
Slate Grocery REIT

US\$425 Million Grocery-Anchored Real Estate Portfolio Acquisition

Investment Summary

June 2022



SLATE

Investment Summary

- Slate Grocery REIT (“SGR”) is under contract to acquire 14 properties predominately located in the Southeastern United States for US\$425M representing \$174 psf and 6.9% cap rate (the “Acquisition”)
- Concurrently, SGR has entered into a strategic joint venture with Slate North American Essential Real Estate Income Fund L.P. (“NA Essential Fund”)
 - The Acquisition will be funded through NA Essential Fund’s initial contribution of US\$180M into SGR’s assets, new bank financing and balance sheet liquidity
- The Acquisition significantly increases SGR’s exposure to Florida, North Carolina and Georgia – leading markets for population growth in the U.S.
 - Over 65% of acquisition rent is from growing sunbelt markets
- Comprised of a wide range of high-performing grocers including Publix, Ahold Delhaize, Albertsons and Walmart
- SGR’s pro forma portfolio will be 15.7M sq. ft. and US\$2.4B of essential grocery-anchored real estate, significantly increasing the size and scale of the REIT’s portfolio

14

Assets

91.5%

Occupancy

4.5

Anchor WALT (Yrs.)

\$512

Average Grocer Sales

3.1%

Grocer Occupancy Costs

\$425M

Purchase Price¹

6.9%

Cap Rate

\$174

PSF

¹ Before transaction costs

Pro Forma Slate Grocery REIT

TSX

SGR.UN
SGR.U

121

Properties
All U.S. locations

15.7M

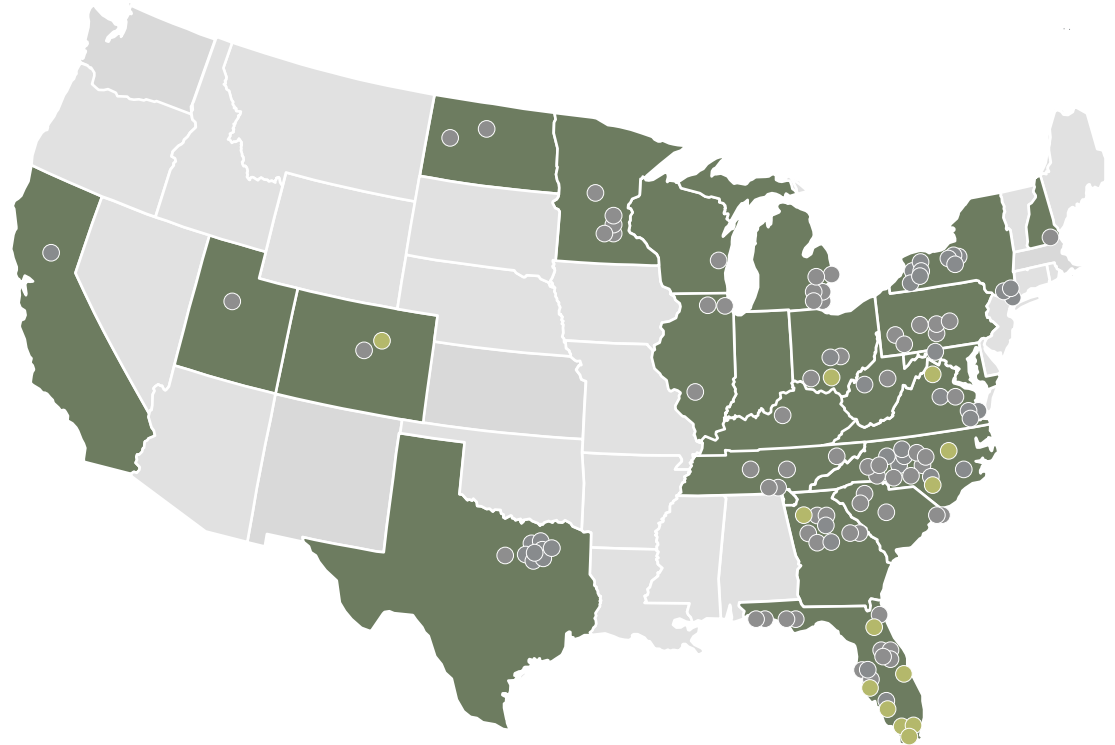
Square feet

23

States

\$2.4B

Asset value¹



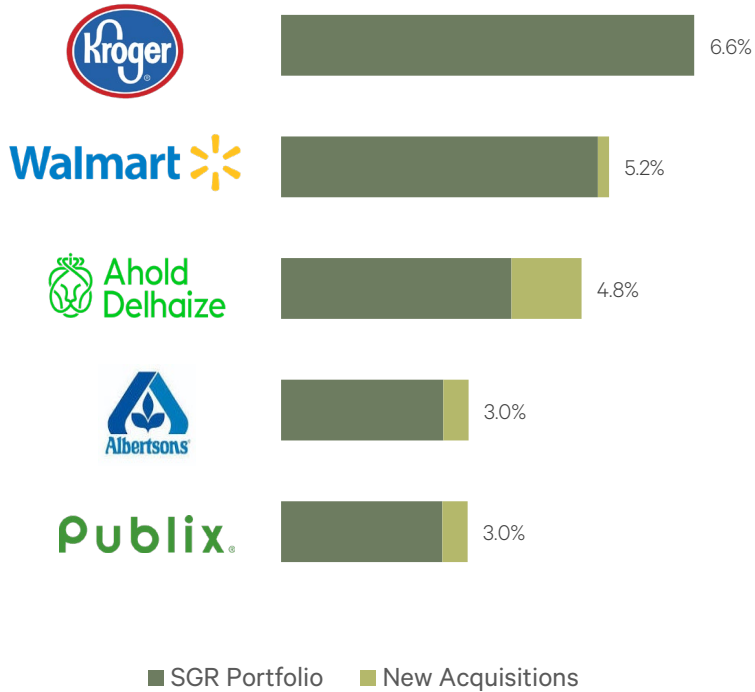
● Existing SGR portfolio (107 assets)

● New acquisitions (14 assets)

¹ Non-IFRS measure

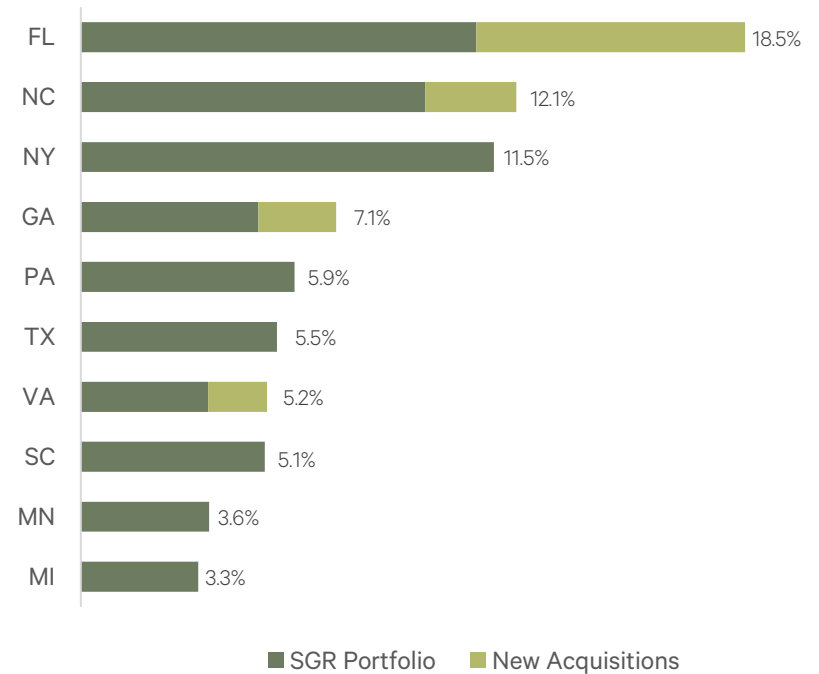
Pro Forma Portfolio Diversification

Major Tenant Rankings



Top-5 Tenants are all Leading National Grocers

Portfolio Income by Geography



Increased exposure to Sunbelt Markets

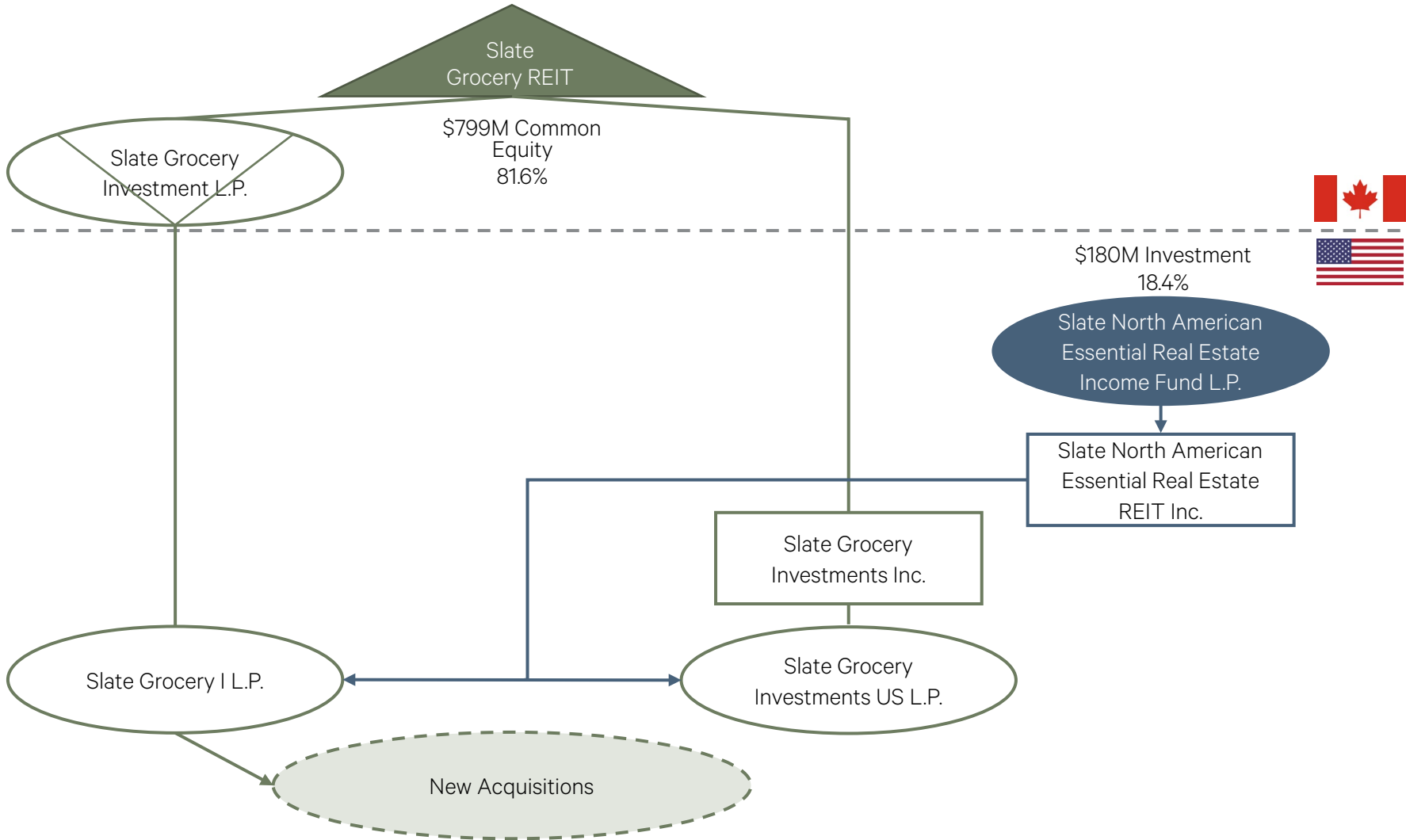
Strategic Joint Venture

Transaction Summary

- The REIT has entered into Subscription Agreements with Slate's new open-ended vehicle, the NA Essential Fund, a vehicle managed by Slate, which will result in the formation of a strategic joint venture (the "Joint Venture")
 - The Joint Venture is part of a long-term strategic partnership between the REIT and the NA Essential Fund
- NA Essential Fund has agreed to make an initial contribution of \$180M into the Joint Venture which implies a valuation of US\$13.01 per unit in SGR
 - Upon completion of the Joint Venture, the NA Essential Fund will effectively own an approximate 18.4% interest in SGR's assets
- To fund the remainder of the Acquisition, SGR will use a \$275M term loan
 - After the Acquisition, SGR's pro forma leverage is expected to be 53.7%



Transaction Structure



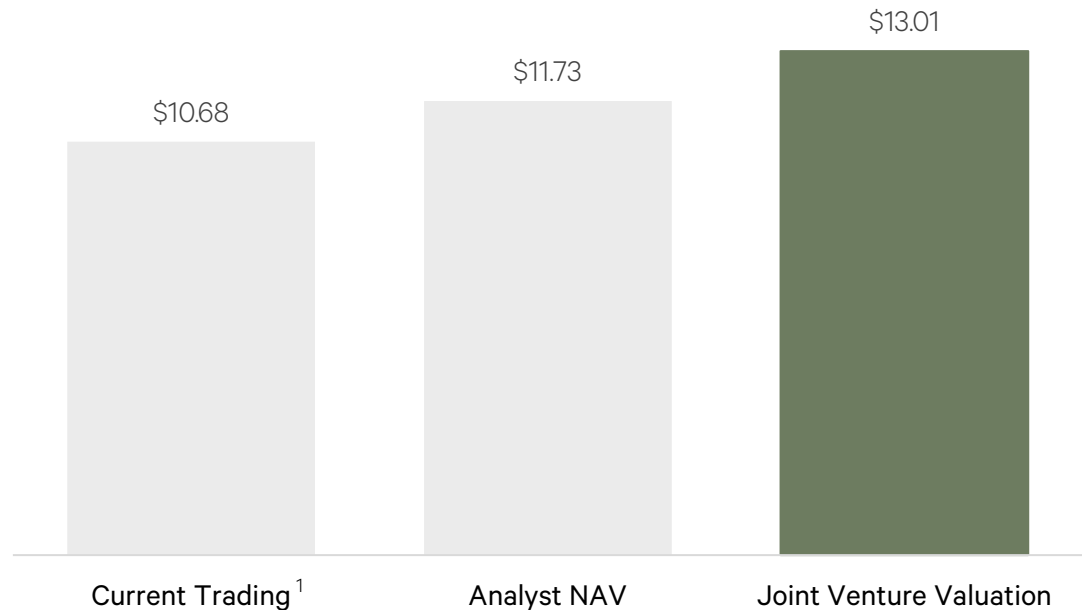
Note: Ownership is based on \$180M NA Essential Investment at a pro forma entry value of \$13.01 NAV Per Unit



Valuation Considerations

NA Essential is investing in the Joint Venture at a valuation in line with SGR's Q1 2022 IFRS NAV and implies a 21.8% premium to the current trading price

NAV Per Unit

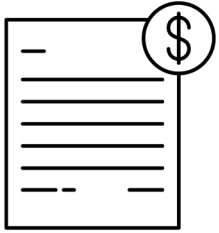


Price PSF ²	\$142	\$146	\$150
Cap Rate ²	7.3%	7.1%	6.8%

¹ Unit price as at June 21, 2022

² Based pro forma metrics and management estimate 12-month forward NOI

Investment Highlights



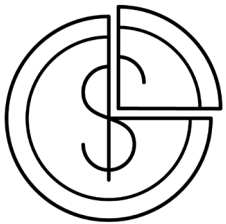
Portfolio & Management Validation

The Joint Venture creates a long-term partnership with a leading global sovereign wealth fund that endorses the strength, quality, and stability of SGR's platform



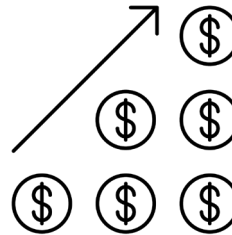
Real Estate Validation

The NA Essential Fund is investing at a valuation in line with Q1 2022 IFRS value reflecting a pro forma 6.8% cap rate on management's estimated 12-month forward NOI from Q1 2022 and US\$150 per square foot



Efficient Source of Growth Capital

The Joint Venture optimizes SGR's cost of equity by providing the potential for a consistent source of private equity capital in addition to SGR's public funding strategies



High-quality Acquisition

The entirety of the US\$180 million Investment by the NA Essential Fund is allocated toward the purchase of a high-quality grocery-anchored Portfolio

Pro Forma SGR

Balance Sheet

In US\$Ms unless otherwise noted

	Pro Forma SGR	
Assets		
RE Assets	\$	2,067
JV Investments		103
Cash		8
Other Assets		27
Total Assets	\$	2,206
Liabilities		
Mortgage Debt	\$	443
Existing Corp Debt		453
New Bank Debt		275
Other Liabilities		56
Total Liabilities	\$	1,226
Equity		
Public Common	\$	800
North American Essential		180
Total Equity	\$	980
Total Liabilities & Equity	\$	2,206
Units O/S (000s)		61,467
Common NAVPU	\$	13.01

Debt / GBV	53.1%
Implied Cap Rate ¹	6.84%

¹ Management estimate 12-month forward NOI

Key Takeaways

01

Acquiring a portfolio of properties in high growth markets, with strong performing grocers at a significant discount to replacement cost

02

Provides institutional validation of the current portfolio and delivers an efficient source of capital to grow asset value to \$2.4B

03

Transaction is accretive to shareholders, improves the payout ratio while maintaining an attractive Loan-to-Value

Disclaimer

Forward-Looking Statements

This presentation contains forward-looking information (which may include financial outlook) within the meaning of applicable securities laws. These statements include, but are not limited to, statements concerning the REIT's objectives, its strategies to achieve those objectives, as well as 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. Some of the specific forward-looking statements contained herein include, but are not limited to, statements with respect to the intention of the NA Essential Fund to complete the closing of the Investment; the intention of the REIT to complete the closing of the Acquisition; the terms and conditions which will apply to the Investment and the Acquisition; the anticipated benefits and result of the Investment and the Acquisition; and the expected timing for completion of the Investment and the Acquisition. Some of the specific forward-looking statements contained herein, which may constitute financial outlook, including statements with respect to: the REIT's pro forma asset value; the REIT's pro forma leverage; the cap rate on management's estimated 12-month forward NOI; and certain of the pro forma financial metrics presented on slide 9. The purpose of such statements is to assist readers in understanding the anticipated effects on, and benefits of, the Acquisition and the Investment, as applicable, and may not be appropriate for use for any other purpose. Readers should not place undue reliance on any such forward-looking statements. Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the REIT to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained herein. Such forward-looking statements are based on a number of assumptions that may prove to be incorrect, including, but not limited to, the continued availability of mortgage financing and current interest rates; the extent of competition for properties; assumptions about the markets in which the REIT and its subsidiaries operate; the global and North American economic environment; and changes in governmental regulations or tax laws. Although the forward-looking information contained in this presentation is based upon what management believes are reasonable assumptions, there can be no assurance that actual results will be consistent with these forward-looking statements. Except as required by applicable law, the REIT undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

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This presentation contains financial measures that do not have a standardized meaning under International Financial Reporting Standards ("IFRS") as prescribed by the International Accounting Standards Board. Slate Grocery uses the following non-IFRS financial measures: Funds from Operations ("FFO"), Adjusted Funds from Operations ("AFFO"), Net Operating Income ("NOI"), and Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA"). Management believes that in addition to conventional measures prepared in accordance with IFRS, investors in the real estate industry use these non-IFRS financial measures to evaluate the REIT's performance and financial condition. Accordingly, these non-IFRS financial measures are intended to provide additional information and should not be considered in isolation or as a substitute for performance measures prepared in accordance with IFRS. In addition, they do not have standardized meanings and may not be comparable to measures used by other issuers in the real estate industry or other industries.

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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