office US or new U.S. properties will be in U.S. dollars. The Canadian dollar is not maintained at a fixed exchange rate compared to foreign currencies but rather the value of the Canadian dollar has a floating exchange rate in relation to the U.S. dollar. As a result, the value of an investment in Units, when expressed in Canadian dollars, may fluctuate in accordance with fluctuations in the Canada/U.S. dollar exchange rate, and the value of such investment may be greater or less than that determined only with reference to U.S. dollars. Accordingly, investors who purchase Units through an investment in Canadian dollars are subject to currency exchange rate risk.

### *Dilution*

The number of Units the REIT is authorized to issue is unlimited. The REIT may, in its sole discretion, issue additional Units from time to time, and the interests of the holders of Units may be diluted thereby.

### *Public Market Fluctuations*

The REIT cannot predict at what price the Units will trade and there can be no assurance that an active trading market will be sustained at the price level of any equity offerings. A publicly traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets.

### *Indirect Significant Ownership of Units by Slate*

As of the date of this Annual Information Form, Slate has an indirect beneficial ownership over approximately 9.5% of the Units of the REIT (diluted) through its beneficial ownership of Units and Class B LP Units. Pursuant to the Exchange Agreement, each Class B LP Unit is exchangeable at the option of the holder for one Unit and will be attached to a Special Voting Unit, providing for voting rights in the REIT. Furthermore, pursuant to the Declaration of Trust, Slate (through the Manager) is entitled to nominate a certain number of Trustees based on the percentage of Units held by it. Accordingly, Slate has the ability to exercise influence with respect to the affairs of the REIT, significantly affect the outcome of Unitholder votes and may have the ability to effectively prevent certain fundamental transactions. Slate's significant effective interest may discourage transactions involving a change of control of the REIT, including transactions in which an investor might otherwise receive a premium for its Units over the then current market price.

Class B LP Units of Office I LP and Office II LP are exchangeable at the option of the holder for Units on a one-for-one basis (subject to customary anti-dilution adjustments). In addition, if Slate causes its affiliates to exchange such securities for Units, and sells Units in the public market, the market price of the Units could decrease. The perception among the public that these sales will occur could also produce such effect.

## **Risk Factors Related to Canadian Tax Matters**

### *Non-Resident Ownership*

Non-Residents may not be the beneficial owners of more than 49% of the Units and the Trustees will have various powers that can be used for the purpose of monitoring and controlling the extent of Non-Resident ownership of Units, as set out in the Declaration of Trust.

The restrictions on the issuance of Units by the REIT to Non-Residents may negatively affect the REIT's ability to raise financing for future acquisitions or operations. In addition, the Non-Resident ownership restrictions could negatively impact the liquidity of the Units and the market price at which Units can be sold.

The Tax Act may impose additional withholding or other taxes on distributions made by the REIT to Unitholders who are Non-Residents. The application of these taxes and any reduction in the rates thereof pursuant to an applicable income tax treaty or convention may change from time to time. Non-Resident Unitholders should consult their own tax advisors concerning the imposition of such withholding and other taxes based on their particular circumstances.

### *Taxation of Mutual Fund Trusts*

Management of the REIT believes the REIT currently qualifies as a mutual fund trust for income tax purposes. If the REIT were not to so qualify, the consequences could be material and adverse.

### *REIT Exception*

The Tax Act contains rules (the "**SIFT Legislation**"), which tax certain publicly-traded or listed trusts and partnerships in a manner similar to corporations and which tax certain distributions from such trusts and partnerships as taxable dividends from a taxable Canadian corporation.

The REIT will not be considered a “SIFT trust” (as defined in the Tax Act), and therefore will not be subject to tax under the SIFT Legislation, for a taxation year if it satisfies the exclusion from the definition of “SIFT trust” in the Tax Act for a trust qualifying as a “real estate investment trust” as defined in subsection 122.1(1) of the Tax Act (the “**REIT Exception**”) for that year. The REIT Exception is comprised of a number of technical tests and the determination as to whether the REIT qualifies for the REIT Exception in any particular taxation year can only be made with certainty at the end of that taxation year. Management of the REIT believes that the REIT qualifies for the REIT Exception, as currently enacted, and management expects that the REIT will qualify for the REIT Exception throughout 2021 and in each subsequent taxation year. However, no assurances can be given that future investments or activities undertaken by the REIT will not result in the REIT failing to qualify for the REIT Exception in 2021 or any subsequent taxation year.

The REIT also expects that each direct or indirect subsidiary of the REIT that might also qualify as a SIFT trust or “SIFT partnership” will qualify as an “excluded subsidiary entity”, as defined in the Tax Act, (and, therefore, not be subject to tax under the SIFT Legislation) throughout 2021 and subsequent taxation years.

The likely effect of the application of the SIFT Legislation to the REIT or its subsidiaries on the market for Units and on the REIT’s ability to finance future acquisitions through the issue of Units or other securities is unclear. If tax under the SIFT Legislation applies to the REIT or its subsidiaries, it may adversely affect the marketability of the Units, the amount of cash available for distributions and the after-tax return to investors.

#### *Loss restriction event*

The Tax Act includes “loss restriction event” (“**LRE**”) rules that could potentially apply to the REIT. In general, the REIT will be subject to a LRE if a person (or group of persons) acquires more than 50% of the fair market value of the Units. If a LRE occurs (i) the REIT will be deemed to have a year-end for tax purposes immediately before the LRE occurs, (ii) any net income and net realized capital gains of the REIT at such year-end will be distributed to Unitholders to the extent required for the REIT not to be liable for income taxes under Part I of the Tax Act, and (iii) the REIT will be restricted in its ability to carry forward tax losses (including any unrealized capital losses) that exist at the time of the LRE.

#### *Change of Tax Laws*

There can be no assurance that Canadian tax laws, foreign tax laws, the judicial interpretation thereof, the terms of any income tax treaty applicable to the REIT or its affiliates or the administrative and assessing practices and policies of the Canada Revenue Agency will not change in a manner that adversely affects the REIT, its affiliates or Unitholders. Any such change could affect the REIT’s eligibility for the REIT Exception, increase the amount of tax payable by the REIT or its affiliates, or otherwise adversely affect Unitholders by reducing the amount available to pay distributions or changing the tax treatment applicable to Unitholders in respect of such distributions.

#### *Restrictions on Redemptions*

The entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the following limitations: (i) the total amount payable by the REIT in respect of such Units and all other Units tendered for redemption in the same calendar month must not exceed \$50,000 (provided that such limitation may be waived at the discretion of the Trustees); (ii) at the time such Units are tendered for redemption, the outstanding Units must be listed for trading on the TSX or traded or quoted on any stock exchange or another market which the Trustees consider, in their sole discretion, provides fair market value prices for the Units; (iii) the trading of Units is not suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, on any market on which the Units are quoted for trading) on the Redemption Date or for more than five trading days during the 10-day trading period commencing immediately before the Redemption Date; and (iv) the redemption of the Units must not result in the delisting of the Units on the principal stock exchange on which the Units are listed. Redemption Notes (as defined in the Declaration of Trust), which will be distributed by the REIT to Unitholders in the event of an *in specie* redemption of Units may not be a qualified investment for registered retirement savings plans (RRSP)

and/or other deferred income plans. Penalties may be imposed upon the acquisition or holding of non-qualified investments by such deferred income plans.

#### *Foreign Currency*

For purposes of the Tax Act, the REIT generally is required to compute its Canadian tax results, including any “foreign accrual property income” (“**FAPI**”) earned, using Canadian currency. Where an amount that is relevant in computing a taxpayer’s Canadian tax results is expressed in a currency other than Canadian currency, such amount must be converted to Canadian currency using exchange rates determined in accordance with the Tax Act. As a result, the REIT may realize gains and losses for tax purposes and FAPI by virtue of the fluctuation of the value of foreign currencies relative to Canadian dollars.

#### *Foreign Source Income*

The REIT’s income for purposes of the Tax Act will include, among other things, FAPI realized by an entity that is, or is deemed to be, a “controlled foreign affiliate” (a “**CFA**”) of the REIT and any dividends received as further described below. It is expected that income earned by certain foreign subsidiaries (such as Slate Office US) will be FAPI. Any FAPI earned by a CFA of the REIT must be included in computing its income for the taxation year of the REIT in which the taxation year of the CFA ends, subject to a deduction for grossed-up “foreign accrual tax” as computed in accordance with the Tax Act, whether or not the REIT actually receives a distribution of FAPI in the taxation year, and less certain amounts that are otherwise included in income. The adjusted cost base to the REIT of the shares of the applicable foreign subsidiary will be increased by the net amount so included in the income of the REIT. At such time as the REIT receives a dividend of amounts that were previously included in its income as FAPI (net of any deduction in respect of “foreign accrual tax”), that dividend effectively will not be taxable to the REIT and there will be a corresponding reduction in the adjusted cost base to the REIT of the shares of the applicable foreign subsidiary.

The Tax Act contains rules applicable to certain foreign tax credit generator transactions (the “**Foreign Tax Credit Generator Rules**”). Under the Foreign Tax Credit Generator Rules, the deduction for “foreign accrual tax” may be limited in certain circumstances. No assurances can be given that the Foreign Tax Credit Generator Rules will not apply to the REIT in computing its taxable income. If the Foreign Tax Credit Generator Rules apply to the REIT, its taxable income will increase thereby increasing the income of the REIT distributed to Unitholders.

Provided that the appropriate designations are made by the REIT, such portion of its foreign source income that is paid or becomes payable to a Unitholder generally will retain its character in the hands of the Unitholder for purposes of the Tax Act. Foreign taxes paid by the REIT will be deemed to be paid by the Unitholder and the Unitholder’s share of the “business income tax” and “non-business-income tax” paid in a foreign country for a year will be creditable against the Unitholder’s Canadian federal income tax liability to the extent permitted by the detailed rules contained in the Tax Act. Although the foreign tax credit provisions are designed to avoid double taxation, the maximum credit is limited. Because of this, and because of timing differences in recognition of expenses and income and other factors, double taxation may arise.

#### *Accrued Gains*

Certain properties have been acquired by the Limited Partnerships by way of a tax-deferred rollover such that the relevant Limited Partnership has a tax cost in the properties which is less than it would have been if such properties had been acquired in a fully taxable transaction. The tax depreciation (capital cost allowance) available to the Limited Partnerships in respect of such properties will be less than what would have been available had such properties been acquired by the relevant Limited Partnership at its fair market value for income tax purposes. If one or more of such properties are disposed of, any income inclusion as a consequence of the recapture of previously claimed capital cost allowance (in the case of depreciable property) and/or any gain realized by the Limited Partnerships will be greater than the income inclusion and/or gain which would have been realized had such properties been acquired by the Limited Partnerships

at their fair market value for income tax purposes. These tax consequences may affect the extent to which distributions from the REIT are taxable to Unitholders.

### **Risk Factors Related to U.S. Tax Matters**

The REIT has invested in real property in the United States through Slate Office US, which is capitalized with SOT Notes and equity provided by the REIT and by debt owed to third party lenders. The REIT anticipates that Slate Office US may continue to acquire additional real properties in the United States and may continue to borrow funds from the REIT or third parties in the future for acquisition purposes and/or to fund its operations or refinance existing loans. Slate Office US is a Delaware corporation subject to U.S. federal, state and local taxation. Complex tax rules apply to the operations of Slate Office US and its relationship with the REIT, and the following discussion highlights only a few considerations impacting Slate Office US' taxability.

Slate Office US intends to treat the SOT Notes as indebtedness for U.S. federal income tax purposes, and intends to deduct the interest paid on the SOT Notes and third party debt in determining its U.S. federal taxable income, subject to any applicable limitations on such deductibility. Under Section 163(j) of the Code, unless an exception applies, the deduction for U.S. federal income tax purposes of the interest paid by Slate Office US on its debt, including both the SOT Notes and the third party debt, potentially could be limited to 30% (50% for tax years 2019 and 2020) of Slate Office US' "adjusted taxable income", which generally means earnings before interest, taxes, depreciation and amortization for tax years 2018 through 2021, and before interest and taxes thereafter (for the 2022 year and beyond). Any disallowed interest expense under these provisions may be carried forward to future years. However, under Code Section 163(j)(7)(B), an exception to these limitations can be elected for certain types of businesses, including an "electing real property trade or business". Slate Office US has elected to treat its business as an "electing real property trade or business" and, therefore, Slate Office US is excluded from the limitation on interest deductibility discussed above (in exchange for being subject to generally less favorable depreciation rules). This election generally applies to all future tax years, absent a change in Slate Office US' business that would cause the election to terminate.

In addition, Treasury regulations under section 385 of the Code ("**Section 385 Regulations**") could potentially apply to re-characterize as equity certain related party indebtedness issued after April 4, 2016, even if the Section 163(j) (or any other) limitation on deductibility is not applicable. While management believes that the Section 385 Regulations are not applicable to the SOT Notes currently outstanding because they do not exceed the threshold amount which must be met before the Section 385 Regulations apply, there can be no assurance that the threshold will not be met in the future, or that the Section 385 Regulations will not be broadened to apply to the SOT Notes. Furthermore, other provisions and principles of U.S. federal tax law could also apply and result in the IRS or a court determining that the SOT Notes should be treated for U.S. federal income tax purposes as equity rather than debt, or that the interest rate on the SOT Notes did not represent an arm's length rate. If, for any of the aforementioned reasons, a redetermination were made of the interest deductibility, in whole or part, of the payments made on the SOT Notes or the third party debt, then some or all of the interest may not be deductible for U.S. federal income tax purposes and some or all of the payments on the SOT Notes may be treated as dividends subject to U.S. federal withholding tax. Any of these results could increase the U.S. federal income tax liability of Slate Office US. Such an increase in tax liability could adversely affect Slate Office US' ability to make payments on its obligations and the REIT's ability to make distributions on its Units.

Certain other provisions of the Code, if applicable, also affect the U.S. federal income tax liability of Slate Office US, although the extent to which that occurs is dependent on the factual situation of Slate Office US. There are limitations on the use of net operating losses for tax years beginning after 2020 (generally, those can only be utilized to the extent of 80% of taxable income in any given year, although unused net operating losses can be carried forward indefinitely). In addition, Code section 59A, known as "BEAT", which is the acronym for "base erosion anti-abuse tax", is designed to potentially limit the tax effectiveness of deductions for payments between U.S. corporations (such as Slate Office US) and non-U.S. related parties (such as the REIT) by imposing a minimum tax on the U.S. corporation. The BEAT regime generally does not apply unless the payor U.S. corporation has average annual gross receipts for the 3-tax-year period ending with

the preceding tax year that are at least \$500 million, so under current facts the BEAT regime is unlikely to apply to Slate Office US.

If any of the aforementioned Code provisions were to apply to Slate Office US, the IRS or an applicable taxing authority were to successfully challenge a U.S. tax position Slate Office US were to take, the REIT were to fail to qualify for benefits under the U.S.-Canada Tax Treaty, or U.S. tax laws or the U.S.-Canada Tax Treaty were to change (perhaps retroactively), U.S. tax costs could increase, thus decreasing cash available for distribution to the Unitholders and the value of the Units.

## MARKET FOR SECURITIES

The Units are listed and posted for trading on the TSX under the symbol "SOT.UN". Prior to March 16, 2015, the Units were listed on the TSX under the symbol "F.UN". The following table sets forth the high and low reported trading prices and the trading volume of the Units on the TSX for the periods indicated:

Month (2020)	SOT.UN High (\$)	SOT.UN Low (\$)	SOT.UN Volume
January	\$5.94	\$5.78	3,106,392
February	\$5.92	\$5.11	3,434,713
March	\$5.47	\$2.50	11,160,734
April	\$4.22	\$3.25	5,317,638
May	\$3.93	\$3.23	2,962,454
June	\$4.21	\$3.60	2,712,582
July	\$3.75	\$3.43	2,312,143
August	\$3.99	\$3.61	4,224,571
September	\$3.93	\$3.53	3,361,396
October	\$3.78	\$3.40	2,571,498
November	\$4.31	\$3.47	4,244,153
December	\$4.36	\$4.01	3,540,234

## ESCROWED SECURITIES

To the knowledge of the REIT, there are no Units or securities redeemable or exchangeable into Units that are in escrow or subject to contractual restrictions on transfer.

## DISTRIBUTION POLICY AND HISTORY

### General

The Board of Trustees has full discretion with respect to the timing and extent of distributions, including the adoption, amendment or revocation of any distribution policy. In determining the amount of monthly cash distributions paid to Unitholders, the Board of Trustees applies discretionary judgment to forward-looking cash flow information, including forecasts and budgets. As net income calculated in accordance with IFRS recognizes certain revenues and expenses at time intervals that do not match the receipt of or the payment

of cash, the Board of Trustees considers AFFO when establishing cash distributions to Unitholders, as well as other factors. The excess of AFFO over cash distributions represents a measure of operating cash flow retained in the business.

For the year ended December 31, 2020, the AFFO pay-out ratio was 67.8%. It is the REIT's intention to maintain a conservative AFFO pay-out 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.

Management of the REIT believes that a conservative payout ratio would allow the REIT to meet its internal funding needs, while being able to support stable growth in cash distributions. However, subject to compliance with the Declaration of Trust, the actual payout ratio will be determined by the Trustees in their discretion. It is the REIT's current intention to make distributions to Unitholders at least equal to the amount of net income and net realized capital gains of the REIT as is necessary to ensure that the REIT will not be liable for ordinary income taxes on such income. Any increase or reduction in the percentage of AFFO to be distributed to Unitholders will result in a corresponding increase or decrease in distributions on Class B LP Units.

Unitholders of record as at the close of business on the last business day of the month preceding a Distribution Date will have an entitlement on and after that day to receive distributions in respect of that month on such Distribution Date. Distributions may be adjusted for amounts paid in prior periods if the actual AFFO for the prior periods is greater than or less than the estimates for the prior periods. Under the Declaration of Trust and pursuant to the distribution policy of the REIT, where the REIT's cash is not sufficient to make payment of the full amount of a distribution, such payment will, to the extent necessary, be distributed in the form of additional Units.

The Board of Trustees continually evaluates the distribution policy of the REIT in consideration of various factors. These factors generally include the REIT's available liquidity to fund distributions, the asset allocation alternatives available to the REIT including acquisitions and their impact, the interest rate environment, the REIT's cost of capital and the expected future cash flows to be generated by the REIT in consideration of the REIT's future cash flow needs, which include funding value and redevelopment opportunities, leasing costs and other capital. Based on these factors the Board of Trustees may determine a modification of the REIT's distribution to be beneficial to the REIT.

### **Distribution Reinvestment Plan**

On March 21, 2013, the REIT adopted a Distribution Reinvestment Plan (the "**Plan**"). Eligible Unitholders, which include holders of Class B LP Units, that elect to participate in the Plan will have all cash distributions of the REIT automatically reinvested in additional Units at a price per Unit calculated by reference to the weighted average of the trading price for the Units on the TSX for the five trading days immediately preceding the relevant Distribution Date. TSX Trust Company is the agent and administrator of the Plan.

The REIT can issue, in the aggregate, up to 1,600,000 Units under the Plan, and may increase the number of Units available to be issued under the Plan at any time, subject to the approval of the TSX.

No brokerage commission will be payable in connection with the purchase of Units under the Plan and all administrative costs of the Plan are borne by the REIT.

Unitholders resident outside of Canada are not entitled to participate in the Plan. Upon ceasing to be a resident of Canada, a Unitholder must terminate such Unitholder's participation in the Plan. A copy of the Plan is available on the REIT's website at [www.slateofficereit.com](http://www.slateofficereit.com).

On May 3, 2019 the Board of Trustees approved the suspension of the Plan commencing with the May 2019 distribution to be paid in June 2019. Management of the REIT believes this is a prudent capital allocation strategy which furthered its efforts to acquire units of the REIT under its 2019 NCIB.



## **Distribution History**

During the twelve months ended December 31, 2018, the REIT declared monthly distributions of \$0.0625 per Unit (or \$0.75 per Unit on an annual basis).

For the months of January 2019 and February 2019, the REIT declared monthly distributions of \$0.0625 per Unit (or \$0.75 per Unit on an annual basis). For the months of March 2019 through December 2019, the REIT declared monthly distributions of \$0.0333 per Unit (or \$0.40 on an annualized basis).

During the twelve months ended December 31, 2020, the REIT declared monthly distributions of \$0.0333 per Unit (or \$0.40 per Unit on an annual basis).

The distributions were paid on or about the 15th day of the month following declaration.

## **Restrictions**

There are no restrictions that could prevent the REIT from paying distributions other than those risks outlined in the “*Risk Factors*” section of this Annual Information Form.

## **CAPITAL STRUCTURE**

### **Authorized Capital and Outstanding Securities**

The REIT is authorized to issue an unlimited number of Units and an unlimited number of Special Voting Units. Issued and outstanding Units and Special Voting Units may be subdivided or consolidated from time to time by the Trustees without notice to or the approval of the Unitholders. As at December 31, 2020 there were 67,765,409 Units and 5,285,160 Special Voting Units outstanding.

### **Units**

No Unit has any preference or priority over another. Each Unit represents a Unitholder’s proportionate undivided beneficial ownership interest in the REIT and confers the right to one vote at any meeting of Unitholders and to participate *pro rata* in any distributions by the REIT, whether of net income, net realized capital gains or other amounts and, in the event of termination or winding-up of the REIT, in the net assets of the REIT remaining after satisfaction of all liabilities. Units will be fully paid and non-assessable when issued and are transferable. The Units are redeemable at the holder’s option and, except as set out in “*Declaration of Trust*” and “*Arrangements with the Manager and Slate*”, the Units have no other conversion, retraction, redemption or pre-emptive rights. Fractional Units may be issued as a result of an act of the Trustees, but fractional Units will not entitle the holders thereof to vote, except to the extent that such fractional Units may represent in the aggregate one or more whole Units.

### **Special Voting Units**

Special Voting Units have no economic entitlement in the REIT but entitle the holder to one vote per Special Voting Unit at any meeting of the Unitholders of the REIT. Special Voting Units may only be issued in connection with or in relation to Class B LP Units for the purpose of providing voting rights with respect to the REIT to the holders of such securities. Notwithstanding the foregoing, the REIT was permitted to issue Special Voting Units to the Manager pursuant to the acquisition completed in connection with the IPO absent a contemporaneous issuance of Class B LP Units to the Manager. Special Voting Units will be issued in conjunction with the Class B LP Units to which they relate, and will be evidenced only by the certificates representing such Class B LP Units. Special Voting Units will not be transferable separately from the Class B LP Units to which they are attached and will be automatically transferred upon the transfer of such Class B LP Units. Upon the exchange or surrender of a Class B LP Unit for a Unit, the Special Voting Unit attached to such Class B LP Unit will automatically be redeemed and cancelled for no

consideration without any further action of the Trustees, and the former holder of such Special Voting Unit will cease to have any rights with respect thereto.

### **Preferred Units**

Subject to the Board of Trustees executing an amendment to the Declaration of Trust providing for their creation, preferred units of the REIT (the “**Preferred Units**”) may from time to time be created and issued in one or more classes (each of which may be comprised of unlimited series), and the Board of Trustees may fix from time to time before such issue the number of Preferred Units which is to comprise each class and series and the designation, rights, privileges, restrictions and conditions attaching to each class and series of Preferred Units including, without limiting the generality of the foregoing, any voting rights, the rate or amount of distributions (which may be cumulative or non-cumulative and variable or fixed) or the method of calculating distributions, the dates of payment thereof, the terms and conditions of redemption, purchase and conversion, if any, any rights on the liquidation, dissolution or winding-up of the REIT, and any sinking fund or other provisions.

The Preferred Units of each class and series shall, with respect to the payment of distributions (other than distributions paid solely through the distribution of additional Units) and the distribution of assets of the REIT or return of capital in the event of liquidation, dissolution or winding-up of the REIT, whether voluntary or involuntary, or any other return of capital or distribution of assets of the REIT among its Unitholders for the purpose of winding-up its affairs, be entitled to preference over the Units ranking by their terms junior to the Preferred Units. The Preferred Units of any series may also be given such other preferences, not inconsistent with the Declaration of Trust, over the Units ranking by their terms junior to the Preferred Units. If any cumulative distributions or amounts payable on the return of capital in respect of a series of Preferred Units are not paid in full, all classes and series of Preferred Units of equal ranking shall participate rateably in respect of accumulated distributions and return of capital, based on the accumulated distributions and return of capital of a class and series of Preferred Units as a proportion of the accumulated distributions and return of capital of all classes and series of Preferred Units of equal ranking.

The REIT has no present intention of issuing Preferred Units, but wishes to have the flexibility to do so in the future as a means of seeking an alternate source of equity financing. The REIT will not create or issue Preferred Units for anti-takeover purposes.

### **Rights of Unitholders**

The Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of such Act or any other legislation. The Units are not shares in the REIT and, although the protections, rights and remedies set out in the Declaration of Trust are similar to those provided under the CBCA, Unitholders do not have statutory rights of shareholders of a corporation including, for example, “dissent rights” in respect of certain corporate transactions and fundamental changes, the right to apply to a court to order the liquidation or dissolution of the REIT, or the right to bring “oppression” or “derivative” actions. Furthermore, the REIT is not a trust company and accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

### **Debentures**

In January 2018, the REIT completed the January 2018 Offering which included a public offering of \$28.75 million of Debentures of the REIT.

The Debentures bear interest at an annual rate of 5.25% payable semi-annually in arrears on February 28 and August 31 in each year commencing on August 31, 2018. The Debentures will mature on February 28, 2023 (the “**Maturity Date**”).

Each Debenture will be convertible into freely tradeable Units at the option of the holder at any time prior to the close of business on the earliest of: (i) last business day before the Maturity Date; or (ii) if called for redemption, the business day immediately preceding the date specified by the REIT for redemption of the Debentures, at a conversion price of \$10.53 per Unit (the “**Conversion Price**”), being a ratio of approximately 94.9668 Units per \$1,000 principal amount of Debentures, subject to adjustment in certain events in accordance with the indenture governing the terms of the Debentures. Holders of Debentures converting their Debentures will receive accrued and unpaid interest thereon, if any, from the last interest payment date on their Debentures to and including the last record date set by the REIT occurring prior to the date of conversion for determining the holders of Units entitled to receive a distribution on the Units.

The Debentures may not be redeemed by the REIT prior to February 28, 2021. On and from February 28, 2021, and prior to February 28, 2022, the Debentures may be redeemed by the REIT, in whole at any time, or in part from time to time, at a price equal to the principal amount thereof plus accrued and unpaid interest on not more than 60 days’ and not less than 30 days’ prior written notice, provided that the volume weighted-average trading price of the Units on the TSX for the 20 consecutive trading days ending five trading days preceding the date on which notice of redemption is given (the “**Current Market Price**”) is not less than 125% of the Conversion Price. On and from February 28, 2022, and prior to the Maturity Date, the Debentures may be redeemed by the REIT, in whole at any time or in part from time to time, at a price equal to the principal amount thereof plus accrued and unpaid interest on not more than 60 days’ and not less than 30 days’ prior written notice. Subject to regulatory approvals and other conditions, the REIT may, at its option, elect to satisfy its obligation to pay the principal amount of Debentures on redemption or at maturity, in whole or in part, by delivering that number of freely tradeable Units obtained by dividing the principal amount of the Debentures being repaid by 95% of the Current Market Price on the date of redemption or maturity, as applicable.

## ARRANGEMENTS WITH THE MANAGER AND SLATE

### Overview

As at the date of this Annual Information Form, Slate indirectly holds 5,285,160 Class B LP Units (being all of the Class B LP Units that are issued and outstanding) and 1,687,251 Units representing an approximate 9.5% economic interest in the REIT. Each Class B LP Unit is exchangeable at the option of the holder for one Unit (subject to customary anti-dilution adjustments), is accompanied by one Special Voting Unit (which provides for the same voting rights in the REIT as a Unit) and is entitled to distributions of cash from Office I LP or Office II LP, as applicable, equal to the cash distributions paid to holders of Units by the REIT.

Pursuant to the Declaration of Trust, Slate has the right to nominate one Trustee for election to the Board of Trustees (depending on the size of the Board of Trustees and the level of Slate’s direct or indirect ownership interest in the REIT). See “*Declaration of Trust*” and “*Trustees and Executive Officers of the REIT*”.

### Exchange Agreement

On December 28, 2012, the REIT, Office I LP and the Manager entered into an exchange agreement (the “**Exchange Agreement**”). The Exchange Agreement governs the mechanics by which the Manager may require the REIT to exchange each Class B LP Unit for one Unit, subject to customary anti-dilution adjustments and the adjustments described under “*Declaration of Trust*”.

The Exchange Agreement was amended on December 17, 2014 and Slate GTA (a predecessor of the Manager) was added as party to the agreement in connection with the GTA Acquisition. The original Exchange Agreement was amended to facilitate the exchange of Office II Class B LP Units for Units, to provide the same rights to Slate GTA in respect of the Office II Class B LP Units as the Manager had in respect of the Office I Class B LP Units, and to make certain other consequential amendments.

The exchange procedure may be initiated at any time by the holder of a Class B LP Unit so long as all of the following conditions have been met:

- (a) the exchange would not cause the REIT to breach the restrictions respecting Non-Resident (within meaning of the Tax Act) ownership contained in the REIT's Declaration of Trust as described under "*Declaration of Trust*" or otherwise cause it to cease to be a "mutual fund trust" for purposes of the Tax Act or create a substantial risk of such cessation;
- (b) the REIT is legally entitled to issue the Units in connection with the exercise of the exchange rights; and
- (c) the person receiving the Units upon the exercise of the exchange rights complies with all applicable securities laws.

The Exchange Agreement provides that, so long as the Manager, directly or indirectly, holds at least a 10% ownership interest in the REIT, calculated on a fully-diluted basis, the Manager will have, subject to certain exceptions, pre-emptive rights to purchase Class B LP Units and/or Units to maintain its *pro rata* ownership interest in the REIT in the event that the REIT or any of its subsidiaries decides to issue equity securities, or securities convertible into or exchangeable for equity securities, to third parties. Upon exercise of this right, the Manager will be entitled to participate in the issue of such securities at the most favourable price and on the most favourable terms as such securities are offered to any third party.

Pursuant to the terms of the Exchange Agreement, so long as the Manager, directly or indirectly, holds at least a 20% ownership interest in the REIT (calculated on a fully-diluted basis) the Manager will be granted demand and "piggy-back" registration rights by the REIT that will enable it to require the REIT to file a prospectus and otherwise assist with a public offering of Units, subject to certain limitations. The expenses in respect of the exercise by the Manager of its "piggy back" rights, subject to certain exceptions, will be borne by the REIT, except that any underwriting fee on the sale of Units by the Manager and the fees of the Manager's external legal counsel will be borne by the Manager. The expenses in respect of an exercise by the Manager of its demand rights, subject to certain exceptions, will be borne by the REIT and the Manager on a proportionate basis according to the number of Units distributed by each.

The Exchange Agreement also provides that if Office I LP or Office II LP has insufficient funds to pay any distribution on its Class B LP Units required pursuant to its Limited Partnership Agreement to be paid concurrently with, and in an amount equal to, the distribution that such holders would have received if they held that number of Units, then the REIT shall advance to such Limited Partnership, by way of a loan or equity investment, funds to facilitate such distribution.

### **ROFO Agreement**

The REIT and the Manager are party to a right of first offer agreement (the "**ROFO Agreement**") dated December 28, 2012, and amended effective November 4, 2014, which gives the REIT the right of first offer to acquire office properties that the Manager owns or in which it has a direct or indirect interest, prior to disposition of any such properties to a third party which will be on terms not materially less favourable to the REIT than those offered by or to such third party. It is anticipated that the REIT may from time to time enter into transactions with certain related parties, including the Manager or any of its subsidiaries and/or pursuant to the exercise of the REIT's right of first offer under the ROFO Agreement described above, directly or indirectly through Office I LP or Office II LP and/or its direct and indirect subsidiaries.

The ROFO Agreement provides that if at any time and from time to time, the Manager determines that it desires to sell, or receives and desires to accept an offer to acquire (directly or indirectly by way of the sale or acquisition of securities), one or more office properties that the Manager owns or in which it has a direct or indirect interest (a "**Proposed Disposition**"), the Manager will, by notice in writing, advise the REIT of such opportunity. Such a notice must outline all of the material terms and conditions of the Proposed Disposition and be accompanied by all material information relating to the Proposed Disposition as is in the

control or possession of the Manager. The REIT will have up to 10 business days to notify the Manager, in the form of an executed non-binding letter of intent and accompanying refundable deposit, if it intends to acquire the Proposed Disposition. If the REIT reasonably believes that the information contained in the investment proposal is insufficient for it to make an investment decision, and notifies the Manager of same, the Manager must make reasonable commercial efforts to provide the REIT with such further information as is requested by the REIT and the REIT will have up to 10 business days from receipt of such additional information to notify the Manager, in the form of an executed non-binding letter of intent and accompanying refundable deposit, if it intends to acquire the Proposed Disposition. If the REIT is unwilling to acquire the Proposed Disposition at the proposed price, the REIT may counter, in the form of an executed non-binding letter of intent, with a minimum reservation price, below which price the Manager would be unable to sell the Proposed Disposition to a third party for a period of 180 days, following which period any sale of the property would be considered a new Proposed Disposition. If the REIT notifies the Manager that it does not wish to acquire the Proposed Disposition, or the applicable period for the REIT providing notice to the Manager lapses, the Manager will be entitled to complete the sale of the Proposed Disposition within the following 180 days to any third party on terms not materially more favourable to the third party than those offered to the REIT. The right of first offer may be subject to the rights of lenders under certain loan documents securing properties in which the Manager has an interest.

## **BORROWING AND CREDIT FACILITIES**

### **Overview**

The REIT's overall borrowing policy is to obtain secured mortgage financing, with a term to maturity that is appropriate having regard to the lease maturity profile for each property and which allows the REIT to (i) achieve and maintain staggered debt maturities to lessen exposure to interest rate fluctuations and re-financing risk in any particular period, (ii) extend loan terms when borrowing conditions are favourable, and (iii) provide flexibility with respect to property operations. Subject to market conditions and the growth of the REIT, management's target is to maintain total indebtedness at approximately 55% of gross book value ("**GBV**"). 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 Revolving Credit Facility, financing of unencumbered income-producing properties or by issuances of equity or debt securities.

The REIT may not incur or assume any indebtedness if, after giving effect to the incurring or assumption of such indebtedness, the total indebtedness of the REIT would be more than 65% of the GBV of its assets (including convertible debentures).

Interest rates and debt maturities will be reviewed regularly by the Trustees to ensure the appropriate debt management strategies are implemented. The REIT intends to finance its ongoing operations with a combination of, primarily, fixed rate secured debt with staggered maturities and floating rate secured short-term, construction and/or revolving debt. The fixed rate debt is expected to be comprised primarily of first charge mortgages. The REIT intends to satisfy principal repayments and other capital expenditures in future years through a combination of re-financing of the REIT's existing mortgages, the REIT's working capital and through the REIT's revolving credit facility.

The total indebtedness of the REIT as at December 31, 2020 was 58.0% of total assets.

### **Revolving Credit Facility**

On October 14, 2020, a syndicate of chartered banks provided the REIT with a \$300.0 million and U.S. \$60.0 million bearing interest at Bankers' acceptance plus 275 basis points and U.S. LIBOR plus 275 basis points, respectively, or prime plus 175 basis points (the "**Revolving Credit Facility**"), with a maturity of October 14, 2022. A standby fee of 0.7% is charged quarterly in arrears based on the average daily

undrawn amount. The proceeds of the Revolving Credit Facility were used to repay and cancel the REIT's credit facilities, term loan and one mortgage. At the time of funding, the Revolving Credit Facility was secured by seventeen investment properties, two parking lots and the REIT's hotel asset, including 5404 36<sup>th</sup> Street SE in Calgary Alberta which was disposed of on December 22, 2020 and removed as security from this facility. As at December 31, 2020, the security for the Revolving Credit Facility includes: Kings Place, Brunswick Square, Cabot Place, TD Place, 280 Broadway, 84-86 Chain Lake, 1 Eva Road, 1189 Colonel Sam Drive, Saskatchewan Place, 570 Queen Street, 81 Albert Street, Walmart Flin Flon, Blue Cross Centre, 2285 Speakman Drive, 2251 Speakman Drive and the two parking lots located at 286 Broadway Avenue and 68 Smith Street. The Revolving Credit Facility is being used by the REIT for general corporate purposes, including acquisitions.

The amount available for drawdown under the Revolving Credit Facility is computed on the net operating income and the appraised values of the secured properties, up to a maximum of \$300.0 million and U.S. \$60.0 million, subject to achieving a minimum occupancy threshold by the secured investment properties. As at December 31, 2020, the REIT had \$254 million and U.S. \$59.1 million outstanding balance on the Revolving Credit Facility, and was compliant with all financial covenants.

The ability of the REIT to borrow under the Revolving Credit Facility remains subject to the limitations on the ability of the REIT to incur indebtedness contained in the Declaration of Trust. The Revolving Credit Facility provides the REIT with flexibility to add or remove properties from the borrowing base, subject to compliance with certain conditions.

### Outstanding Mortgages

At December 31, 2020, the REIT had \$621.2 million of mortgages payable, bearing a weighted average interest rate of 3.22%. This rate reflects the marking-to-market of interest rates at the point of acquisition for all debts assumed in conjunction with property acquisitions. The mortgages payable have a weighted average term to maturity of 3.1 years. The following table outlines the REIT's annual principal payments and maturity schedule, together with the annual weighted average interest rates:

For the Periods Ending	Annual Principal Payments (000's)	Principal Repayments on Maturity (000's)	Total (000's)	Percentage	Weighted Average Contractual Interest Rate on Maturing Debt
December 31, 2021	10,526	158,629	169,155	27.2%	2.76%
December 31, 2022	9,582	12,000	21,582	3.5%	2.71%
December 31, 2023	7,566	182,301	189,867	30.6%	3.89%
December 31, 2024	6,475	N/A	6,475	1.0%	N/A
December 31, 2025	6,374	155,685	162,069	26.1%	2.87%
Thereafter	14,743	57,339	72,082	11.6%	3.57%
	\$ 55,266	565,954	621,220	100.0%	

## DECLARATION OF TRUST

### General

The REIT is an unincorporated open-ended real estate investment trust established pursuant to the Declaration of Trust under, and governed by, the laws of the Province of Ontario. Although the REIT currently qualifies as a "mutual fund trust" as defined in the Tax Act, the REIT will not be a "mutual fund" as defined by applicable securities legislation. The following section is a summary which does not purport to be complete with respect to the material attributes of the Declaration of Trust. Reference should be made to the Declaration of Trust for the full text of its provisions. A copy of the Declaration of Trust is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## Meetings of Unitholders

The Declaration of Trust provides that meetings of Unitholders will be required to be called and held in various circumstances, including (i) for the election or removal of Trustees, (ii) the appointment or removal of the auditors, (iii) the approval of amendments to the Declaration of Trust (except as described below under “*Amendments to Declaration of Trust*”), (iv) the sale or transfer of the assets of the REIT as an entirety or substantially as an entirety (other than as part of an internal reorganization of the assets of the REIT approved by the Trustees), (v) the termination of the REIT, and (vi) for the transaction of any other business as the Trustees may determine or as may be properly brought before the meeting. Meetings of Unitholders will be called and held annually for the election of the Trustees and the appointment of the auditors. All meetings of Unitholders must be held in Canada.

A meeting of Unitholders may be convened at any time and for any purpose by the Trustees and must be convened, except in certain circumstances, if requisitioned in writing by the holders of not less than 10% of the voting Units then outstanding. A requisition must state in reasonable detail the business proposed to be transacted at the meeting. Unitholders have the right to obtain a list of Unitholders to the same extent and upon the same conditions as those which apply to shareholders of a corporation governed by the CBCA.

Unitholders may attend and vote at all meetings of Unitholders either in person or by proxy. One person present in person or represented by proxy, such person holding or representing by proxy not less than 5% of the total number of outstanding Units and Special Voting Units, will constitute a quorum for the transaction of business at all such meetings. Any meeting at which a quorum is not present within one-half hour after the time fixed for the holding of such meeting, if convened upon the request of the Unitholders, will be terminated, but in any other case, the meeting will stand adjourned to a day not less than 14 days later and to a place and time as chosen by the chair of the meeting, and if at such adjourned meeting a quorum is not present, the Unitholders present either in person or by proxy will be deemed to constitute a quorum.

Holders of Special Voting Units will have an equal right to be notified of, attend and participate in meetings of Unitholders. Pursuant to the Declaration of Trust, a resolution in writing executed by all of the Unitholders entitled to vote on that resolution at a meeting of Unitholders is valid as if it had been passed at a meeting of Unitholders.

## Advance Notice Provision

The Declaration of Trust includes certain advance notice provisions (the “**Advance Notice Provision**”), which will: (i) facilitate orderly and efficient annual general meetings or, where the need arises, special meetings; (ii) ensure that all Unitholders receive adequate notice of the Trustee nominations and sufficient information with respect to all nominees; and (iii) allow Unitholders to register an informed vote.

Except as otherwise provided in the Declaration of Trust, only persons who are nominated by Unitholders in accordance with the Advance Notice Provision shall be eligible for election as Trustees. Nominations of persons for election to the Board of Trustees may be made for any annual meeting of Unitholders, or for any special meeting of Unitholders if one of the purposes for which the special meeting was called was the election of Trustees: (a) by or at the direction of the Board of Trustees, including pursuant to a notice of meeting; (b) by or at the direction or request of one or more Unitholders pursuant to a requisition of the Unitholders made in accordance with the Declaration of Trust; or (c) by any person (a “**Nominating Unitholder**”): (A) who, at the close of business on the date of the giving of the notice provided for below and on the record date for notice of such meeting, is entered in the REIT’s register as a holder of one or more Units carrying the right to vote at such meeting or who beneficially owns Units that are entitled to be voted at such meeting; and (B) who complies with the notice procedures set forth in the Advance Notice Provision.

In addition to any other applicable requirements, for a nomination to be made by a Nominating Unitholder, the Nominating Unitholder must have given timely notice thereof in proper written form to the Trustees. To be timely, a Nominating Unitholder’s notice to the Trustees must be made: (a) in the case of an annual

meeting of Unitholders, not less than 30 nor more than 60 days prior to the date of the annual meeting of Unitholders; provided, however, that in the event that the annual meeting of Unitholders is to be held on a date that is less than 50 days after the date (the “**Notice Date**”) on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Unitholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and (b) in the case of a special meeting (which is not also an annual meeting) of Unitholders called for the purpose of electing Trustees (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of Unitholders was made. In no event shall any adjournment or postponement of a meeting of Unitholders or the announcement thereof commence a new time period for the giving of a Nominating Unitholder’s notice as described above.

To be in proper written form, a Nominating Unitholder’s notice to the Trustees must set forth: (a) as to each person whom the Nominating Unitholder proposes to nominate for election as a Trustee: (A) the name, age, business address and residential address of the person; (B) the principal occupation or employment of the person; (C) the class or series and number of Units or Special Voting Units which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of Unitholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (D) any other information relating to the person that would be required to be disclosed in a dissident’s proxy circular in connection with solicitations of proxies for election of Trustees pursuant to applicable Securities Laws (as defined in the Declaration of Trust ); and (b) as to the Nominating Unitholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Unitholder has a right to vote any Units and any other information relating to such Nominating Unitholder that would be required to be made in a dissident’s proxy circular in connection with solicitations of proxies for election of Trustees pursuant to applicable Securities Laws (as defined in the Declaration of Trust). The REIT may require any proposed nominee to furnish such other information as may reasonably be required by the REIT to determine the eligibility of such proposed nominee to serve as an Independent Trustee or that could be material to a reasonable Unitholder’s understanding of the independence, or lack thereof, of such proposed nominee.

The chairperson of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded. Notwithstanding the foregoing, the Board of Trustees may, in its sole discretion, waive any requirement in the Advance Notice Provision.

### **Amendments to Declaration of Trust**

The Declaration of Trust may be amended or altered from time to time. Certain amendments require approval by at least two-thirds of the votes cast at a meeting of Unitholders called for such purpose. Other amendments to the Declaration of Trust require approval by a majority of the votes cast at a meeting of Unitholders called for such purpose.

Except as described below, the following amendments, among others, require the approval of two-thirds of the votes cast by all Unitholders at a meeting:

- (a) an exchange, reclassification or cancellation of all or part of the Units, Special Voting Units or Preferred Units;
- (b) the addition, change or removal of the rights, privileges, restrictions or conditions attached to the Units, Special Voting Units or Preferred Units;
- (c) any constraint of the issue, transfer or ownership of the Units, Special Voting Units or Preferred Units or the change or removal of such constraint;



- (d) the sale or transfer of the assets of the REIT as an entirety or substantially as an entirety (other than as part of an internal reorganization of the assets of the REIT approved by the Trustees and not prejudicial to Unitholders);
- (e) the termination of the REIT (other than as part of an internal reorganization of the assets of the REIT approved by the Trustees and not prejudicial to Unitholders);
- (f) the combination, amalgamation or arrangement of any of the REIT or its subsidiaries with any other entity (other than as part of an internal reorganization of the assets of the REIT approved by the Trustees and not prejudicial to Unitholders); and except as described herein, the amendment of the investment guidelines and operating policies of the REIT. See “*Declaration of Trust — Amendments to Investment Guidelines and Operating Policies*”.

Notwithstanding the foregoing, the Trustees may, without the approval of the Unitholders, make certain amendments to the Declaration of Trust, including amendments:

- (a) aimed at ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over: (i) the Trustees or the REIT; (ii) the status of the REIT as a “mutual fund trust” under the Tax Act; or (iii) the distribution of Units;
- (b) which, in the opinion of the Trustees, provide additional protection for the Unitholders;
- (c) to remove any conflicts or inconsistencies in the Declaration of Trust or to make minor corrections which are, in the opinion of the Trustees, necessary or desirable and not prejudicial to the Unitholders;
- (d) which, in the opinion of the Trustees, are necessary or desirable to remove conflicts or inconsistencies between the disclosure in any information circular, prospectus, offering memorandum or similar document and the Declaration of Trust;
- (e) of a minor or clerical nature or to correct typographical mistakes, ambiguities or manifest omissions or errors, which amendments, in the opinion of the Trustees, are necessary or desirable and not prejudicial to the Unitholders;
- (f) which, in the opinion of the Trustees, are necessary or desirable: (i) to ensure continuing compliance with IFRS; or (ii) to ensure the Units qualify as equity for purposes of IFRS;
- (g) which, in the opinion of the Trustees, are necessary or desirable to enable the REIT to implement a Unit option or purchase plan or issue Units for which the purchase price is payable in instalments;
- (h) which, in the opinion of the Trustees, are necessary or desirable and not prejudicial to the Unitholders, (i) to create and issue one or more new classes of Preferred Units (each of which may be comprised of unlimited series) that rank in priority to the Units and Special Voting Units (in payment of distributions and in connection with any termination or winding-up of the REIT), and/or (ii) to remove the redemption right attaching to the Units and convert the REIT into a closed-end limited purpose trust;
- (i) which, in the opinion of the Trustees, are necessary or desirable for the REIT to qualify for a particular status under, or as a result of changes in, taxation or other laws, or the interpretation of such laws, including to qualify for the definition of “real estate investment trust” in the Tax Act or to otherwise prevent the REIT or any of its subsidiaries from becoming subject to tax under the SIFT Legislation;

- (j) to create one or more additional classes of units solely to provide voting rights to holders of shares, units or other securities that are exchangeable for Units entitling the holder thereof to a number of votes not exceeding the number of Units into which the exchangeable shares, units or other securities are exchangeable or convertible but that do not otherwise entitle the holder thereof to any rights with respect to the REIT's property or income other than a return of capital; and
- (k) for any purpose (except one in respect of which a Unitholder vote is specifically otherwise required) which, in the opinion of the Trustees, is not prejudicial to Unitholders and is necessary or desirable.

Pursuant to the Declaration of Trust, no amendment shall be made that limits or alters the nomination rights of the Manager without the express written consent of the Manager, provided that the Manager and its affiliates hold, directly or indirectly, at least a 10% ownership interest in the REIT, calculated on a fully-diluted basis.

### **Redemption Right**

Units are redeemable at any time on demand by the holders thereof upon delivery to the REIT of a duly completed and properly executed notice requesting redemption in a form reasonably acceptable to the Trustees, together with written instructions as to the number of Units to be redeemed. A Unitholder not otherwise holding a fully registered Unit certificate who wishes to exercise the redemption right will be required to obtain a redemption notice form from the Unitholder's investment dealer who will be required to deliver the completed redemption notice form to the REIT and to CDS Clearing and Depository Services ("**CDS**"). Upon receipt of the redemption notice by the REIT, all rights to and under the Units tendered for redemption shall be surrendered and the holder thereof will be entitled to receive a price per Unit (the "**Redemption Price**") equal to the lesser of:

- (a) 90% of the "Market Price" of a Unit calculated as of the date on which the Units were surrendered for redemption (the "**Redemption Date**"); and
- (b) 100% of the "Closing Market Price" on the Redemption Date.

For purposes of this calculation, the "Market Price" of a Unit as at a specified date will be:

- (a) an amount equal to the weighted average trading price of a Unit on the principal exchange or market on which the Units are listed or quoted for trading during the period of 10 consecutive trading days ending on such date;
- (b) an amount equal to the weighted average of the closing market prices of a Unit on the principal exchange or market on which the Units are listed or quoted for trading during the period of 10 consecutive trading days ending on such date, if the applicable exchange or market does not provide information necessary to compute a weighted average trading price; or
- (c) if there was trading on the applicable exchange or market for fewer than five of the 10 trading days, an amount equal to the simple average of the following prices established for each of the 10 consecutive trading days ending on such date: the simple average of the last bid and last asking price of the Units for each day on which there was no trading; the closing price of the Units for each day that there was trading if the exchange or market provides a closing price; and the simple average of the highest and lowest prices of the Units for each day that there was trading, if the market provides only the highest and lowest prices of Units traded on a particular day.

The "Closing Market Price" of a Unit for the purpose of the foregoing calculations, as at any date will be:

- (a) an amount equal to the weighted average trading price of a Unit on the principal exchange or market on which the Units are listed or quoted for trading on the specified date and the principal exchange or market provides information necessary to compute a weighted average trading price of the Units on the specified date;
- (b) an amount equal to the closing price of a Unit on the principal market or exchange if there was a trade on the specified date and the principal exchange or market provides only a closing price of the Units on the specified date;
- (d) an amount equal to the simple average of the highest and lowest prices of the Units on the principal market or exchange, if there was trading on the specified date and the principal exchange or market provides only the highest and lowest trading prices of the Units on the specified date; or
- (e) the simple average of the last bid and last asking prices of the Units on the principal market or exchange, if there was no trading on the specified date.

If Units are not listed or quoted for trading in a public market, the Redemption Price will be the fair market value of the Units, which will be determined by the Trustees in their sole discretion.

The aggregate Redemption Price payable by the REIT in respect of any Units surrendered for redemption during any calendar month will be paid by cheque, drawn on a Canadian chartered bank or trust company in Canadian dollars within 30 days after the end of the calendar month in which the Units were tendered for redemption, provided that the entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the limitations that: (i) the total amount payable by the REIT in respect of such Units and all other Units tendered for redemption in the same calendar month must not exceed \$50,000 (provided that such limitation may be waived at the discretion of the Trustees); (ii) on the date such Units are tendered for redemption, the outstanding Units must be listed for trading on the TSX or traded or quoted on any other stock exchange or market which the Trustees consider, in their sole discretion, provides representative fair market value prices for the Units; (iii) the normal trading of Units is not suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, in any market where the Units are quoted for trading) on the Redemption Date or for more than five trading days during the 10-day trading period commencing immediately before the Redemption Date; and (iv) the redemption of the Units must not result in the delisting of the Units the principal stock exchange on which the Units are listed.

Cash payable on redemptions will be paid *pro rata* to all Unitholders tendering Units for redemption in any month. To the extent a Unitholder is not entitled to receive cash upon the redemption of Units as a result of any of the foregoing limitations, then the balance of the Redemption Price for such Units will, subject to any applicable regulatory approvals, be paid and satisfied by way of a distribution *in specie* to such Unitholder of Redemption Notes. In the event of distributions of Redemption Notes, each Redemption Note so distributed to the redeeming holder of Units shall be in the principal amount of \$100 or such other amount as may be determined by the Trustees. No fractional Redemption Notes shall be distributed and where the number of Redemption Notes to be received upon redemption by a holder of Units would otherwise include a fraction, that number shall be rounded down to the next lowest whole number. The Trustees may deduct or withhold from all payments or other distributions payable to any Unitholder pursuant to the Declaration of Trust all amounts required by law to be so withheld. Where the REIT makes a distribution *in specie* on the redemption of Units of a Unitholder, the REIT currently intends to allocate to that Unitholder any capital gain or income realized by the REIT on or in connection with such distribution.

### **Purchase of Units by the REIT**

The REIT may from time to time purchase Units in accordance with applicable securities legislation and the rules prescribed under applicable stock exchange and regulatory policies. Any such purchase will constitute an “issuer bid” under Canadian provincial securities legislation and must be conducted in accordance with the applicable requirements thereof.

## **Take-Over Bids**

The Declaration of Trust contains provisions to the effect that if a take-over bid or issuer bid is made for Units within the meaning of the *Securities Act* (Ontario) and not less than 90% of the Units (other than Units held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Units held by Unitholders who do not accept the offer either, at the election of each Unitholder, on the terms offered by the offeror or at the fair value of such Unitholder's Units determined in accordance with the procedures set out in the Declaration of Trust.

The Declaration of Trust and the Exchange Agreement will provide that in the event that a non-exempt take-over bid from a person acting at arm's length to holders of Class B LP Units (or any affiliate or associate thereof) is made for Units, unless the take-over bid is structured to permit holders of LP Units to both exchange and tender conditional on take-up, then, from and after the first take-up of Units under the said take-over bid (provided that not less than 25% of the Units other than Units held at the date of the take-over bid by the offeror or associates or affiliates of the offeror are so taken up) the terms and conditions of the LP Units will be amended such that the exchange ratio shall be varied to equal 110% of the exchange ratio then in effect (such that on conversion, exercise or exchange the holder shall receive 1.1 Units for each Unit that the holder would otherwise have received). Notwithstanding any adjustment on completion of an exclusionary offer as described above, the distribution rights attaching to the LP Units will also not be adjusted until the exchange right is actually exercised.

## **Issuance of Units**

The REIT may issue new Units from time to time, in such manner, for such consideration and to such person or persons as the Trustees shall determine. Unitholders will not have any pre-emptive rights whereby additional Units proposed to be issued would be first offered to existing Unitholders, except that for so long as the Manager continues to hold at least a 10% voting interest in the REIT, the Manager will have the pre-emptive right, subject to any applicable regulatory approvals, to purchase additional Units issued by the REIT to maintain its *pro rata* voting interest in the REIT. If the Trustees determine that the REIT does not have cash in an amount sufficient to make payment of the full amount of any distribution, the payment may include the issuance of additional Units having a value equal to the difference between the amount of such distribution and the amount of cash which has been determined by the Trustees to be available for the payment of such distribution.

The REIT may also issue new Units (i) as consideration for the acquisition of new properties or assets by it, at a price or for the consideration determined by the Trustees or (ii) pursuant to any incentive or option plan established by the REIT from time to time, including the Plan. See "*Distribution Policy and History*".

The Declaration of Trust also provides that immediately after any *pro rata* distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated so that each Unitholder will hold, after the consolidation, the same number of Units as the Unitholder held before the non-cash distribution. In this case, each certificate representing a number of Units prior to the non-cash distribution is deemed to represent the same number of Units after the non-cash distribution and the consolidation. Where amounts distributed represent income, Non-Resident holders will be subject to withholding tax and the consolidation will not result in such Non-Resident Unitholders holding the same number of Units. Such Non-Resident Unitholders will be required to surrender the certificates (if any) representing their original Units in exchange for a certificate representing post-consolidation Units.

## **Transfer and Exchange of Units**

Transfers of beneficial ownership of Units will be effected through records maintained by CDS or its nominees (with respect to interests of participants) and on the records of participants (with respect to interests of persons other than participants). Unless the REIT elects, in its sole discretion, to prepare and deliver definitive certificates representing the Units, beneficial owners who are not participants in the book-

entry system administered by CDS, but who desire to purchase, sell or otherwise transfer ownership, may do so only through participants in the book- entry system administered by CDS.

The ability of a beneficial owner of an interest in a Unit to pledge the Unit or otherwise take action with respect to such owner's interest in the Unit (other than through a participant) may be limited due to the lack of a physical certificate.

Registered holders of definitive certificates representing Units may transfer such Units upon payment of taxes or other charges incidental thereto, if any, by executing and delivering a form of transfer together with the Unit certificates to the registrar for the Units at its principal office in the City of Toronto, Ontario or such other city or cities as may from time to time be designated by the REIT, whereupon new Unit certificates will be issued in authorized denominations in the same aggregate principal amount as the Unit certificates so transferred, registered in the name of the transferees.

### **Limitation on Non-Resident Ownership**

In order for the REIT to maintain its status as a "mutual fund trust" under the Tax Act, the REIT must not be established or maintained primarily for the benefit of Non-Residents (within the meaning of the Tax Act). Accordingly, at no time may Non-Residents be the beneficial owners of more than 49% of the Units and the Trustees will inform the transfer agent and registrar of this restriction. The Trustees may require declarations as to the jurisdictions in which beneficial owners of Units are resident. If the Trustees become aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 49% of the Units then outstanding are, or may be, Non-Residents or that such a situation is imminent, the Trustees may make a public announcement thereof and will not accept a subscription for Units from or issue Units to a person unless the person provides a declaration that the person is not a Non-Resident. If, notwithstanding the foregoing, the Trustees determine that more than 49% of the Units are held by Non-Residents, the Trustees may send a notice to Non-Resident holders of Units, chosen in inverse order to the order of acquisition or registration or in such manner as the Trustees may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 60 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Trustees with satisfactory evidence that they are not Non-Residents within such period, the Trustees may, on behalf of such Unitholders sell such Units and, in the interim, must suspend the voting and distribution rights attached to such Units. Upon such sale the affected holders will cease to be holders of Units and their rights will be limited to receiving the net proceeds of sale, subject to the right to receive payment of any distribution declared by the Trustees which is unpaid and owing to such Unitholders. The Trustees will have no liability for the amount received provided that they act in good faith. Pursuant to the Office I LP Limited Partnership Agreement Class B LP Units of Office I LP, which are economically equivalent to Units, are not permitted to be transferred. Pursuant to each of the Limited Partnership Agreements, the Manager, as holder of the Class B LP Units, will agree not to take any action that would result in the Class B LP Units being held by a Non-Resident. See "*Material Subsidiaries*".

### **Information and Reports**

The REIT will furnish to Unitholders such financial statements (including quarterly and annual financial statements) and other reports as are from time to time required by the Declaration of Trust and by applicable law. Prior to each meeting of Unitholders, the Trustees will provide the Unitholders (along with notice of such meeting) information as required by applicable tax and securities laws.

### **Investment Guidelines**

The Declaration of Trust provides certain guidelines on investments that may be made directly or indirectly by the REIT. The assets of the REIT may be invested only in accordance with the following restrictions:

- (a) the REIT may only invest, directly or indirectly, in interests (including fee ownership and leasehold interests) in income-producing commercial real estate located in Canada and

the U.S. and assets ancillary thereto necessary for the operation of such real estate and such other activities as are consistent with the other investment guidelines of the REIT;

- (b) notwithstanding anything else contained in the Declaration of Trust, the REIT shall not make any investment, take any action or omit to take any action that would result in Units not being units of a “mutual fund trust” within the meaning of the Tax Act or that would result in the Units or not being qualified investments for Plans (within the meaning of the Declaration of Trust);
- (c) the REIT shall not make or permit any of its subsidiaries (including Office I LP and Office II LP) to make any investment that would result in: (i) the REIT or any of its subsidiaries being liable to pay a tax imposed under either paragraph 122(1)(b) or subsection 197(2) of the Tax Act; or (ii) the REIT ceasing to qualify as a “real estate investment trust” for purposes of the Tax Act;
- (d) the REIT shall not invest in any interest in a single real property if, after giving effect to the proposed investment, the cost to the REIT of such investment (net of the amount of debt incurred or assumed in connection with such investment) will exceed 20% of GBV at the time the investment is made;
- (e) the REIT may, directly or indirectly, invest in a joint venture arrangement for the purposes of owning interests or investments otherwise permitted to be held by the REIT; provided that such joint venture arrangement contains terms and conditions which, in the opinion of management, are commercially reasonable, including without limitation such terms and conditions relating to restrictions on the transfer, acquisition and sale of the REIT's and any joint venturer's interest in the joint venture arrangement, provisions to provide liquidity to the REIT, provisions to limit the liability of the REIT and its Unitholders to third parties, and provisions to provide for the participation of the REIT in the management of the joint venture arrangement. Notwithstanding the foregoing, the REIT may from time to time enter into any joint venture arrangement which does not comply with the foregoing guidelines if the Trustees determine that the investment is desirable for the REIT and is otherwise in compliance with the investment guidelines and operating policies established in accordance with Declaration of Trust and in effect at such time. For purposes hereof, a joint venture arrangement is an arrangement between the REIT and one or more other persons pursuant to which the REIT, directly or indirectly, conducts an undertaking for one or more of the purposes set out in the investment guidelines of the REIT and in respect of which the REIT may hold its interest jointly or in common or in another manner with others either directly or through the ownership of securities of a corporation or other entity;
- (f) except for temporary investments held in cash, deposits with a Canadian chartered bank or trust company registered under the laws of a province of Canada, short-term government debt securities or money market instruments maturing prior to one year from the date of issue and except as permitted pursuant to the investment guidelines and operating policies of the REIT, the REIT may not hold securities of a person other than to the extent such securities would constitute an investment in real property (as determined by the Trustees) and provided further that, notwithstanding anything contained in the Declaration of Trust to the contrary, but in all events subject to paragraph (e) above, the REIT may acquire securities of other real estate investment trusts;
- (g) the REIT shall not invest in rights to or interests in mineral or other natural resources, including oil or gas, except as incidental to an investment in real property;
- (h) the REIT shall not invest, directly or indirectly, in operating businesses unless such investment is an indirect investment and is incidental to a transaction:



- (i) where revenue will be derived, directly or indirectly, principally from real property; or
  - (ii) which principally involves the ownership, maintenance, development, improvement, leasing or management, directly or indirectly, of real property (in each case as determined by the Trustees);
- (i) the REIT shall not invest in raw land for development, except (i) for existing properties with additional development or properties adjacent to existing properties of the REIT for the purpose of the renovation or expansion of existing properties, or (ii) the development of new properties which will be capital property of the REIT, provided that the aggregate value of the investments of the REIT in raw land, excluding raw land under development, after giving effect to the proposed investment, will not exceed 5% of GBV;
- (j) the REIT may invest in mortgages and mortgage bonds (including participating or convertible mortgages) and similar instruments where:
- (i) it intends to use the acquisition of the mortgages as a method of acquiring, directly or indirectly, an income-producing real property which would otherwise meet the investment guidelines of the REIT; or
  - (ii) the real property which is security therefor is income-producing real property which otherwise meets the other investment guidelines of the REIT, the loan is not in excess of 75% of the market value of the property securing the mortgage and the aggregate book value of the investments of the REIT in mortgages, after giving effect to the proposed investment, will not exceed 15% of GBV; and
  - (iii) The REIT may also invest in mortgages where the (i) mortgage is a vendor take-back mortgage granted to the REIT in connection with the sale by the REIT of an existing property and as a means of financing the purchaser's acquisition of such property from the REIT, (ii) mortgage is interest bearing, (iii) mortgage is registered on title to the real property which is security therefor, (iv) mortgage has maturity not exceeding five years, (v) amount of mortgage loan is not in excess of 85% of the selling price of the property securing the mortgage, and (vi) aggregate value of these mortgages, after giving effect to the proposed investment, will not exceed 15% of GBV of the REIT calculated at the time of such investment.
- (k) The REIT may invest an amount (which, in the case of an amount invested to acquire real property, is the purchase price less the amount of any debt incurred or assumed in connection with such investment) up to 15% of the GBV of the REIT in investments which do not comply with one or more of paragraphs (a), (f), (h) and (i).

## Operating Policies

The Declaration of Trust provides that operations and affairs of the REIT are to be conducted in accordance with the following policies:

- (a) the REIT shall not purchase, sell, market or trade in currency or interest rate futures contracts otherwise than for hedging purposes where, for the purposes hereof, the term "hedging" has the meaning ascribed thereto by National Instrument 81-102 – *Mutual Funds* adopted by the Canadian Securities Administrators, as replaced or amended from time to time;
- (b) (i) any written instrument creating an obligation which is or includes the granting by the REIT of a mortgage; and

- (ii) to the extent practicable, any written instrument which creates a material obligation upon the REIT,

shall contain a provision, or be subject to an acknowledgement to the effect, that the obligation being created is not personally binding upon, and that resort must not be had to, nor will recourse or satisfaction be sought from, by lawsuit or otherwise the private property of any of the Trustees, Unitholders, annuitants or beneficiaries under a plan of which a Unitholder acts as a trustee or carrier, or officers, employees or agents of the REIT, but that only property of the REIT or a specific portion thereof is bound; the REIT, however, is not required, but must use all reasonable efforts, to comply with this requirement in respect of obligations assumed by the REIT upon the acquisition of real property;

- (c) the REIT shall not lease or sublease to any tenant that is not an institutional tenant any real property, premises or space where that person and its affiliates would, after the contemplated lease or sublease, be leasing or subleasing real property, premises or space having a fair market value net of encumbrances in excess of 20% adjusted unitholders' equity;
- (d) the REIT may engage in construction or development of real property: (i) to maintain its real properties in good repair or to improve the income-producing potential of properties in which the REIT has an interest; and (ii) to develop new properties that will be capital properties of the REIT on completion, provided that the aggregate value of the investments of the REIT in properties under development after giving effect to the proposed investment in the construction or development, will not exceed 15% of GBV;
- (e) title to each real property shall be held by and registered in the name of the REIT, the Trustees or a corporation or other entity owned in whole or in part, directly or indirectly, by the REIT or jointly owned, directly or indirectly, by the REIT, with joint venturers;
- (f) the REIT shall not incur or assume any indebtedness if, after giving effect to the incurrence or assumption of such indebtedness, the total indebtedness of the REIT would be more than 65% of GBV (including convertible debentures);
- (g) the REIT shall not directly or indirectly guarantee any indebtedness or liabilities of any kind of a third party, except indebtedness or liabilities assumed or incurred by an entity in which the REIT holds an interest, directly or indirectly, or by an entity jointly owned by the REIT with joint venturers and operated solely for the purpose of holding a particular property or properties, where such indebtedness, if granted by the REIT directly, would cause the REIT to contravene its investment guidelines or operating policies. The REIT is not required but shall use its reasonable best efforts to comply with this requirement (i) in respect of obligations assumed by the REIT pursuant to the acquisition of real property; or (ii) if doing so is necessary or desirable in order to further the initiatives of the REIT permitted under the Declaration of Trust;
- (h) the REIT shall directly or indirectly obtain and maintain at all times property insurance coverage in respect of potential liabilities of the REIT and the accidental loss of value of the assets of the REIT from risks, in amounts, with such insurers, and on such terms as the Trustees consider appropriate, taking into account all relevant factors including the practice of owners of comparable properties;
- (i) no acquisition shall be made by the REIT nor any development undertaken unless and until the officers of the REIT have prepared and presented to the investment committee of the REIT or the Trustees, a written report containing their recommendation that the REIT make the investment together with a financial analysis of the estimated cost and projected return from the investment and such supplementary information and data (including, without limitation, underlying assumptions, proposed financing arrangements, leasing and



economic and market data) as is reasonably necessary to evaluate the investment decision; and

- (j) the REIT shall obtain a Phase I ESA of each real property to be acquired by it and, if the Phase I ESA report recommends that a further ESA be conducted, the REIT shall have conducted such further ESAs, in each case by an independent and experienced environmental consultant; as a condition to any acquisition such assessments shall be satisfactory to the Trustees.

For the purpose of the foregoing investment guidelines and operating policies, the assets, liabilities and transactions of a corporation or other entity wholly or partially owned by the REIT will be deemed to be those of the REIT on a proportionate consolidation basis. In addition, any references in the foregoing investment guidelines and operating policies to investment in real property will be deemed to include an investment in a joint venture arrangement that invests in real property.

### **Amendments to Investment Guidelines and Operating Policies**

Pursuant to the Declaration of Trust, all of the investment guidelines set out under the heading “*Investment Guidelines*” and the operating policies contained in paragraphs (a), (b), (f), (g), (h) and (j), set out under the heading “*Operating Policies*” may be amended only with the approval of two-thirds of the votes cast by Unitholders of the REIT at a meeting of Unitholders called for such purpose. The remaining operating policies may be amended with the approval of a majority of the votes cast by Unitholders at a meeting called for such purpose.

If at any time a regulatory authority having jurisdiction over the REIT or any property of the REIT shall enact any law, regulation or requirement which is in conflict with any investment guideline or operating policy of the REIT then in force, the investment guideline or operating policy in conflict shall, if the Trustees on the advice of legal counsel to the REIT so resolve, be deemed to have been amended to the extent necessary to resolve the conflict, and, notwithstanding anything to the contrary, the resolution of the Trustees shall not require the prior approval of Unitholders.

## **MANAGEMENT OF THE REIT**

### **Slate and the Manager**

The REIT’s wholly-owned properties are managed by the Manager, a wholly-owned subsidiary of Slate. Slate is a leading real estate investment platform.

### **Management Agreement**

Pursuant to the Management Agreement, the Manager provides the REIT with strategic, asset management, administrative, property management, leasing, construction management and administrative services necessary to manage the day-to-day operations of the REIT and its assets (collectively, the “**Management Services**”). The Manager will provide such administrative, executive and management personnel as may be reasonably necessary to perform its obligations by using its own employees. The Manager also provides personnel to serve as chief executive officer and chief financial officer of the REIT.

Under the Management Agreement, the REIT’s strategy will concentrate on acquiring, holding, developing, maintaining, improving, leasing, managing or otherwise dealing with office properties in Canada, including data centres.

Pursuant to the Management Agreement, the Manager has the right to nominate one Trustee for election to the Board of Trustees during the term of the Management Agreement, provided that so long as the Manager or an affiliate of the Manager has rights to elect board members in accordance with the Declaration of Trust this right shall not apply.

The Manager is entitled to the following fees for its management services:

- a “base management fee” equal to 0.3% of the GBV of the REIT’s assets;
- a “property management fee” equal to 3.0% of the gross revenues collected and remitted from the REIT’s assets;
- an “acquisition fee” equal to (i) 1.0% of the purchase price on the first \$100 million of properties acquired in each fiscal year; (ii) 0.75% of the purchase price on the next \$100 million of properties acquired each fiscal year, and (iii) 0.50% of the purchase price on properties in excess of \$200 million acquired in each fiscal year; provided that no acquisition fee was payable in respect of the Initial Properties and no acquisition fee is payable any properties owned by the Manager or any of its subsidiaries at the time of the closing of the IPO if such properties are subsequently acquired by the REIT;
- a “financing fee” equal to 0.25% of the value of any debt financing payable on transaction completion;
- a “leasing fee” equal to 5.0% of the base rent for all new leases and 2.0% of base rent for all renewals of existing leases and expansion of leased premises, payable on the signing of a binding lease, extension, renewal or amending document; and
- a “construction management fee” equal to 5.0% of all costs of any construction activity undertaken by the REIT, payable at the time payments for construction are made. Construction activities include all tenant and building improvements undertaken by the REIT but exclude maintenance capital expenditures.

The Manager is also entitled to receive reimbursement for all reasonable out-of-pocket costs and expenses incurred by the Manager in the performance of its duties under the Management Agreement, consistent with industry standards in such regard. Reimbursable expenses shall be reimbursed to the Manager on a monthly basis. For greater certainty, reimbursable expenses shall not include any mark-up or profit component for the Manager. These reimbursements will include, among other things, landlord reimbursements and recoveries as well as property administration fees allowable under the tenant leases relating to assets or resources of the Manager that are directly attributable to the management of the REIT’s properties, including those relating to: (i) employment expenses of property-related personnel (salaries, wages, cost of employee benefit plans, etc.) and (ii) expenses related to on-site offices. For greater clarity, the Manager shall not be reimbursed for corporate-level general and administrative expenses.

The Manager will not charge any disposition fees.

In addition, the Manager will be reimbursed for all third party costs and out-of-pocket expenses incurred in connection with the performance of the services described in the Management Agreement or such other services which the REIT and the Manager agree in writing are to be provided from time to time by the Manager, including: (i) interest and other costs of borrowed money; (ii) legal, accounting and other professional advisors, appraisers and consultants; (iii) fees/expenses incurred in connection with acquisitions, dispositions and ownership of property or mortgage loans or other property; (iv) insurance; (v) travel and accommodation expenses; and (vi) incorporation, organization and maintenance of subsidiaries of the REIT.

In 2020, the REIT paid approximately \$14.6 million in property management, asset management, leasing, financing, construction management, and acquisition fees.

## Term and Termination

The Management Agreement has an initial term of 10 years ending December 28, 2022 (the “**Initial Term**”) and is renewable for further five year terms (the “**Renewal Terms**”, and together with the Initial Term, the “**Term**”), unless and until the Management Agreement is terminated in accordance with the provisions thereof. Subject only to the termination provisions in the Management Agreement, the Manager will automatically be re-engaged at the expiration of each Term. The Manager has the right, at any time, but upon 180 days’ prior written notice, to terminate the Management Agreement for any reason. The Manager may also terminate the Management Agreement upon the occurrence of an “event of default” (as defined in the Management Agreement) of the REIT.

The REIT will have the right to terminate the Management Agreement upon an “event of default” (being a bankruptcy, fraud or material uncured breach) by the Manager. The REIT may also terminate the Management Agreement, upon three months’ prior written notice, at the expiry of the Initial Term and thereafter upon the expiry of each ensuing Renewal Term provided that: (i) a majority of the Independent Trustees determine that the services of the Manager under the Management Agreement are unsatisfactory; (ii) such termination is approved by at least two-thirds of the votes cast by Unitholders at a duly called meeting of Unitholders (excluding any Units and Special Voting Units held by the Manager and its affiliates); and (iii) a termination fee in an amount equal to the fees payable to the Manager for the prior 12-month period is paid to the Manager. For greater clarity, no termination fee will be payable where the Management Agreement is terminated due to an event of default of the Manager or where the Management Agreement is terminated by the Manager (other than in connection with an event of default of the REIT).

Upon termination of the Management Agreement for any reason (other than for a Manager “event of default”, Loss of Key Man (as defined in the Management Agreement) or by the Manager for convenience), the REIT has agreed to fully indemnify the Manager from and against any and all severance costs (if any) actually incurred by the Manager in respect of employees of the Manager arising out of or resulting from the ensuing termination of redundant or surplus employees as a consequence of the termination of the Management Agreement or the amended Management Agreement, as the case may be, in respect of the period after the closing of the REIT’s IPO that each such employee has worked on REIT matters and based on the proportion of each such employee’s services attributable to REIT matters.

The REIT will also have the right to terminate the Management Agreement at any time after December 28, 2022 upon achieving an equity market capitalization of \$750 million, if (i) a majority of the Independent Trustees have determined it is in the best interests of the REIT to internalize the services provided pursuant to the Management Agreement and (ii) such internalization is approved by at least two-thirds of votes cast by Unitholders and holders of Special Voting Units (excluding any Units and Special Voting Units held by the Manager and its affiliates). Upon such termination, the REIT must pay the Manager an additional amount equal to the Manager’s aggregate annual management fees earned for the preceding 12-month period and reimburse the Manager for all severance costs actually incurred by the Manager (or its affiliates) in respect of employees of the Manager (or its affiliates) arising out of or resulting from the ensuing termination of redundant or surplus employees as a consequence of the termination of the Management Agreement. For greater certainty, such severance costs shall apply in respect of the period from the closing of the REIT’s IPO that each such employee has worked on REIT matters and will be based on the proportion of each such employee’s services attributable to REIT matters.

The REIT will also have the right to terminate the Management Agreement in the event that both of Messrs. Blair Welch and Brady Welch, the founding partners of Slate, are no longer associated with Slate (“**Loss of Key Men**”), provided that the Independent Trustees reasonably determine that the Loss of Key Men is detrimental to the Manager’s performance of its obligations to the REIT. This termination right shall not apply following the REIT achieving an equity market capitalization of \$750 million.

On the termination of the Management Agreement, for any reason other than due to (i) an event of default by the Manager, (ii) the Loss of Key Men, (iii) an event of default by the REIT due to the insolvency of the REIT or (iv) the Manager terminating the agreement upon 180 days’ prior written notice, and subject to compliance with applicable laws, the REIT shall use commercially reasonable best efforts to facilitate the

disposition (but in any event, ensure such disposition is completed within six months following receipt of notice of the Manager's decision to proceed with a disposition) of the Units owned by the Manager or its affiliates (including securities at the time of termination convertible, exchangeable or redeemable into Units (including limited partnership units of an affiliate of the REIT and Special Voting Units)) at a price not less than 95% of the 20 day volume weighted average price on the date the Manager received notification of such termination, provided that such number of Units shall not exceed such number of Units as would have an aggregate purchase price (as calculated in accordance with the foregoing) of \$75 million.

### **Management Restrictions**

During the term of the Management Agreement, the Manager and its officers and directors are not to, directly or indirectly, individually or in partnership or jointly or in conjunction with any person(s): (i) create or manage another real estate investment trust focused on the ownership of office revenue producing real property, where the revenue of such real property is primarily derived from office tenants, which meets the "*Investment Guidelines and Operating Policies*" of the REIT set out in the Declaration of Trust (the "**Restricted Investments**"); (ii) invest in, purchase or finance the purchase of any assets which constitute Restricted Investments and meet the investment criteria of the REIT, unless such investment opportunity has first been offered to the REIT (on no less favourable terms) and the REIT has declined to purchase such assets; or (iii) solicit tenants, suppliers, employees, consultants, advisers, partners, trustees, directors, officers or agents away from the REIT or its facilities, or otherwise interfere with relationships that the REIT has with such persons.

The above restrictions will not apply to (each, a "**Permitted Property**"): (a) any interest up to \$10 million in an entity owning Restricted Investments that represents less than a 50% fully-diluted interest in such entity and affiliates of that entity; (b) any interest in the securities of a public entity owning Restricted Investments that represents less than a 10% fully-diluted interest in such entity; (c) any interest in the securities of a public entity owning Restricted Investments (representing up to a 100% interest) provided that any Restricted Investments owned or subsequently acquired by such entity that do not constitute a Permitted Property are first offered to the REIT; (d) any controlling interest in any entity or a portfolio of assets, in each case that owns or contains Restricted Investments that comprise less than 30% of the asset value of such entity or portfolio; (e) any activity or investment related to (i) any Restricted Investment that is first offered to the REIT in accordance with the restrictions set out in the Management Agreement, or (ii) any of the other exceptions in this section; (f) any investment in or purchase of a property that does not meet the Investment Guidelines and Operating Policies of the REIT set out in the Declaration of Trust; (g) investments that are owned by the Manager on November 4, 2014; (h) investments by Slate, its affiliates and/or its associates, directors, officers, members, partners, shareholders and employees (other than the Manager); and (f) any other exception approved by the Board of Trustees from time to time (provided that the Independent Trustees shall be required to act reasonably and expeditiously in responding to any request for an exception).

### **Non-Solicitation**

During, and for a period of two years following termination of the Management Agreement, the REIT will not (without the consent of the Manager), solicit or hire for employment any employee of the Manager (other than non-executives who respond to an advertisement available to the general public), provided that the REIT will be entitled to solicit any non-executive employee of the Manager in respect of whom the REIT is required to pay any and all severance costs (if any) actually incurred by the Manager in respect of employees of the Manager arising out of or resulting from the ensuing termination of redundant or surplus employees as a consequence of the termination of the Management Agreement in respect of the period after closing of the IPO that each such employee has worked on REIT matters and based on the proportion of each such employee's services attributable to REIT matters.

## TRUSTEES AND EXECUTIVE OFFICERS OF THE REIT

### Board of Trustees

The Declaration of Trust provides that, subject to certain conditions, the Trustees will have absolute and exclusive power, control and authority over the REIT's assets and operations, as if the Trustees were the sole and absolute legal and beneficial owners of the REIT's assets. The governance practices, investment guidelines and operating policies of the REIT will be overseen by a Board of Trustees.

The Declaration of Trust provides for a Board of between one and nine Trustees, a majority of whom will be Canadian residents. The REIT must, at all times, have a majority of Trustees who are independent within the meaning of National Policy 58-201 — *Corporate Governance Guidelines* (“**NP 58-201**”) provided, however, that if at any time a majority of the Trustees are not independent because of the death, resignation, bankruptcy, adjudicated incompetence, removal or change in circumstance of any Trustee who was an Independent Trustee, this requirement shall not be applicable for a period of 60 days thereafter, during which time the remaining Trustees shall appoint a sufficient number of Trustees who qualify as “independent” to comply with this requirement.

The Board of Trustees is currently comprised of seven Trustees. A Trustee is an independent trustee (an “**Independent Trustee**”) if such person is independent within the meaning of NP 58-201. Pursuant to NP 58-201, an Independent Trustee is one who is free from any direct or indirect relationship which could, in the view of the Board of Trustees, be reasonably expected to interfere with a Trustee's independent judgment. The REIT has determined that Lori-Ann Beausoleil, Meredith Michetti, Thomas Farley, Nora Duke and Monty Baker are independent under these standards. Blair Welch and Brady Welch, as partners of Slate, are not independent under these standards. All of the trusteeships and directorships of the Trustees with other public entities are disclosed in the biographical information for each Trustee set out below.

The mandate of the Board of Trustees is one of stewardship and oversight of the REIT and its business. In fulfilling its mandate, the Board of Trustees has adopted a written charter setting out its responsibility, among other things, for (i) participating in the development of and approving a strategic plan for the REIT; (ii) supervising the activities and managing the investments and affairs of the REIT; (iii) approving major decisions regarding the REIT; (iv) defining the roles and responsibilities of management; (v) reviewing and approving the business and investment objectives to be met by management; (vi) assessing the performance of and overseeing management; (vii) reviewing the REIT's debt strategy; (viii) identifying and managing risk exposure; (ix) ensuring the integrity and adequacy of the REIT's internal controls and management information systems; (x) succession planning; (xi) establishing committees of the Board of Trustees, where required or prudent, and defining their mandate; (xii) maintaining records and providing reports to Unitholders; (xiii) ensuring effective and adequate communication with Unitholders, other stakeholders and the public; (xiv) determining the amount and timing of distributions to Unitholders; and (xv) acting for, voting on behalf of and representing the REIT as a holder of Class A LP Units of Office I LP and Office II LP.

The Board of Trustees has adopted a written position description for the Chair of the Board of Trustees which sets out the Chair's key responsibilities, including duties relating to setting board meeting agendas, chairing board and Unitholder meetings, Trustee development and communicating with Unitholders and regulators. The Board of Trustees has also adopted a written position description for each of the committee chairs which sets out each of the committee chair's key responsibilities, including duties relating to setting committee meeting agendas, chairing committee meetings and working with the respective committee and management to ensure, to the greatest extent possible, the effective functioning of the committee. These descriptions are considered by the board for approval annually.

The REIT has adopted a written code of conduct (the “**Code of Conduct**”) that applies to all Trustees, officers, and management of the REIT. The objective of the Code of Conduct is to provide guidelines for maintaining the integrity, reputation, honesty, objectivity and impartiality of the REIT. The Code of Conduct addresses conflicts of interest, protecting the REIT's assets, confidentiality, fair dealing with security

holders, competitors and employees, insider trading, compliance with laws and reporting any illegal or unethical behaviour. As part of the Code of Conduct, any person subject to the Code of Conduct is required to avoid or fully disclose interests or relationships that are harmful or detrimental to the REIT's best interests or that may give rise to real, potential or the appearance of conflicts of interest.

The standard of care and duties of the Trustees provided in the Declaration of Trust is similar to those imposed on directors of a corporation governed by the CBCA. Accordingly, each Trustee is required to exercise the powers and discharge the duties of his or her office honestly, in good faith and in the best interests of the REIT and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Declaration of Trust provides that each Trustee will be entitled to indemnification from the REIT in respect of the exercise of the Trustee's powers and the discharge of the Trustee's duties, provided that the Trustee acted honestly and in good faith with a view to the best interests of the REIT and the Unitholders or, in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, where the Trustee had reasonable grounds for believing that his or her conduct was lawful.

Other than the Trustees nominated by the Manager as described below, the nominees for election of the Trustees are determined by the REIT's compensation, governance and nominating committee (the "**Compensation, Governance and Nominating Committee**") in accordance with the provisions of the Declaration of Trust and will be included in the proxy related materials to be sent to Unitholders prior to each annual meeting of Unitholders.

The Unitholders or the Trustees are entitled to change the number of Trustees comprising the Board. A quorum of the Trustees, being the majority of the Trustees then holding office (provided a majority of the Trustees comprising such quorum are residents of Canada), will be permitted to fill a vacancy in the Trustees, except a vacancy resulting from an increase in the number of Trustees or from a failure of the Unitholders to elect the required number of Trustees. In the absence of a quorum of Trustees, or if the vacancy has arisen from an increase in the number of Trustees other than in accordance with the provision regarding the appointment of Trustees in the Declaration of Trust or from a failure of the Unitholders to elect the required number of Trustees, the Trustees will promptly call a special meeting of the Unitholders to fill the vacancy. If the Trustees fail to call that meeting or if there is no Trustee then in office, any Unitholder will be entitled to call such meeting. Except as otherwise provided in the Declaration of Trust, the Trustees may, between annual meetings of Unitholders, appoint one or more additional Trustees to serve until the next annual meeting of Unitholders, provided that the number of additional Trustees so appointed will not at any time exceed one-third of the number of Trustees who held such office at the conclusion of the immediately preceding annual meeting of Unitholders. Any Trustee may resign upon 30 days' written notice to the REIT, unless such resignation would cause the number of remaining Trustees to be less than a quorum, and may be removed by an ordinary resolution passed by a majority of the votes cast at a meeting of Unitholders.

The Declaration of Trust provides that so long as the Manager has an interest of at least 5% of the Units on a fully-diluted basis, the Manager will have the right to nominate one Trustee to the Board, provided that should the Board size be increased or decreased, the Manager's nominee rights shall be increased or decreased proportionately (rounding up).

As at December 31, 2020, the REIT's Trustees and Executive Officers collectively owned, or exerted direction or control over units as follows:

Units	Deferred Units	Total	Percentage of Issued and Outstanding Units
278,341	201,730	480,071	0.7%

## Trustee Information

The following table sets forth the name, province and country of residence, position held with the REIT and principal occupation for the each of the Trustees as of the date of this Annual Information Form:

Name, Province and Country of Residence	Position(s)/Title	Trustee Since	Principal Occupation
THOMAS FARLEY <sup>(1)</sup> Coronado, California, U.S.A. ....	Independent Trustee (Chair)	May 24, 2017	Corporate Director
MEREDITH MICHETTI <sup>(2)</sup> Toronto, Ontario, Canada...	Independent Trustee	May 3, 2019	Director and Secretary, Dormer Properties Inc.
NORA DUKE <sup>(3)</sup> St. John's, Newfoundland and Labrador, Canada .....	Independent Trustee	June 30, 2015	Executive Vice President, Sustainability and Chief Human Resource Officer, Fortis Inc.
LORI-ANN BEAUSOLEIL <sup>(4)</sup> Toronto, Ontario, Canada...	Independent Trustee	January 1, 2021	Partner, Forensic Services, PwC Canada
MONTY BAKER <sup>(5)</sup> Toronto, Ontario, Canada...	Independent Trustee	January 3, 2018	Corporate Director
BLAIR WELCH <sup>(6)</sup> Chicago, Illinois, United States	Trustee	May 25, 2015	Founding Partner, Slate
BRADY WELCH London, England	Trustee	November 4, 2014	Founding Partner, Slate

<sup>(1)</sup> Chairman of the Board Chair of the Investment Committee, member of the Compensation, Governance and Nominating Committee and member of the Audit Committee

<sup>(2)</sup> Chair of the Compensation, Governance and Nominating Committee

<sup>(3)</sup> Member of the Audit Committee and member of the Investment Committee

<sup>(4)</sup> Member of the Compensation, Governance and Nominating Committee and member of the Audit Committee

<sup>(5)</sup> Chair of the Audit Committee, member of the Investment Committee and member of the Compensation, Governance and Nominating Committee

<sup>(6)</sup> Member of the Investment Committee

The term of office of each Trustee expires the date of the REIT's next annual general meeting of Unitholders.

Additional biographical information regarding the current Trustees for the past five years is set out below.

**Thomas Farley, Trustee and Chair of the Board.** Thomas Farley is a corporate director with over 40 years of real estate industry experience. He is currently Chair of the Board of Directors of the REIT and Trustee of Slate Grocery REIT. Recently, Mr. Farley held the position of Chair of the Board of Directors of Slate Grocery REIT and Trustee of the REIT. Prior to these positions, Mr. Farley was Chair of the Board of Brookfield Canada Office Properties and President and Global Chief Operating Officer of Brookfield Office Properties. Further, he served as Chair of the Board of Brookfield Johnson Controls Canada & Australia.

**Meredith Michetti, Trustee.** Meredith Michetti is a lawyer with over 20 years' experience. Ms. Michetti is currently Counsel at Gazit TripLLLe Canada, a private owner and operator of commercial real estate in Ontario. Prior to this position, she practiced real estate law at a prominent Bay Street law firm, and spent 18 years at Tim Hortons Inc. where she held various senior positions, including Vice President, Associate General Counsel and Assistant Corporate Secretary. At Tim Hortons, she led the legal group and was a member of the executive team. Ms. Michetti also served as Vice President, Legal for OneREIT, a publicly traded company that was privatized. Currently she serves as Director and Secretary of Dormer Properties Inc., a private real estate company. Ms. Michetti received her Bachelor of Arts degree from The University of Calgary, and her Juris Doctor degree from the University of Windsor. She is currently enrolled in the ICD Directors Education Program at the Rotman School of Business at the University of Toronto. She is a member of The Law Society of Ontario and a former director of the Learning Disabilities Association of Ontario.

**Nora Duke, Trustee.** Nora Duke has over a decade of experience in the real estate and hospitality sectors. Ms. Duke is currently Executive Vice President, Sustainability and Chief Human Resource Officer, of Fortis Inc., an international diversified electric utility holding company. Prior to this appointment, she served as Executive Vice President, Corporate Services and Chief Human Resource Officer of Fortis Inc. from August 2015 to December 2017, and was previously the Chief Executive Officer of Fortis Properties Corporation from 2007 to 2015. Prior to Fortis Properties Corporation, Ms. Duke spent 16 years at another Fortis subsidiary, Newfoundland Power Inc., ultimately serving as the company's Vice President of Customer and Corporate Services. She has been inducted into Atlantic Canada's Top 50 CEOs Hall of Fame by Atlantic Business Magazine. She was also named one of Canada's 100 Most Powerful Women in 2010 and 2020 by the Women's Executive Network. Ms. Duke holds a Bachelor of Commerce (Honours), a Masters of Business Administration from Memorial University and ICD.D designation.

**Lori-Ann Beausoleil, Trustee.** Lori-Ann Beausoleil is a Partner of PricewaterhouseCoopers Canada ("PwC"), where she is currently the National Leader – Compliance, Ethics and Governance and a Real Estate Advisory Partner. She has also previously served as the National Forensic Services Leader, a member of PwC's Deals Leadership Team and the Consulting and Deals Leader for PwC's Canadian Real Estate practice. Ms. Beausoleil began her career at PwC in 1988 and became a partner in 1999. With 36 years of experience focused in the real estate industry, she has significant risk, regulatory compliance, investigations, governance and internal audit experience working with a variety of real estate corporations and real estate investment trusts. She is also a Chartered Professional Accountant, Chartered Accountant, holds a Bachelor of Commerce from the University of Toronto, and is a member of the Canadian Chartered Professional Accountants and the Chartered Professional Accountants of Ontario.

**Monty Baker, Trustee.** Monty Baker is a retired partner from PricewaterhouseCoopers ("PwC"), where he held various senior roles, including as the Canadian leader for the PwC Canada Management Consulting group. He also served on PwC's partnership board and was a member of the Global PwC Consulting Advisory Board from 1999 to 2002. Mr. Baker had significant involvement in the sale of the PwC Consulting Practice to IBM. Until his retirement in 2011, he was the Vice President, Global BTO HR Solutions at IBM where he was responsible for overall strategy, sales, marketing and the delivery for Human Resource Outsourcing. Mr. Baker is a graduate of the University of Toronto and a Chartered Professional Accountant. He received his chartered director designation from The Directors College in 2013. Currently, he is a director of the OMERS Administrative Corporation where he is Chair of the Human Resources Committee and serves as a member of the Audit and Actuarial Committee and the Technology Committee.

**Blair Welch, Trustee.** Mr. Blair Welch co-founded Slate in 2005. Slate is a Toronto-based real estate asset management company with over \$6 billion of assets under management across Canada, the United States and Europe. Working alongside like-minded partners and investors, Slate is building the next great Canadian asset manager with an unwavering commitment to generating value. With over 20 years of real estate industry experience in North America, Europe and Asia, Mr. Welch has worked in direct investment, investment banking, development and securitization. Mr. Welch has been fortunate to work with exceptional people at pioneering firms such as Fortress Investment Group; Bankers Trust; First National Financial Corporation and Brazos Advisors (now Lone Star). Mr. Welch holds a Bachelor of Commerce from the University of British Columbia.

**Brady Welch, Trustee.** Mr. Brady Welch, along with his brother Blair, is one of the co-founders of Slate, a leading global real estate investment platform, which is a significant sponsor of all its private and publicly-traded investment vehicles, which are tailored to the unique goals and objectives of its institutional, ultra-high net worth and retail investors. He has over two decades of experience in the real estate industry in North America and Europe. Prior to co-founding Slate in 2005, he held senior management positions with Fortress Investment Group, where he was responsible for asset management strategies, financing and origination for both direct real estate investments and real estate debt portfolios. Prior to Fortress, he managed Truscan's (former real estate arm of Canada Trust) investments in Class A office towers. Mr. Welch began his career in the mid-1990s with Brazos Advisors (now Lonestar) in the acquisition and work-out of distressed commercial real estate loan pools. Mr. Welch received a Bachelor of Commerce degree from Mount Allison University.



## Executive Officer Information

Biographical information regarding the current Executive Officers of the REIT, each of whom is resident in Ontario, Canada, is set out below.

**Steve Hodgson, Chief Executive Officer of the REIT.** Steve Hodgson is the Chief Executive Officer of the REIT and is responsible for the REIT's overall strategy and performance. He has held progressively senior roles since joining Slate in 2014, most recently serving as the REIT's Chief Operating Officer. In this role, Mr. Hodgson has strengthened and advanced the asset management and business development of the REIT including oversight of operations, leasing and capital investment programs and executing on financing, acquisition and disposition activity. Prior to Slate, he worked with Oxford Properties Group, the real estate arm of OMERS. Mr. Hodgson holds an Honours Bachelor of Commerce degree and a Master of Business Administration, both from Queen's University.

**Michael Sheehan, Chief Financial Officer of the REIT.** Michael Sheehan is the Chief Financial Officer of the REIT. Currently, Mr. Sheehan overlooks all aspects of the REIT's corporate finance, financial planning & analysis, corporate accounting, financial reporting and debt. He joined Slate in 2017 and most recently served as a Director and Controller of the REIT. Mr. Sheehan has over a decade of corporate finance, financial reporting and capital markets experience. Prior to joining Slate, He worked at Ernst & Young LLP in Toronto. Mr. Sheehan is a Chartered Professional Accountant, Chartered Accountant and holds an Honours Bachelor of Accounting degree from Brock University.

**Lindsay Stiles, Chief Operating Officer of the REIT,** Lindsay Stiles was appointed Chief Operating Officer of the REIT on January 1, 2021. Ms. Stiles is responsible for the asset management of the REIT including oversight of leasing and property management functions as well as execution of capital spending programs. Her role involves overall strategy of the portfolio together with acquisitions and dispositions. She joined Slate in 2016 and most recently served as Vice President, Asset Management of the REIT. Ms. Stiles has over fifteen years of industry experience having held progressively senior roles at various Canadian real estate firms in leasing, operations and asset management. She holds an Honours Bachelor of Arts in Geography (Urban Development) from Western University.

**Ramsey Ali, Corporate Secretary and General Counsel, Slate Asset Management (Canada) L.P., a subsidiary of Slate.** Ramsey Ali has been Secretary and General Counsel of the REIT since 2013. Mr. Ali is involved in overall strategy for the REIT, transaction execution and structuring from legal, business and taxation perspectives, in addition to providing general legal and business advice on transactions and operations. Prior to 2013, Mr. Ali was General Counsel of a leading Canadian infrastructure and real estate investment and development firm, where he managed the structuring, negotiation and arrangement of over C\$1.5 billion dollars in committed project financing and millions more in real estate construction and/or mortgage financing. Mr. Ali received a Bachelor of Commerce Degree from the University of Guelph, a Juris Doctor degree from the University of Toronto, Faculty of Law and is a member of the Law Society of Ontario and the Canadian Bar Association.

**Lisa Rowe, Partner, Slate Asset Management (Canada) L.P., a subsidiary of Slate.** Lisa Rowe joined Slate and the REIT as Senior Vice President, Finance and Taxation in 2013. Ms. Rowe has primary responsibility for all aspects of tax, structuring, and reporting for the REIT. She also provides advice on corporate structure and financing for both new acquisitions and existing investments for the REIT. Prior to 2013, Ms. Rowe was a Senior Tax Manager for 12 years at Deloitte LLP. The focus of her professional practice was on real estate transactions, asset management and mergers and acquisitions of public and private companies. Ms. Rowe received a Bachelor of Business Administration from York University and is a Chartered Professional Accountant, Chartered Accountant.

## Committees of the Board

The Board has three committees: an audit committee (the "**Audit Committee**"), an investment committee (the "**Investment Committee**") and the Compensation, Governance and Nominating Committee.

## Audit Committee

The Audit Committee is comprised of Monty Baker (Chair), Thomas Farley, Lori-Ann Beausoleil and Nora Duke. All members of the Audit Committee have been determined by the REIT to be Independent Trustees and are “financially literate” and “independent” for purposes of audit committee membership within the meaning of National Instrument 52-110 — *Audit Committees*. Each of the Audit Committee members has an understanding of the accounting principles used to prepare the REIT’s financial statements, experience preparing, auditing, analyzing or evaluating comparable financial statements and experience as to the general application of relevant accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting. For the education and experience of each member of the Audit Committee relevant to the performance of his or her duties as a member of the Audit Committee, see “*Trustee and Executive Officer Information – Trustee Information*”.

The Audit Committee’s responsibilities include: (i) reviewing the REIT’s procedures for internal control with the REIT’s auditors and Chief Financial Officer, (ii) reviewing and approving the engagement of the auditors, (iii) reviewing annual and quarterly financial statements and all other material continuous disclosure documents, including the REIT’s annual information form and management’s discussion and analysis, (iv) assessing the REIT’s accounting policies, and (vi) reviewing the REIT’s risk management procedures.

The Audit Committee has direct communication channels with the Chief Financial Officer of the REIT and the external auditors of the REIT to discuss and review such issues as the Audit Committee may deem appropriate.

The Board has adopted a written charter for the Audit Committee, which sets out the Audit Committee’s responsibility for: (i) reviewing the financial statements of the REIT and public disclosure documents containing financial information and reporting on such review to the Board, (ii) overseeing the work of and reviewing the independence of the external auditors (including the pre-approval of all non-audit services to be provided by the external auditors) and, (iii) reviewing, evaluating and approving the internal control procedures that are implemented and maintained by management. The text of the Audit Committee charter is attached as Appendix “A”.

## Audit Fees, Audit Related Fees, Tax Services and All Other Fees

The following table sets forth the fees billed or accrued for various services provided by KPMG LLP and its affiliates to the REIT during the REIT’s last two fiscal years:

<b>Fee</b>	<b>2020</b>	<b>2019</b>
Audit fees <sup>(1)</sup>	\$283,000	\$269,600
Audit related fees <sup>(2)</sup>	\$199,100	\$168,750
Tax services <sup>(3)</sup>	\$69,500	\$87,750
All Other Fees	-	-
<b>Total fees</b>	<b>\$551,600</b>	<b>\$526,100</b>

<sup>(1)</sup> Includes professional fees paid to the external auditor for the audit of the annual consolidated financial statements and the reviews of quarterly consolidated financial statements.

<sup>(2)</sup> Relates to assurance and related services provided in connection with transactions.

<sup>(3)</sup> Relates to tax compliance services for the REIT and its subsidiaries.

## Investment Committee

The Investment Committee is comprised of Thomas Farley (Chair), Nora Duke, Monty Baker and Blair Welch. Thomas Farley, Monty Baker and Nora Duke have been determined by the REIT to be Independent Trustees. The Investment Committee meets on an “as needed” basis and has the authority to exercise all of the powers and discretions in the management and direction of the REIT’s activities delegated to it by the Board in accordance with its mandate and applicable law, including to: (i) approve or reject proposed

transactions by the REIT (including acquisition transactions, disposition transactions, mortgages or financings, non-refundable deposits, fundings and/or loans to partners, development transactions, derivative transactions and/or leasing transactions) (“**Proposed Transactions**”) in accordance with the REIT’s investment guidelines and operating policies, in each case, of up to \$100 million; (ii) develop the REIT’s investment strategy for review and approval by the Board. Proposed Transactions over \$100 million, or that are not in accordance with the REIT’s investment guidelines and operating policies, or which do not otherwise fall within the approval of the Investment Committee, require approval of the Board of Trustees following the recommendation of the Investment Committee. Although the Investment Committee has been delegated authority in respect of many aspects of the REIT’s business, in accordance with the mandate of the Board, all material investments and transactions outside the REIT’s ordinary course of business must be reviewed by, and are subject to the prior approval of, the Board of Trustees. For further information, a copy of the Investment Committee Charter is available on the REIT’s website at [www.slateofficereit.com](http://www.slateofficereit.com).

### **Compensation, Governance and Nominating Committee**

The Compensation, Governance and Nominating Committee is comprised of Meredith Michetti (Chair), Thomas Farley, Lori-Ann Beausoleil and Monty Baker. All members of the Compensation, Governance and Nominating Committee have been determined by the REIT to be Independent Trustees. The Compensation, Governance and Nominating Committee is charged with reviewing, overseeing and evaluating the compensation, governance and nominating policies of the REIT. The Board has adopted a written charter for the Compensation, Governance and Nominating Committee setting out its responsibilities for: (i) assessing the effectiveness of the Board of Trustees, each of its committees and individual Trustees; (ii) overseeing the recruitment and selection of candidates as Trustees; (iii) organizing an orientation and education program for new Trustees; (iv) considering and approving proposals by the Trustees to engage outside advisers on behalf of the Board as a whole or on behalf of the Independent Trustees; (v) reviewing and making recommendations to the Board concerning any change in the number of Trustees composing the Board; (vi) considering questions of management succession; (vii) administering any unit option or purchase plan of the REIT, and any other compensation incentive programs; (viii) assessing the performance of management of the REIT; (ix) reviewing and approving the compensation of executive management to the extent the senior officers are employed directly by the REIT; (x) reviewing and making recommendations to the Board concerning the level and nature of the compensation payable to Trustees; and (xi) overseeing the Management Agreement. For further information, a copy of the Compensation, Governance and Nominating Committee charter is available on the REIT’s website at [www.slateofficereit.com](http://www.slateofficereit.com).

### **CONFLICTS OF INTEREST**

The Declaration of Trust contains “conflict of interest” provisions to protect Unitholders without creating undue limitations on the REIT. As the Trustees are from time-to-time engaged in a wide range of real estate and other activities, the Declaration of Trust contains provisions, similar to those contained in the CBCA, that require each Trustee to disclose to the REIT, at the first meeting of Trustees at which a proposed contract or transaction is considered, any interest in a material contract or transaction or proposed material contract or transaction with the REIT (including a contract or transaction involving the making or disposition of any investment in real property or a joint venture agreement) or the fact that such person is a director or officer of or otherwise has a material interest in any person who is a party to a material contract or transaction or proposed material contract or transaction with the REIT. If a material contract or transaction or proposed material contract or transaction is one that in the ordinary course would not require approval by the Trustees, a Trustee will be required to disclose in writing to the REIT, or request to have entered into the minutes of meetings of Trustees, the nature and extent of his or her interest forthwith after the Trustee becomes aware of the contract or transaction or proposed contract or transaction. In any case, a Trustee who has made disclosure to the foregoing effect will not be entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction relates to his or her remuneration or an indemnity under the provisions of the Declaration of Trust or liability insurance. All decisions of the Board require the approval of a majority of the Trustees present in person or by phone at a meeting of the Board. See “*Risk Factors*”.

## LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The REIT and its subsidiaries may be subject to certain claims and lawsuits from time to time in the course of carrying on business. Management is not aware of any material litigation or regulatory actions outstanding, threatened or pending by or against the REIT.

## INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There are no material interests, direct or indirect, of the trustees or officers of the REIT, any Unitholder that beneficially owns more than 10% of the Units or any associate or affiliate of any of the foregoing persons in any transaction within the last three years or any proposed transaction that has materially affected or would materially affect the REIT or any of its subsidiaries, except for the arrangements contained in the Management Agreement (see "*Management of the REIT*"), and the Seven Asset Portfolio Acquisition (see "*General Development of the Business – History – Seven Asset Portfolio Acquisition*").

MI 61-101 provides a number of circumstances in which a transaction between an issuer and a related party may be subject to valuation and minority approval requirements. An exemption from such requirements is available when the fair market value of the transaction is not more than 25% of the market capitalization of the issuer. The REIT has been granted exemptive relief from the requirements of MI 61-101 that, subject to certain conditions, permits it to be exempt from the minority approval and valuation requirements for transactions that would have a value of less than 25% of the REIT's market capitalization, if the Office I LP Class B LP Units held by the Manager are included in the calculation of the REIT's market capitalization. As a result, the 25% threshold, above which the minority approval and valuation requirements would apply, is increased to include the approximately 10% indirect interest in the REIT in the form of Office I LP Class B LP Units held by the Manager.

## INTERESTS OF EXPERTS

The REIT's auditor is KPMG LLP, Chartered Professional Accountants, in Toronto, Ontario. KPMG LLP has advised the REIT that it is independent within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

## MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only material contracts which the REIT has entered into since the beginning of the most recently completed financial year, or before the most recently completed financial year but still in effect, are as follows:

- (a) the Declaration of Trust, see "*Declaration of Trust*";
- (b) the Management Agreement, see "*Management of the REIT – Management Agreement*";
- (c) the Office I LP Limited Partnership Agreement, see "*Material Subsidiaries*";
- (d) the Office II LP Limited Partnership Agreement, see "*Material Subsidiaries*";
- (e) the Exchange Agreement, see "*Arrangements with the Manager and Slate – Exchange Agreement*", and
- (f) the ROFO Agreement, see "*Arrangements with the Manager and Slate – ROFO Agreement*".

Copies of the foregoing documents are available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **TRANSFER AGENTS AND REGISTRARS**

The transfer agent and registrar of the REIT is TSX Trust Company at its principal offices located in Toronto, Ontario.

## **ADDITIONAL INFORMATION**

Additional information relating to the REIT can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on the REIT's website at [www.slateofficereit.com](http://www.slateofficereit.com). Additional information including trustees' and officers' remuneration and indebtedness, principal holders of the REIT's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the REIT's information circular for its most recent annual meeting of security holders that involved the election of trustees. Additional financial information is provided in the REIT's financial statements and MD&A for its most recently completed financial year.

## GLOSSARY

“**affiliate**” of a person means any person or company that would be deemed to be an affiliated entity of such person within the meaning of National Instrument 45-106 – *Prospectus and Registration Exemptions*, as replaced or amended from time to time.

“**associate**” when used to indicate a relationship with a person or company has the meaning ascribed thereto in the *Securities Act* (Ontario), as replaced or amended from time to time.

“**Board**” or “**Board of Trustees**” means the board of trustees of the REIT.

“**Class A LP Units**” means, collectively, the Class A limited partnership units of the Limited Partnerships, including the Office I LP Class A LP Units and the Office II LP Class A LP Units.

“**Class B LP Units**” means, collectively, the Class B LP limited partnership units of the Limited Partnerships, including the Office I LP Class B LP Units and the Office II LP Class B LP Units.

“**Code**” means the U.S. Internal Revenue Code of 1986, as amended, including the U.S. Treasury regulations promulgated thereunder.

“**Declaration of Trust**” means the third amended and restated declaration of trust of the REIT dated as of March 21, 2016, as amended on March 1, 2019, as it may be further amended, supplemented or amended and restated from time to time.

“**Distribution Date**” means any date on which the Trustees have determined that a distribution will be made by the REIT to the Unitholders.

“**GLA**” means gross leasable area;

“**GTA Acquisition**” means the indirect acquisition by the REIT of the GTA Acquisition Properties from Slate GTA.

“**GTA Acquisition Properties**” means a portfolio of seven properties which consist of approximately 1.1 million square feet of GLA located in attractive submarkets within the Greater Toronto Area of Ontario acquired from Slate GTA on December 17, 2014.

“**IFRS**” means International Financial Reporting Standards.

“**IRS**” means the U.S. Internal Revenue Service.

“**Initial Properties**” means the 27 income-producing office, industrial, and retail properties acquired by the REIT from the Manager in connection with the IPO, as further described herein.

“**Limited Partnerships**” means, collectively, Office I LP, Office II LP and any other limited partnerships that are affiliated with and controlled, directly or indirectly, by the REIT and which have been formed for the purposes of acquiring and/or owning real property, and “**Limited Partnership**” means any one of them as the context requires.

“**Limited Partnership Agreement**” means the Office I LP Limited Partnership Agreement and the Office II LP Limited Partnership Agreement, collectively.

“**LP Units**” means, collectively, the Class A LP Units and the Class B LP Units.

“**Management Agreement**” means the amended and restated management agreement entered into on August 12, 2014, and effective as of November 4, 2014, between the REIT and the Manager.

**“Manager”** means Slate Management ULC; provided that references to the Manager as it existed prior to September 25, 2019 refer to Slate Management Corporation (a predecessor corporation of Slate Management ULC); provided that references to the Manager as it existed prior to January 1, 2015 refer to Huntingdon Capital Corporation (a predecessor corporation of Slate Management Corporation).

**“Non-Resident”** means a person that is not, nor is deemed to be, at the relevant time a resident of Canada for purposes of the Tax Act.

**“Office I LP Class A LP Units”** means the Class A limited partnership units of Office I LP.

**“Office I LP Class B LP Units”** means the Class B limited partnership units of Office I LP.

**“Office I LP Limited Partnership Agreement”** means the amended and restated limited partnership agreement of Office I LP dated December 17, 2014 between, inter alia, the REIT, Office GP and the Manager, as the same may be amended or amended and restated from time to time.

**“Office II LP Limited Partnership Agreement”** means the amended and restated limited partnership agreement of Office II LP dated December 17, 2014 between the REIT, Office GP and the Manager, as the same may be amended or amended and restated from time to time.

**“Office II LP Class A LP Units”** means the Class A limited partnership units of Office II LP.

**“Office II LP Class B LP Units”** means the Class B limited partnership units of Office II LP.

**“Redemption Notes”** means unsecured subordinated promissory notes of the REIT having a maturity date to be determined at the time of issuance by the Trustees (provided that in no event shall the maturity date be set at a date subsequent to the first business day following the fifth anniversary of the date of issuance of such note), bearing interest from the date of issue at a market rate of interest determined at the time of issuance by the Trustees, payable for each month during the term on the 15th day of each subsequent month with all principal being due on maturity, such promissory notes to provide that the REIT shall at any time be allowed to prepay all or any part of the outstanding principal without notice or bonus.

**“Slate”** means Slate Asset Management L.P.

**“Slate GTA”** means Slate GTA Suburban Office Inc., a predecessor of the Manager.

**“Slate Office US”** means Slate Office US Inc. a Delaware corporation that is wholly- owned by the REIT and which indirectly holds U.S. office real estate.

**“SOT Notes”** means interest bearing loans made by the REIT to Slate Office US.

**“Special Voting Units”** means the special voting units of the REIT.

**“subsidiary”** and **“subsidiaries”** has the meaning ascribed thereto in National Instrument 45-106 – *Prospectus Exemptions*, as replaced or amended from time to time.

**“Tax Act”** means the *Income Tax Act* (Canada), as amended, including the regulations promulgated thereunder.

**“Trustees”** means the trustee or trustees of the REIT holding office under and in accordance with this Declaration of Trust from time to time and “Trustee” means any one of them.

**“TSX”** means the Toronto Stock Exchange.

**“Unitholder”** means a person whose name appears on the register as a holder of one or more Units or Special Voting Units, or a fraction thereof.

**“Units”** means trust units in the capital of the REIT, other than Special Voting Units.



## APPENDIX A - AUDIT COMMITTEE CHARTER

### (the "Charter")

---

#### 1. Purpose

The Audit Committee (the "**Committee**") is a committee of Slate Office REIT (the "**REIT**") appointed by the board of trustees of the REIT (the "**Board**") on an annual basis (or until their successors are duly appointed) to assist in fulfilling its oversight responsibilities. The Committee's primary duties and responsibilities are to:

- (a) Identify and monitor the management of risks affecting financial reporting;
- (b) Monitor the integrity of the process including financial statements and disclosures of financial information;
- (c) Review the adequacy of the internal control systems over financial reporting;
- (d) Provide oversight of the external auditor;
- (e) Ensure compliance with regulatory requirements regarding financial reporting; and
- (f) Review any matters of suspected fraud or irregularities or a failure of internal controls systems of a material nature.

#### 2. Membership

The Committee should be comprised of a minimum of three trustees and a maximum of five trustees.

- (a) The Committee must be constituted as required under National Instrument 52-110 — Audit Committees, as it may be amended or replaced from time to time ("**NI 52-110**").
- (b) All members of the Committee must be independent (as defined by NI 52-110) except for temporary periods where a sufficient number of independent Trustees is not available to form the committee and then only until such time as a new independent Trustee is appointed. All members must be free from any relationship that, in the view of the Board, could be reasonably expected to interfere with the exercise of his or her independent judgment as a member of the Committee.
- (c) No members of the Committee shall receive, other than for service on the Board or the Committee or other committees of the Board, any consulting, advisory, or other compensatory fee from the REIT or any of its related parties or subsidiaries.
- (d) All members of the Committee must (except to the extent permitted by NI 52-110) be financially literate (which is defined as the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the REIT's financial statements).

- (e) Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee on ceasing to be a trustee. The Board may fill vacancies on the Committee by election from among the Board. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all powers of the Committee so long as a quorum remains.
- (f) A majority of the members of the Committee shall be Residents (as such term is defined in the declaration of trust of the REIT).

### **3. Limitation on Committee's Duties**

- (a) In contributing to the Committee's discharge of its duties under this Charter, each member of the Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended or may be construed as imposing on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which any member of the Board may be otherwise subject.
- (b) Members of the Committee are entitled to rely, absent actual knowledge to the contrary, on (i) the integrity of the persons and organizations from whom they receive information, (ii) the accuracy and completeness of the information provided, (iii) representations made by management of the REIT ("**Management**") as to the non-audit services provided to the REIT by the external auditor, (iv) financial statements of the REIT represented to them by a member of Management or in a written report of the external auditors to present fairly the financial position of the REIT in accordance with applicable generally accepted accounting principles, and (v) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

### **4. Meetings**

- (a) At all meetings of the Committee every matter shall be decided by a majority of the votes cast. In case of an equality of votes, the Chair of the meeting shall not be entitled to a second or casting vote.
- (b) A quorum for meetings of the Committee shall be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing the Board.
- (c) Meetings of the Committee should be scheduled to take place at least four times per year. The Committee should meet within 45 days following the end of the first three financial quarters of the REIT and shall meet within 90 days following the end of the fiscal year of the REIT. Minutes of all meetings of the Committee shall be taken.
- (d) The Committee shall forthwith report the results of meetings and reviews undertaken and any associated recommendations to the Board.
- (e) The Committee shall meet with the external auditors at least quarterly (in connection with the preparation of the year-end and interim financial statements) and at such other times as the external auditors and the Committee consider appropriate.

- (f) The Committee or its Chair should meet at least once per year with Management to discuss any matters that the Committee desires to discuss privately. In addition, the Committee or its Chair should meet with Management quarterly in connection with the REIT's interim financial statements.

## **5. Responsibilities**

### **I. Accounting Policies**

- (a) Review significant accounting policies and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on financial reports.
- (b) Review major changes to accounting policies and practices.
- (c) Review with management and the external auditor implementation of changes or improvements in financial accounting or reporting practices.
- (d) Review management's process for ensuring that information contained in public disclosures is consistent with industry best practices.

### **II. Internal Controls and Risk Management**

- (a) Review interim and annual CEO and CFO certifications filed with securities regulatory authorities.
- (b) Review reports from management and the external auditors with regard to the reliability and effective operation of the accounting system and related internal controls.
- (c) Review risk management policies and procedures (i.e. hedging, insurance etc.).
- (d) Review management's assessment of risk of fraud and error.
- (e) Review management's policies for the protection of assets.
- (f) Review management's policies for the delegation of authority.
- (g) Review the REIT's Whistleblower Policy, and monitor and oversee compliance therewith.
- (h) Review the receipt, retention and treatment of complaints regarding accounting, internal controls or auditing matters; and confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- (i) Review expense statements of the CEO and CFO as well as any Trustee. Review the Enterprise Risk Management (ERM) process by the Board.
- (j) Assess the overall effectiveness of the internal control and risk management frameworks through discussions with Management and the external auditors and assess whether recommendations made by the external auditors have been implemented by Management.

### **III. Financial Reporting Process and Financial Statements**

- (a) Inquire as to the integrity of the financial reporting processes both internal and external and any major weaknesses in the system of internal control.
- (b) Review quarterly and annual financial statements with management including significant accounting and reporting matters, including complex or unusual transactions, valuation of assets and liabilities, revenue recognition, and areas involving a high degree of judgment.
- (c) Review and discuss with management and the external auditors quarterly and annual financial statements, Management's Discussion & Analysis, Annual Information Form and quarterly press releases and approve and recommend their approval by the Board.
- (d) Review and approve any other press releases that contain financial information and such other financial information of the REIT provided to the public or any governmental body as the Committee requires.
- (e) Review recent professional and regulatory pronouncements and understand their impact on the financial statements.
- (f) Review with management and the external auditor any significant issues or concerns identified during the course of the audit, including both resolved and unresolved issues, critical accounting or audit judgments, misstatements whether adjusted or those that remain unadjusted and obtain explanations from management and the external auditor.
- (g) Review issues related to liquidity, capital resources and contingencies that could affect liquidity.
- (h) Review all hedging activities.
- (i) Review any off balance sheet transactions and transactions with related parties.
- (j) Review with the external auditor all matters required to be communicated to audit committees.
- (k) Review the impact of prospective changes in accounting policies prior to their adoption.
- (l) Satisfy itself that adequate procedures have been put in place by Management for the review of the REIT's public disclosure of financial information extracted or derived from the REIT's financial statements and the related Management's Discussion & Analysis.
- (m) Review any litigation, claim or other contingency and any regulatory or accounting initiatives that could have a material effect upon the financial position or operating results of the REIT and the appropriateness of the disclosure thereof in the documents reviewed by the Committee.
- (n) Receive periodically Management reports assessing the adequacy and effectiveness of the REIT's disclosure controls and procedures.
- (o) Periodically consider the need for an internal audit function, if not present.
- (p) Review all material balance sheet issues, material contingent obligations and material related party transactions.

- (q) Review with Management and the external auditor the REIT's accounting policies and any changes that are proposed to be made thereto, including all critical accounting policies and practices used, any alternative treatments of financial information that have been discussed with Management, the ramification of their use and the external auditor's preferred treatment and any other material communications with Management with respect thereto. Review the disclosure and impact of contingencies and the reasonableness of the provisions, reserves and estimates that may have a material impact on financial reporting.

#### **IV. Audit Process**

- (a) Be directly responsible for the selection, appointment, compensation, retention, termination, and oversight of the work of the external auditor. Monitor audit engagement partner rotation requirements.
- (b) Consider and assess the independence of the external auditor.
- (c) Advise the external auditor that it is required to report to the Committee, and not to Management.
- (d) Following completion of the annual audit and quarterly reviews, review separately with each of Management and the external auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and, if applicable, reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditor received during the course of the audit and, if applicable, reviews.
- (e) Oversee the work of the external auditors engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services, including the resolution of disagreements between management and the external auditors regarding financial reporting.
- (f) Where there are significant unsettled issues between Management and the external auditor that do not affect the audited financial statements, the Committee shall seek to ensure that there is an agreed course of action leading to the resolution of such matters.
- (g) Review annually with the external auditor their plan for their audit and upon completion of the audit, their reports on financial statements, financial reporting framework and internal controls.
- (h) Review with external auditors their assessment of the internal controls of the REIT, their written reports containing recommendations for improvement, and management's response and follow-up to any identified weaknesses.
- (i) Meet separately with the external auditor to discuss any matters the Committee or auditors believe should be discussed privately. Ensure the auditors have access to the Chair of the Committee when required
- (j) Conduct an external auditor evaluation on a periodic basis.
- (k) Approve audit fees paid to external auditor annually.

- (l) Review and discuss on an annual basis with the external auditor all significant relationships they have with the REIT, Management or employees that might interfere with the independence of the external auditor.
- (m) Pre-approve all non-audit services to be provided.
- (n) Recommend appointment of external auditor to Board annually.
- (o) Consider the need for independent audits of operations or investments.
- (p) Consider the need for an internal audit process
- (q) Review and approve hiring policies regarding employees and former employees of the present and former auditors
- (r) Review the system in place to seek to ensure that the financial statements, Management's Discussion & Analysis and other financial information disseminated to regulatory authorities and the public satisfy applicable requirements.

**V. Tax, Legal and Regulatory Compliance**

- (a) Review tax compliance to ensure tax regulations are sufficiently considered by management and that tax risks are managed.
- (b) Review report of CFO that all taxes collected have been remitted to authorities.
- (c) Obtain regular updates from management and legal counsel regarding compliance matters that may have a material impact on the financial statements.
- (d) Assess compliance with laws and regulations.
- (e) Review the findings of any examinations by regulatory authorities.

**VI. Additional Responsibilities**

- (a) Review and reassess the adequacy of the Committee's charter on an annual basis.
- (b) Review the public disclosure regarding the Committee required from time to time by NI 52-110.
- (c) Engage independent counsel and other advisors as it determines necessary to carry out its duties at the expense without further approval of the Board. The Committee has the authority to set and pay compensation for any advisors it engages. The Committee also has the authority to communicate directly with the external auditors.
- (d) Review in advance, and approve, the hiring and appointment of the REIT's senior financial executives.
- (e) Evaluate the Committee's performance, both individual members and collectively, on an annual basis.
- (f) Maintain minutes of meetings.

- (g) Perform any other activities as the Committee or the Board deems necessary or appropriate.

**VII. Complaint Procedures**

- (a) Anyone may submit a complaint regarding conduct by the REIT or its employees or agents (including its external auditor) reasonably believed to involve questionable accounting, internal accounting controls, auditing or other matters. The Chair of the Committee will have the power and authority to oversee treatment of such complaints.
- (b) Complaints are to be directed to the attention of the Chair of the Committee.
- (c) The Committee should endeavour to keep the identity of the complainant confidential.
- (d) The Chair of the Committee will have the power and authority to lead the review and investigation of a complaint (and the REIT will be responsible for covering the cost of retaining any advisors or investigators required to address the complaint). The Committee should retain a record of all complaints received. Corrective action may be taken when and as warranted.



**Office  
REIT**