

# Slate Office REIT

## Treasury Offering of Convertible Debentures

January 17, 2018

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*The Debentures will be offered by way of a prospectus supplement in all of the provinces and territories of Canada. A prospectus supplement containing important information relating to the Debentures has not yet been filed with the applicable Canadian securities regulatory authorities. A final base shelf prospectus containing important information relating to the securities described in this document has been filed with the securities regulatory authorities in each of the provinces and territories of Canada. A copy of the final base shelf prospectus, any amendment to the final base shelf prospectus and any applicable shelf prospectus supplement that has been filed is required to be delivered with this document. This document does not provide full disclosure of all material facts relating to the Debentures. Investors should read the final base shelf prospectus, any amendment and any applicable prospectus supplement for disclosure of those facts, especially risk factors relating to the Debentures, before making an investment decision.*

### Terms and Conditions

<b>Issuer:</b>	Slate Office REIT (the "REIT").
<b>Offering:</b>	Convertible Unsecured Subordinated Debentures (the "Debentures").
<b>Offering Amount:</b>	\$25 million aggregate principal amount
<b>Offering Price:</b>	\$1,000 per Debenture
<b>Over-Allotment Option:</b>	The REIT has granted the Underwriters an option, exercisable, in whole or in part, at any time until and including 30 days following the closing of the Offering, to purchase up to an additional 15% of the Offering at the Offering Price to cover over-allotments, if any.
<b>Concurrent Offering:</b>	Concurrent with the Offering, the REIT is issuing approximately \$90 million subscription receipts (the "Subscription Receipts").
<b>Use of Proceeds:</b>	The net proceeds from the Offering will initially be used to reduce outstanding indebtedness under the REIT's credit facility (which may be subsequently redrawn and applied as needed to fund future acquisitions and for general trust purposes).
<b>Maturity Date:</b>	The Debentures will mature on February 28, 2023.
<b>Coupon:</b>	The Debentures will bear interest at a rate of 5.25% per annum payable semi-annually in arrears on February 28 and August 31 in each year commencing August 31, 2018. The August 31, 2018 interest payment will represent accrued interest for the period from Closing to August 31, 2018.
<b>Conversion:</b>	Each Debenture will be convertible into freely tradeable REIT units (the "Units") at the option of the holder at any time prior to the close of business on the earliest of (i) the 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, and representing a premium of approximately 30% to the offering price of the concurrent offering of Subscription Receipts. The conversion right shall be subject to the standard anti-dilution provisions. Each holder of Debentures ("Debentureholder") converting their Debentures will, in addition to the applicable number of Units to be received on conversion, receive accrued and unpaid interest, if any, for the period 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 Unitholders entitled to receive a distribution on the Units. In the event the REIT has suspended regular distributions, then a Debentureholder, in addition to the applicable number of Units to be received on conversion, will be entitled to receive accrued and unpaid interest for the period from the last interest payment date prior to the date of

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conversion but excluding the date of conversion.

**Redemption:**

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 Toronto Stock Exchange (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.

**Payment of  
Principal Amount  
in Units:**

Subject to regulatory approval and other conditions, the REIT may, at its option, elect to satisfy its obligation to pay the principal amount of the 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 (the "Unit Repayment Option").

**Restriction on Unit  
Payment Right:**

The REIT shall not, directly or indirectly (through a subsidiary or otherwise) undertake or announce any rights offering, issuance of securities, subdivision of the Units, dividend or other distribution on the Units or any other securities, capital reorganization, reclassification or any similar type of transaction in which:

- (a) the number of securities to be issued;
- (b) the price at which securities are to be issued, converted or exchanged; or
- (c) any property or cash that is to be distributed or allocated,

is in whole or in part based upon, determined in reference to, related to or a function of, directly or indirectly: (i) the exercise or potential exercise of the Unit Repayment Option; or (ii) the Current Market Price determined in connection with the exercise or potential exercise of the Unit Repayment Option.

**Interest Payment  
Election:**

The REIT may elect, from time to time, to satisfy its obligation to pay interest on any interest payment date by delivering freely tradeable Units to the Trustee in accordance with the Trust Indenture (the "Unit Interest Payment Election") in which event holders of Debentures will be entitled to receive a cash payment equal to the interest payable from the proceeds of the sale of such Units by the Trustee. The Trust Indenture will provide that, upon such election, the Trustee shall (i) accept delivery of Units from the REIT, (ii) accept bids with respect to, and consummate sales of, such Units, each as the REIT shall direct in its absolute discretion, (iii) invest the proceeds of such sales in short-term Canadian Government Obligations (as defined in the Trust Indenture), which mature prior to the applicable interest payment date; (iv) deliver proceeds to holders of Debentures sufficient to satisfy the REIT's interest payment obligations; and (v) perform any other action necessarily incidental thereto.

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<b>Purchase for Cancellation:</b>	The REIT may purchase Debentures for cancellation in the market or by tender or private contract at any time subject to regulatory requirements.
<b>Change of Control:</b>	Upon the occurrence of a change in control involving the acquisition of voting control or direction over an aggregate of 66 2/3% of the outstanding units (including special voting units) by any person or group of persons acting jointly or in concert, the REIT will be required to make an offer to purchase, within 30 days following the occurrence of the change of control, all of the Debentures at a price equal to 101% of the principal amount of such Debentures plus accrued and unpaid interest.
<b>Current Market Price:</b>	Current Market Price is defined as the volume-weighted average trading price of the Units on the TSX for the 20 consecutive trading days ending five trading days prior to the applicable date.
<b>Ranking:</b>	The Debentures will be unsecured direct obligations of the REIT. The Debentures will rank <i>pari passu</i> with the outstanding convertible subordinated debentures of the REIT. The Debentures will be subordinated in right of payment of principal and interest to all senior obligations of the REIT.
<b>Form of Offering:</b>	Bought deal by way of a prospectus supplement to be filed in all provinces and territories of Canada. U.S. sales by private placement via Rule 144A.
<b>Listing:</b>	An application will be made to list the Debentures, and the Units to be issued upon conversion of the Debentures on the TSX. The existing units of the REIT are listed on the TSX under the symbol "SOT.UN". Listing will be subject to the REIT fulfilling all the listing requirements of the TSX.
<b>Eligibility:</b>	Eligible for RRSPs, RRIFs, RESPs, TFSA's, RDSPs and DPSPs.
<b>Joint Bookrunners:</b>	BMO Capital Markets and National Bank Financial Inc.
<b>Commission:</b>	3.75%.
<b>Closing:</b>	On or about January 26, 2018.