Slate Office REIT

Investor Update

Q1 2021

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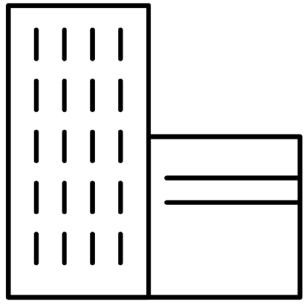
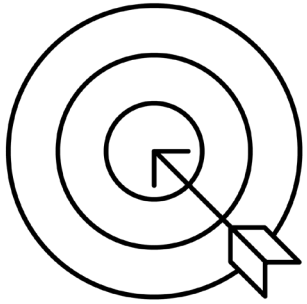
Slate Office REIT





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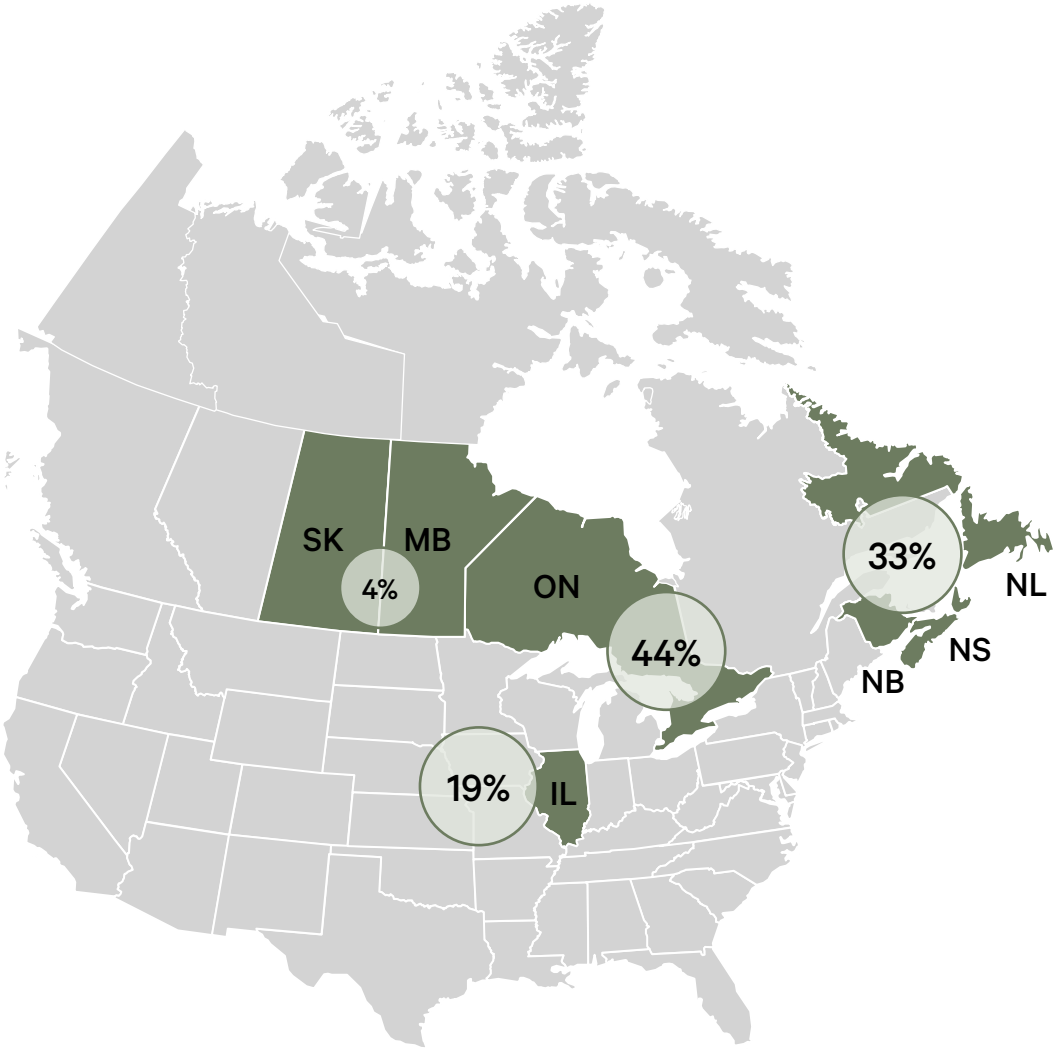
Pure-play office REIT	Quality assets in target markets with strong operating histories	Managed by Slate Asset Management, who owns 9.5% of the REIT

Mission Statement

Own and operate a quality office portfolio that provides a meaningful total return to unitholders through net asset value growth and an attractive yield

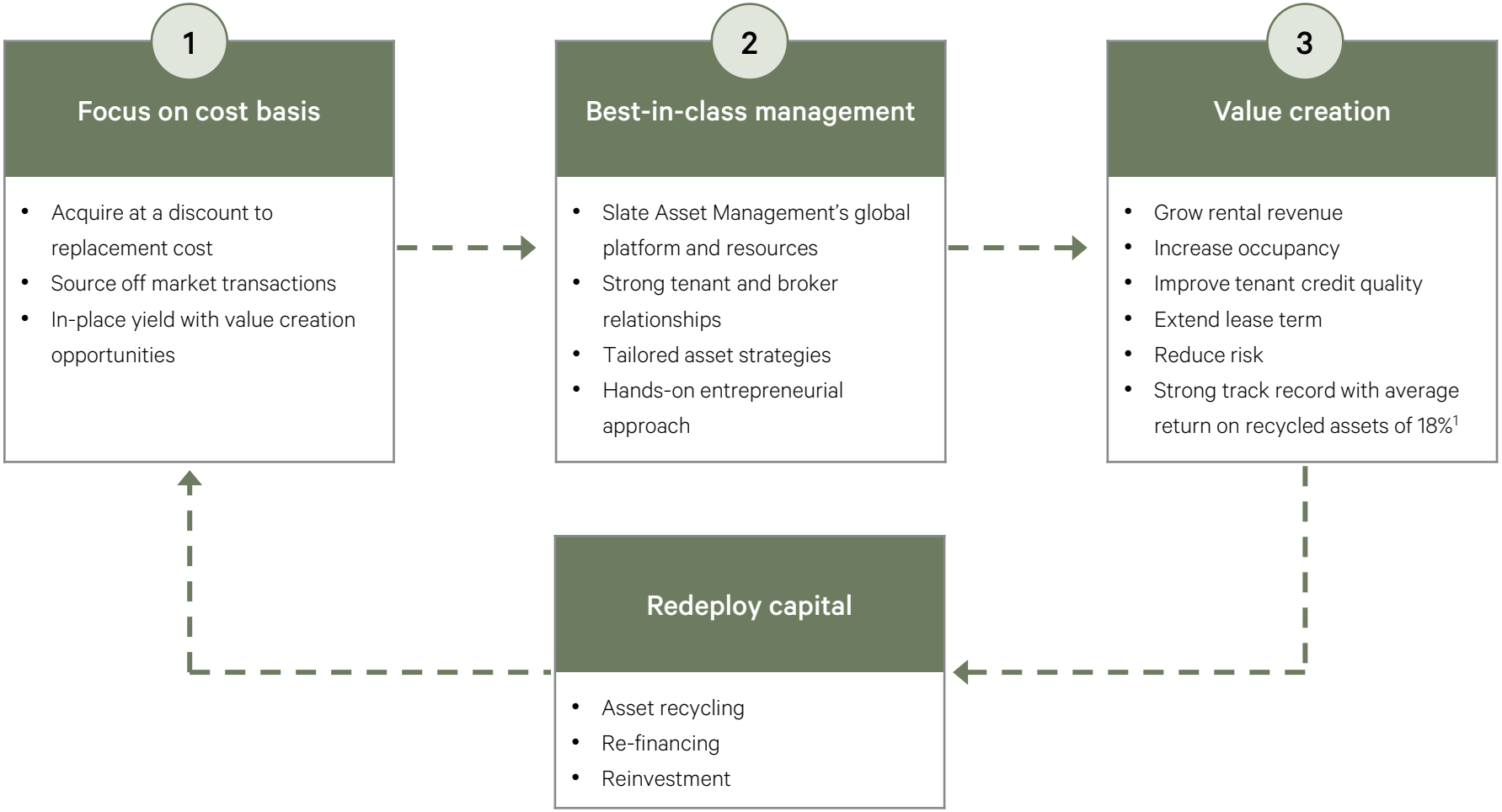
Slate Office REIT

TSX	SOT.UN
34	Properties
6.9M	Square feet[1]
$1.7B	Total asset value
49%	Trading discount to IFRS net asset value[2]
9%	Distribution yield[2]



Note: As at March 31, 2021; geographic breakdown is based on 100% of the building's asset value, without taking ownership percentage into consideration.
[1] Presented at 100% of the building's gross leasable area, without taking ownership percentage into consideration.
[2] Pricing as at May 3, 2021.

Execution Strategy



[1] See slide 16 for Slate Office REIT's track record.

Investment Highlights

01 **Durable cash flows** with room for meaningful growth in rent and occupancy

96-98%
Monthly cash rent collections throughout the pandemic

60%
Base rent derived from government and credit rated tenants

02 **Upside potential** given current trading discount compared to net asset value and private real estate valuations

~49%[1]
Discount to IFRS net asset value per unit

74%
Portion of portfolio externally appraised in 2020

03 **Scalable platform for growth** to capitalize on strong long-term office fundamentals

$2B+
Acquisition opportunities being underwritten

10-15%
Targeted levered returns

[1] Pricing as at May 3, 2021.

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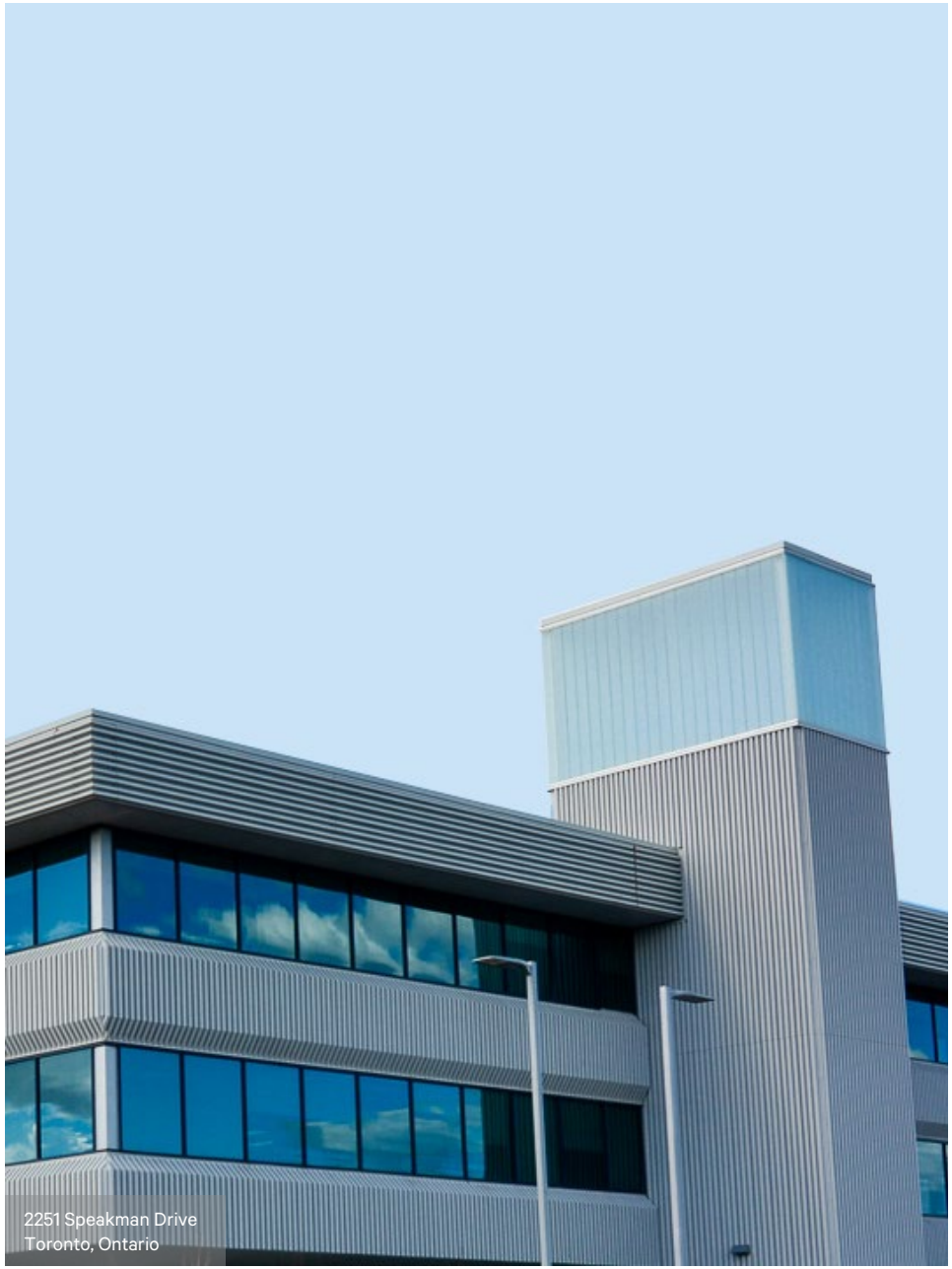
Operations Update



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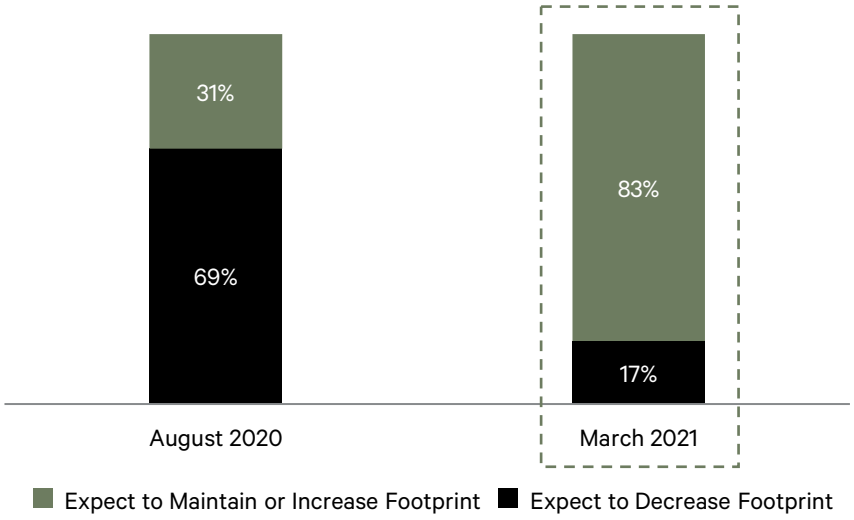
Office Space Demand

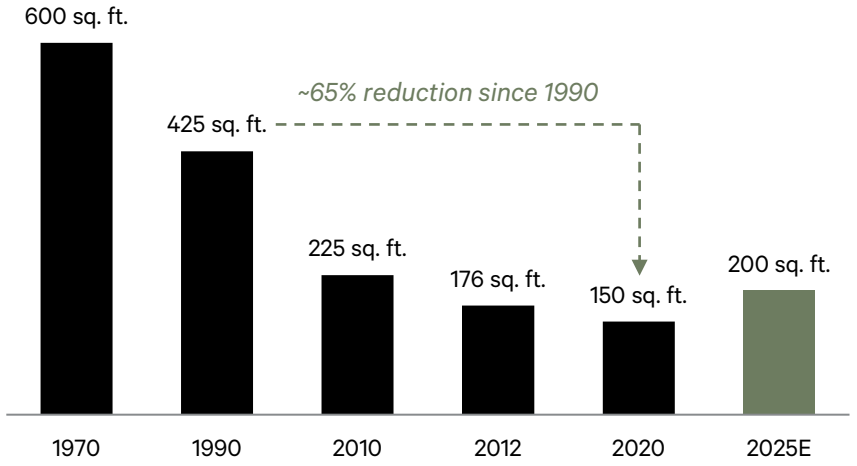
The impact of work from home is overblown

Global CEOs are becoming more likely to maintain or increase office footprints[1]



De-densification of office space

COVID-19 is expected to reverse the densification of office space (sq. ft. per employee)[2]



[1] KPMG CEO Outlook Pulse Survey, 2021.
[2] Brookfield Insights – The Future of the Office: Not What You Might Think, 2020.

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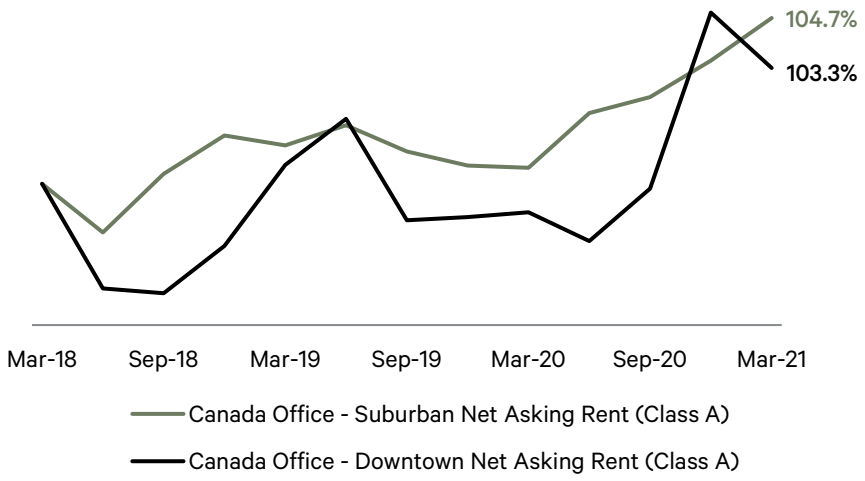
Suburban vs. Urban

Office rents holding firm through the pandemic

Suburban office outperforming since Q1 2018 (indexed net asking rents | Q1 2018 = 100)[1]



Suburban office markets outperforming urban

Suburban markets have fared better thus far and are expected to recover faster[2]

4.6%

Vacancy increase from Q1 2020 to Q1 2021 in **urban office markets** in Canada

3.5%

Vacancy increase from Q1 2020 to Q1 2021 in **suburban office markets** in Canada

[1] CBRE Research, Q1 2021.
[2] Cushman & Wakefield, Canada Quarterly Statistics, Q1 2021; CBRE Canada Real Estate Market Outlook, 2021.

Operating Fundamentals

1

Durable cash flows

Strong credit tenancies

- 60% of portfolio is government or credit-rated tenants
- Collected 96-98% of rent in cash since the outset of the pandemic

Staggered lease maturities

- Only 2.9% of tenancies maturing in 2021

Conservative payout ratio

- Conservative payout ratio of 79.2% compares favourably to peers

2

Organic growth profile

Positive rent spreads

- 13.6% since January 2020

Below market occupancy

- Upside potential between current occupancy of 83.5% and stabilized level of 90-92%

Best-in-class management

- Slate Asset Management provides significant resources and bench strength
- Proprietary cloud-based asset management, transaction and analytics software platform managed by team of software engineers

Note: As at March 31, 2021.

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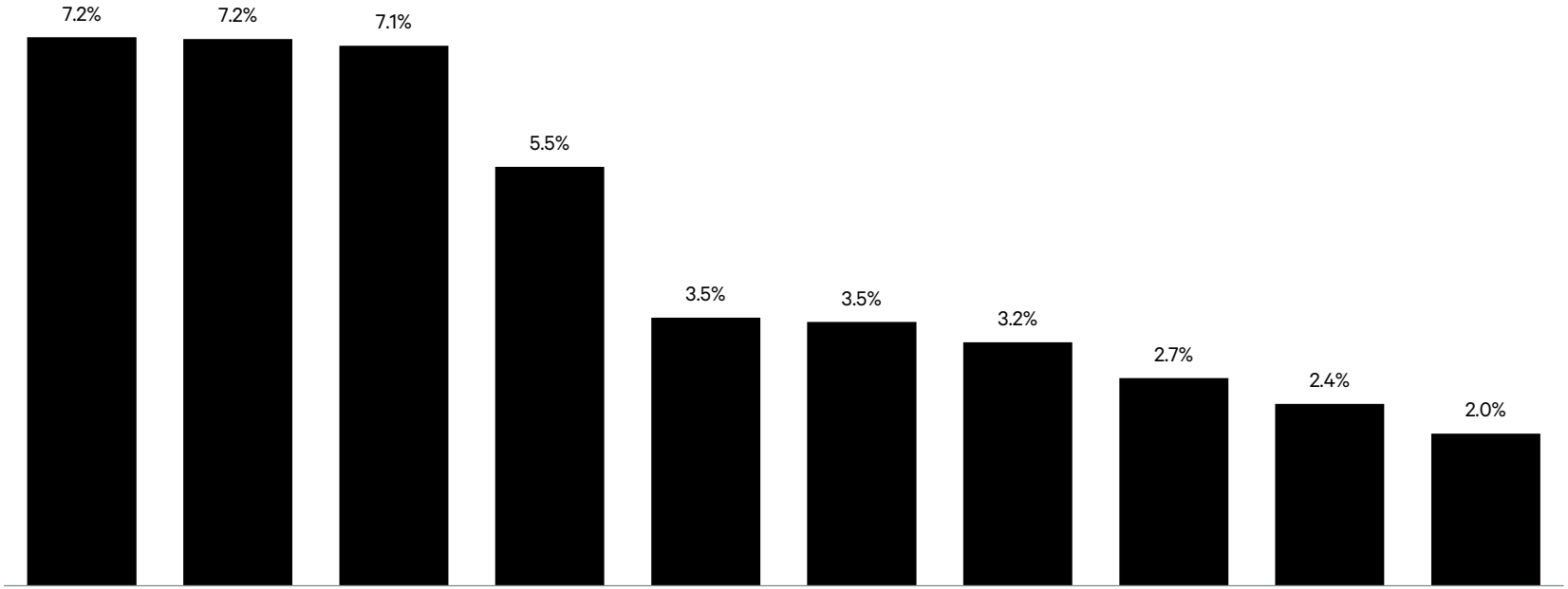
High Quality Tenant Base

44% of base rent is derived from Slate Office REIT's top ten tenants[1]



Credit Rating[2]	AA	BBB (low)	BBB+	AAA	A2	A+	Unrated	A	BB+	AA-
Industry	Financial	Power & Utilities	Telecom	Government	Engineering	Government	Insurance	Insurance	Manufacturing	Government

[1] Percentage amounts are a function of annual base rent.
[2] Source: DBRS, Moody's and S&P as at March 31, 2021.

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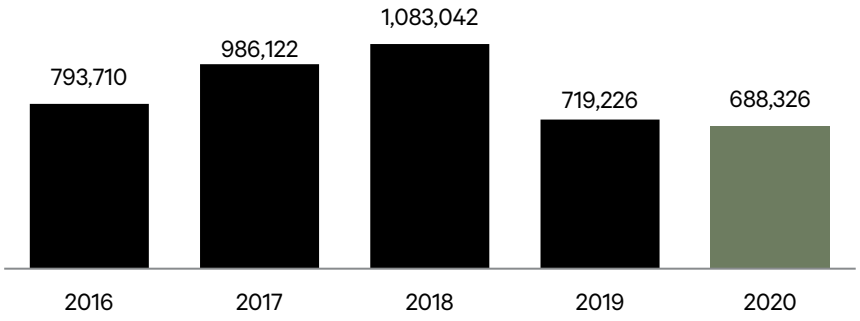
Embedded Organic Growth

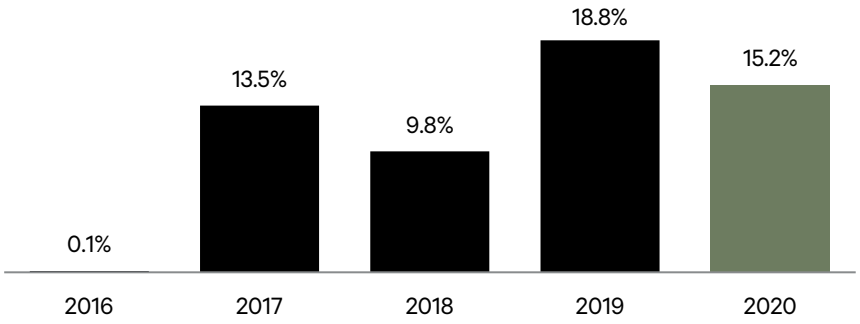
Total Leasing Activity (New and Renewal)



Resilient leasing volumes

Leasing volumes since January 2020 demonstrate the continued demand for quality office space

Total Leasing Spreads (New and Renewal)



Rental rate upside

9% in-place discount to market rent will continue to drive organic earnings growth

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Value Creation Initiatives

Opportunities to re-invest capital into assets to earn outsized returns

Case study: Maritime Centre – Halifax, Nova Scotia

1 Initial Investment

- Acquired for $60.6 million ($112 per sq. ft.) in June 2015

2 Success to Date

- 30% increase in base rent
- 25% increase in occupancy

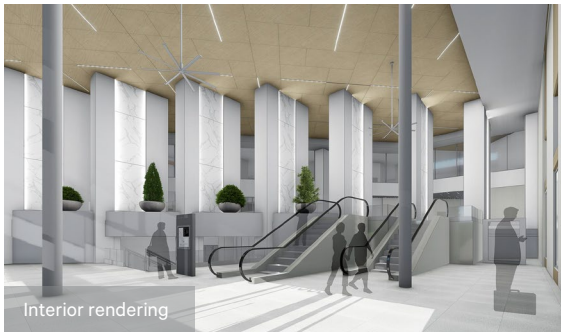
3 Debt Refinancing

- Refinanced at $109 million valuation ($208 per sq. ft.) in April 2020

4 Expected Value Creation

- Expected value upon completion of $130 million ($240 per sq. ft.)
- Gross value creation of $70 million and return of 30%

Exterior rendering


Interior rendering

Exterior rendering

Note: As at March 31, 2021.

Valuation Disconnect

20 South Clark Street
Chicago, Illinois

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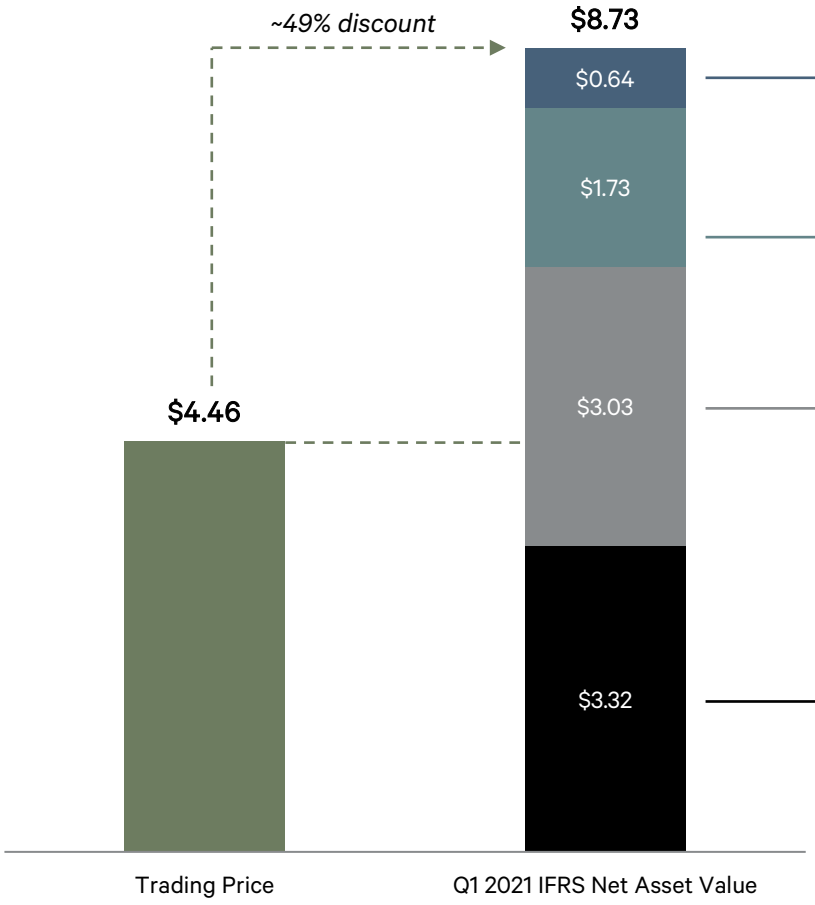
Public/Private Real Estate Valuation Disconnect

Recent market transactions support the REIT's net asset value and highlight the disconnect between public and private real estate valuations

Slate Office REIT – Trading Price vs. Net Asset Value



Western Canada

$174 per sq. ft.[1]
(Comps avg. $237 per sq. ft.)
(7% of portfolio appraised in 2020)

Downtown Chicago

US$259 per sq. ft.
(Comps avg. US$319 per sq. ft.)
(100% of portfolio appraised in 2020)

Atlantic Canada

$215 per sq. ft.
(Comps avg. $253 per sq. ft.)
(95% of portfolio appraised in 2020)

Greater Toronto Area

$271 per sq. ft.
(Comps avg. $289 per sq. ft.)
(48% of portfolio appraised in 2020)

Note: IFRS net asset values as at March 31, 2021; pricing as at May 3, 2021; all amounts in C$ unless otherwise noted.
[1] Slate Office REIT's data centre in Winnipeg, Manitoba is not included in this figure.

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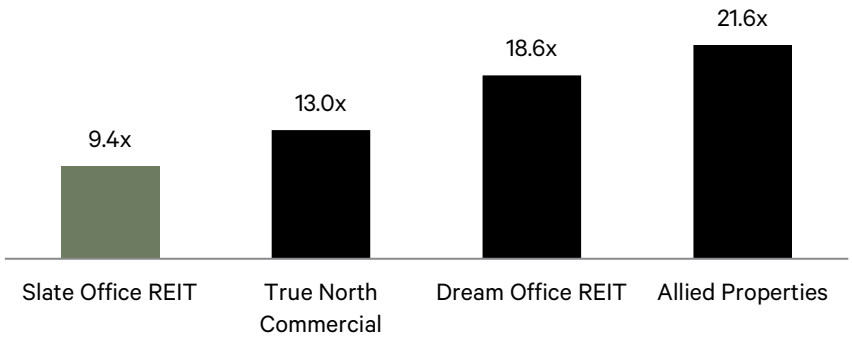
The Investment Opportunity

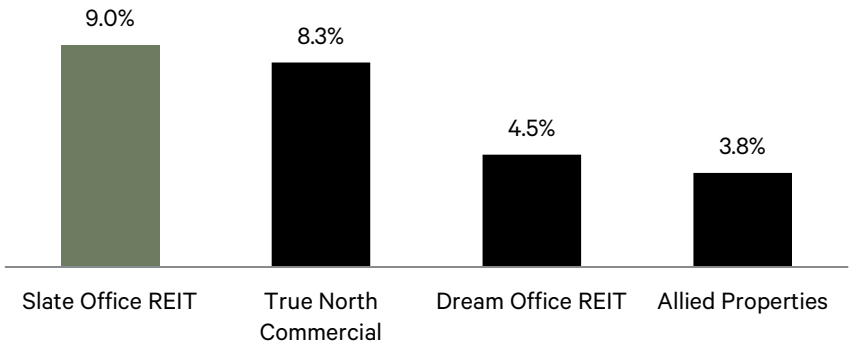
Trading at an attractive valuation relative to office peers[1]



Compelling entry point

Current pricing represents an attractive entry point with the potential for significant capital appreciation

Highest distribution yield among office REITs[1]



Outsized distribution yield

Slate Office REIT's 9% distribution yield is well-covered and among the highest in the REIT sector

[1] S&P Capital IQ as at May 3, 2021.

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Track Record

Proven track record of selling at or above net asset value and recycling proceeds into higher quality opportunities[1]

	895 Waverley & 1000 Waverley	225 Duncan Mill Road	5500 North Service Road	4211 Yonge Street	307-311 Old Airport Road	Doka Building	Total
Location	Winnipeg, Manitoba	Greater Toronto Area, Ontario	Burlington, Ontario	Greater Toronto Area, Ontario	Yellowknife, Northwest Territories	Calgary, Alberta	
Sale price (C$ Millions)	21.3	27.3	52.2	63.0	6.2	2.8	**172.8**
Internal rate of return	18.8%	50.0%	13.0%	17.9%	16.0%	16.8%	**18.0%**
Weighted average hold period	6.6 years	1.3 years	1.6 years	6.7 years	7.8 years	8.0 years	**4.7 years**
Sale date	Jun-19	Jul-19	Nov-19	Jan-20	Oct-20	Dec-20	

[1] Slate Office REIT's dispositions in the last 24 months have been executed at an average 5.4% premium to IFRS value.

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Growth Strategy

Downtown Chicago, Illinois

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Growth Strategy

1

Why is growth important?

Scale and diversification

- Increases the portfolio's scale and further diversifies the REIT's income

Access to and cost of capital

- Growth will ensure broader access to and a reduced cost of both debt and equity capital

Trading volume

- Improved trading liquidity will increase access for institutional and retail investors

2

How and where will Slate Office grow?

Transformative acquisitions

- Management will focus on larger, more transformative acquisitions

Creative transaction structures

- Leverage Slate Asset Management who has a proven track record of executing creative transactions

Growth markets

- Focusing on growing markets with favourable demographics, primarily in the United States, Greater Toronto Area and Europe

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Acquisition Characteristics

Target asset characteristics	Core	Core plus	Opportunistic
Asset management requirements	• Minimal	• Proactive asset management	• Significant time and capital
Occupancy at acquisition	• ~100%	• 80-90%	• Significant vacancy
Premium/discount to market rents	• At or above market	• Below market	• Little to no in-place cash flow
Premium/discount to replacement cost	• Premium	• Discount	• Discount
Capital requirements	• Low	• Medium	• High
Levered return profile (annualized)	• 7-9%	• 10-15%	• 16%+

Target market characteristics

- Large, growing metropolitan areas with favourable demographics
- Markets in which Slate Asset Management has an existing presence
- Attractive entry price relative to investment comparables and replacement cost
- Transit-oriented locations in markets with low cost of living, favourable tax rates and strong population and employment growth
- Markets with barriers to new building supply
- Attractive to both established and emerging industries (e.g. tech / media and life sciences)

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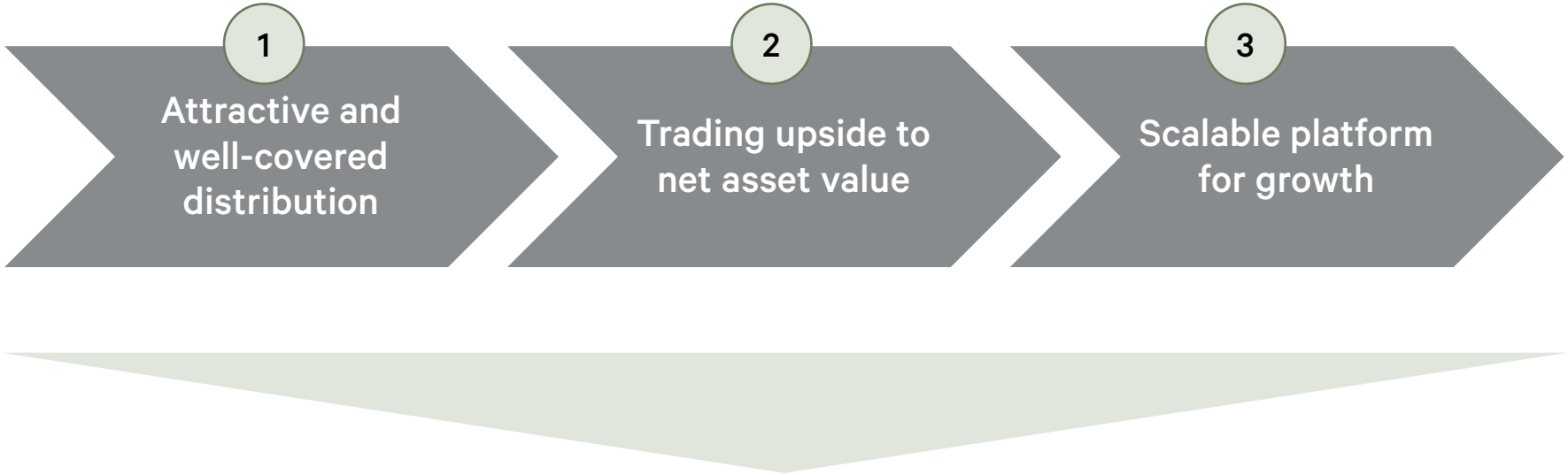
Closing Thoughts



Additional Information

120 South LaSalle Street
Chicago, Illinois

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Office Transaction Comparables

Date	Property	City	Area (SF)		Price		Price PSF[1]	Cap Rate	Occupancy	Purchaser	Vendor
Greater Toronto Area Office											
2/3/2021	55 & 105 Commerce Valley Drive	Markham	375,255	$	115,000,000	$	306	6.35%	93.6%	Soneil Investments	Northam Realty Advisors
12/23/2020	First Meadowvale Centre 1	Mississauga	249,345		72,200,000		290	~6.10%	100.0%	Groupe Mach	BentallGreenOak (Sun Life)
12/21/2020	5150 Spectrum Way	Mississauga	247,388		66,200,000		268	6.75%	100.0%	Private Investor - Canadian	TD Greystone
10/22/2020	2300 Meadowvale Boulevard	Mississauga	242,000		75,700,000		313	5.70%	N/A	BMO Life Assurance Company	Crown Realty Partners
6/18/2020	5040 - 5060 Spectrum Way	Mississauga	114,505		33,800,000		295	5.84%	100.0%	Sun Commercial	GWL Realty Advisors
2/28/2020	Erindale Corporate Centre	Mississauga	342,606		90,600,000		264	6.70%	93.0%	Montez Corporation, Adgar Investments	Redbourne Group
Greater Toronto Area Office - Total / Avg.			**1,571,099**	**$**	**453,500,000**	**$**	**289**	**6.29%**			
Chicago Office											
Under Contract	555 W Monroe	Chicago	430,000	US$	70,000,000	US$	163	n/a	0.0%	State of Illinois	Principal Global Investors
8/1/2020	333 S Wabash (CNA Center) 2020	Chicago	1,205,458		370,000,000		307	5.40%	90.0%	SHVO / Deutsche Finance / BLG Capital	Morgan Stanley / The John Buck Company
5/12/2020	225 W Wacker	Chicago	650,812		210,000,000		323	4.10%	95.5%	Spear Street	Mirae Asset Management
12/1/2019	500 W Monroe 2019	Chicago	966,924		412,000,000		426	7.10%	99.0%	Spear Street Capital	Piedmont Office Realty Trust
12/1/2019	190 S Lasalle	Chicago	798,782		230,000,000		288	7.00%	88.6%	Beacon Capital Partners	Tishman Speyer
Chicago Office - Total / Avg.			**4,051,976**	**US$**	**1,292,000,000**	**US$**	**319**	**5.72%**			
Atlantic Canada Office											
6/29/2020	18 Hebron Way	St. John's	97,000	$	33,400,000	$	344	n/a	100.0%	ExxonMobil	KMK Properties
2/12/2020	6080 Young Street	Halifax	141,000		26,700,000		189	7.50%	95.0%	F.S. Industries (Eastlink)	Choice REIT
Atlantic Canada Office - Total / Avg.			**238,000**	**$**	**60,100,000**	**$**	**253**	**7.50%**			
Western Canada Office											
12/31/2020	730 Taylor Ave	Winnipeg	10,024	$	2,550,000	$	254	n/a	n/a	n/a	n/a
12/31/2020	500 Dovercourt	Winnipeg	7,508		1,473,000		196	n/a	n/a	n/a	n/a
12/31/2020	211 Bannatyne	Winnipeg	5,307		1,400,000		264	n/a	n/a	n/a	n/a
Western Canada Office - Total / Avg.			**22,839**	**$**	**5,423,000**	**$**	**237**	**n/a**			

Above SOT's Greater Toronto Area portfolio valuation of $271 per sq. ft.

Above SOT's Chicago portfolio valuation of US$259 per sq. ft.

Above SOT's Atlantic Canada portfolio valuation of $215 per sq. ft.

Above SOT's Western Canada portfolio valuation of $174 per sq. ft.

Note: all amounts in C$ unless otherwise noted.
[1] PSF denotes per square foot.

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Strong Corporate Governance

	Independent	Audit Committee	Investment Committee	Compensation, Governance and Nominating Committee
Thomas Farley (Chair)	Yes	Member	Chair	Member
Monty Baker	Yes	Chair	Member	Member
Lori-Ann Beausoleil	Yes	Member		Member
Nora Duke	Yes	Member	Member	
Meredith Michetti	Yes			Chair
Blair Welch	No		Member	
Brady Welch	No			

Property List

As of March 31, 2021	Property Address	Property Name	City	Ownership	Square Feet of GLA	Occupancy
United States Office						
1	20 South Clark Street		Chicago, IL	100.0%	369,917	86.4%
2	120 South LaSalle Street		Chicago, IL	100.0%	656,021	89.6%
Total United States Office					**1,025,938**	**88.5%**
Greater Toronto Area Office						
3	7030, 7050, 7100 Woodbine Avenue & 55, 85 Idema Road	Woodbine & Steeles Corporate Centre	Markham, ON	75.0%	359,541	84.6%
4	3000 – 3100 Steeles Avenue East	Gateway Centre	Markham, ON	75.0%	240,735	91.5%
5	2655 – 2695 North Sheridan Way	The Sheridan Exchange	Mississauga, ON	75.0%	158,322	88.7%
6	2285 Speakman Drive		Mississauga, ON	100.0%	127,419	100.0%
7	2599 Speakman Drive		Mississauga, ON	100.0%	127,782	52.3%
8	2251 Speakman Drive		Mississauga, ON	100.0%	115,580	100.0%
9	1189 Colonel Sam Drive		Oshawa, ON	100.0%	103,179	100.0%
10	1 Eva Road		Toronto, ON	100.0%	91,963	81.1%
11	185 – 195 The West Mall	West Metro Corporate Centre	Toronto, ON	75.0%	618,334	93.8%
12	401 – 405 The West Mall	Commerce West	Toronto, ON	75.0%	412,558	90.6%
13	105 Moatfield Drive		Toronto, ON	100.0%	248,981	88.8%
14	95 Moatfield Drive		Toronto, ON	100.0%	156,426	100.0%
Total Greater Toronto Area Office					**2,760,820**	**90.0%**
Western Office						
15	280 Broadway Avenue[1]		Winnipeg, MB	100.0%	105,341	86.2%
16	114 Garry Street		Winnipeg, MB	100.0%	74,246	100.0%
17	1450 Waverley Street	Bell MTS Data Centre	Winnipeg, MB	100.0%	64,000	100.0%
18	365 Hargrave Street		Winnipeg, MB	100.0%	70,719	100.0%
19	1870 Albert Street	Saskatchewan Place	Regina, SK	100.0%	83,932	63.1%
Total Western Office					**398,238**	**88.6%**

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

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Property List

As of March 31, 2021	Property Address	Property Name	City	Ownership	Square Feet of GLA	Occupancy
Atlantic Office						
20	440 King Street	Kings Place	Fredericton, NB	100.0%	296,294	83.7%
21	250 King Street		Fredericton, NB	100.0%	80,162	100.0%
22	460 Two Nations Crossing		Fredericton, NB	100.0%	50,229	100.0%
23	570 Queen Street		Fredericton, NB	100.0%	69,137	47.4%
24	644 Main Street	Blue Cross Centre	Moncton, NB	100.0%	320,154	99.0%
25	81 Albert Street		Moncton, NB	100.0%	64,954	100.0%
26	39 King Street[1]	Brunswick Square	Saint John, NB	100.0%	506,739	59.8%
27	4 Herald Avenue		Corner Brook, NL	100.0%	73,393	25.3%
28	100 New Gower Street	Cabot Place	St. John's, NL	100.0%	136,167	27.6%
29	10 Factory Lane	The Johnson Building	St. John's, NL	100.0%	210,863	75.5%
30	5 Springdale Street	Fortis Place	St. John's, NL	100.0%	142,973	78.2%
31	140 Water Street	TD Place	St. John's, NL	100.0%	102,747	39.2%
32	1505 Barrington Street	Maritime Centre	Halifax, NS	100.0%	528,087	82.9%
33	84 – 86 Chain Lake Drive		Halifax, NS	100.0%	78,253	73.1%
Total Atlantic Office					**2,660,152**	**73.6%**
Non-Office						
34	200 Manitoba 10	Walmart Flin Flon	Flin Flon, MB	100.0%	63,439	100.0%
Total Non-Office					**63,439**	**100.0%**
Total Portfolio					**6,908,587**	**83.5%**

[1] GLA and occupancy stats do not include the Delta Brunswick Hotel.

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Analyst Coverage

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Disclaimer

Forward-Looking Statements

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Non-IFRS Measures

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Use of Estimates

The preparation of the REIT financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Management's estimates are based on historical experience and other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates under different assumptions.

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