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# Slate Grocery REIT

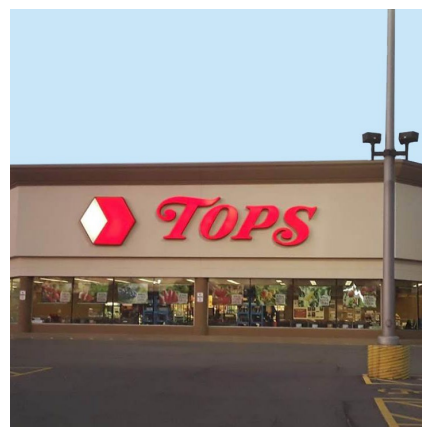
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US\$390 Million Acquisition of High Quality 25  
Property U.S. Grocery-Anchored Portfolio

March 25, 2021



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 securities offered. Investors should read the final base shelf prospectus, any amendment and any applicable shelf prospectus supplement for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.



# Transaction Tearsheet

01

Increases ownership of grocery-anchored real estate, which is essential logistics

US\$390M

Grocery-anchored portfolio<sup>1</sup>

>95%

Grocers with omnichannel distribution<sup>2</sup>

US\$1.7B

Pro forma real estate assets<sup>3</sup>

02

Opportunistic, off-market transaction that increases exposure to certain of America's largest metropolitan markets and essential tenants

83%

Income from top-50 MSAs in America<sup>4,5</sup>

46%

Income from Dallas and New York MSAs<sup>4,5</sup>

74%

Income from essential tenants<sup>5</sup>

03

Expected to create meaningful value for unitholders, raising capital above last December's unit issue price of US\$9.16<sup>6</sup>

Expected immediate FFO and AFFO per unit accretion<sup>7</sup>

<sup>1</sup> Implied purchase price of 25 property portfolio acquisition.

<sup>2</sup> Slate Grocery REIT internal information.

<sup>3</sup> Calculated as fair market value of properties at December 31, 2020, plus five-property portfolio acquisition closed February 10, 2021, plus 25 property portfolio acquisition.

<sup>4</sup> MSA means Metropolitan Statistical Area, as defined by the U.S. Office of Management and Budget.

<sup>5</sup> Calculated as a percentage of base rent of 25 property portfolio acquisition.

<sup>6</sup> The offering issuance price of C\$11.65 is equivalent to US\$9.24, translated at the prevailing exchange rate at the time of pricing, which is above the US\$ equivalent issue price from last December's offering, being US\$9.16, converted using the prevailing exchange rate at the time of pricing of the December offering.

<sup>7</sup> Non-IFRS measure. See "Disclaimer - NON-IFRS Financial Measures" in this presentation.

# Transaction Highlights

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**US\$390** million<sup>1</sup>

## Opportunistic Transaction

~3.1 million square foot grocery portfolio acquired significantly below vendor's cost and market comparables

**7.8%** cap-rate

## Attractive Pricing

US\$127 per square foot, well below replacement cost, and is expected to be immediately accretive to FFO and AFFO per unit<sup>2</sup>

**83%** top 50 MSA<sup>3,4</sup>

## Well Located

83% of income from the top-50 U.S. markets with significant exposure to New York and Dallas MSAs

**39%**<sup>4</sup>

## Income from Grocers

Anchored by well-performing high-credit grocers, including Tom Thumb / Albertsons (No. 3); Walmart (No. 1), Kroger (No. 2), Tops Friendly Markets, Ahold Delhaize (No. 5)<sup>5</sup>

**>95%**<sup>6</sup>

## Omnichannel Distribution

Omnichannel focused assets with over 95% of grocers offering e-commerce store-based fulfillment of delivery and/or pick-up sales

**74%**<sup>4</sup>

## Essential Tenants

Approximately 74% of tenants are classified as essential services and have remained open throughout 2020

# Why Grocery Real Estate?

## Stable and durable income

- Low volatility, non-cyclical sector
- Resilient cashflows due to essential service nature

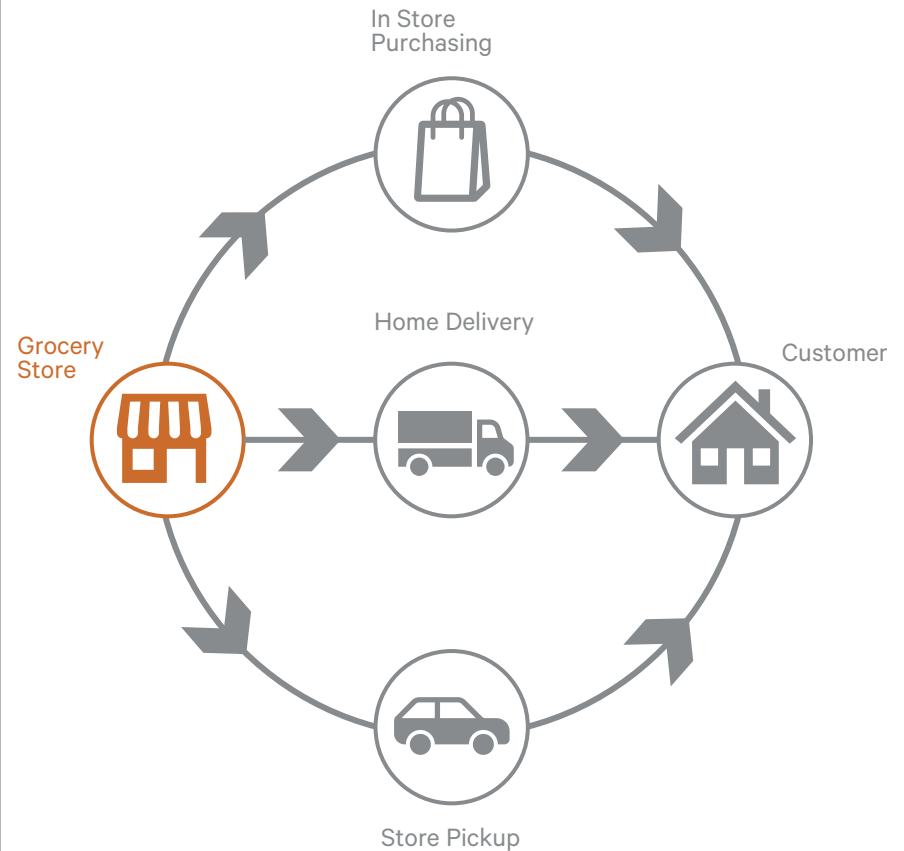
## Strong value proposition

- Yields are materially higher than other logistics assets
- Well located for last mile logistics
- Anchor tenants are large, investment grade quality grocers

## Grocery omnichannel

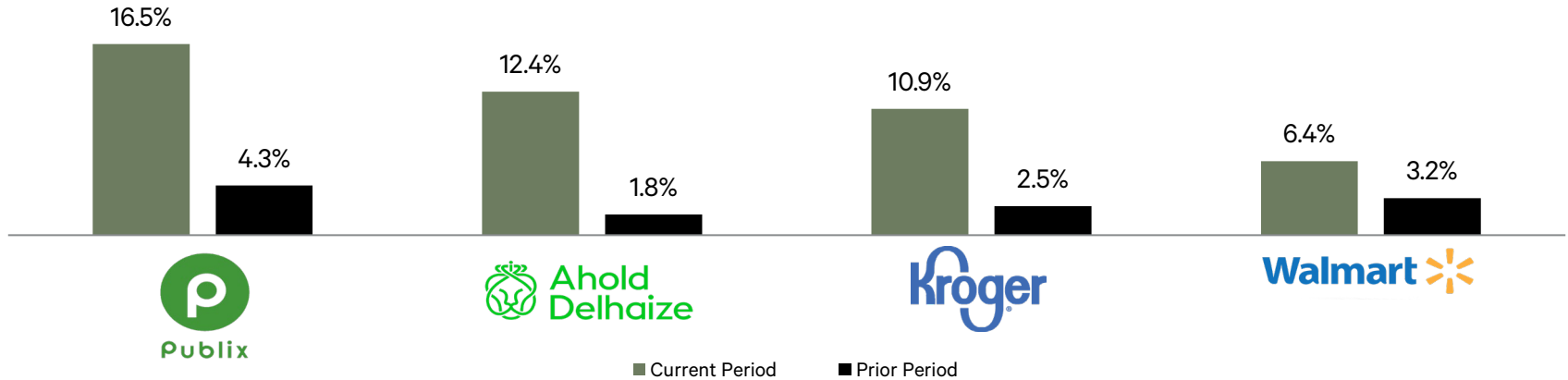
- Flexible customer service model providing in-store retailing, online order fulfillment and home delivery
- Strategically located in high density areas close to major transportation networks
- Proven business model that has been rapidly adopted during the pandemic
- Grocers are investing significant amounts of capital in their stores, making them stickier for renewal

## Grocery omnichannel model



# Strength of Grocery Real Estate

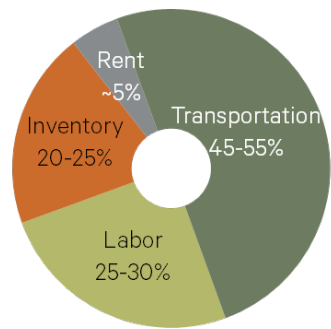
Omnichannel grocers are experiencing tremendous sales growth (quarterly same-store sales growth<sup>1</sup>)



## Neighborhood stores are essential in minimizing grocers' last mile logistics costs

Labor and transportation comprise largest supply chain costs<sup>2</sup>

...So grocers are fulfilling sales through neighborhood stores



» 95%

Of all grocery sales (both in-store and online) are fulfilled through neighborhood stores<sup>3</sup>

<sup>1</sup> Company public disclosure for Q3 2020 or latest available.

<sup>2</sup> Prologis Research, 2020.

<sup>3</sup> Per Mercatus and Incisiv's research report "eGrocery's New Reality" published in September 2020, online grocery sales will account for 10% of total grocery sales post-COVID, meaning 90% of grocery sales will be executed through traditional in-store channels; additionally, Green Street's base case forecast estimates that 50% of online grocery sales are currently being fulfilled through stores, meaning an estimated 95% of total grocery sales are fulfilled through stores.

# Transaction Overview

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<b>Acquisition</b>	US\$390 million grocery-anchored portfolio in major markets across the United States
<b>Equity financing</b>	C\$133 million (US\$105 million equivalent) bought deal offering of subscription receipts (the “Offering”) <sup>1</sup>
<b>Debt financing</b>	Assumption of US\$300 million of outstanding mortgages
<b>Leverage</b>	Pro forma leverage of 60.8% debt / GBV <sup>2</sup>
<b>Accretion</b>	Transaction expected to be immediately accretive to FFO and AFFO per unit and long-term NAV per unit <sup>2</sup>
<b>Fairness opinion</b>	Special Committee of the REIT’s Board of Trustees have obtained a fairness opinion, concluding that the acquisition is fair from a financial point of view to the REIT
<b>Timeline</b>	Expected transaction closing is in the middle of 2021 Expected closing of the Offering is March 31, 2021

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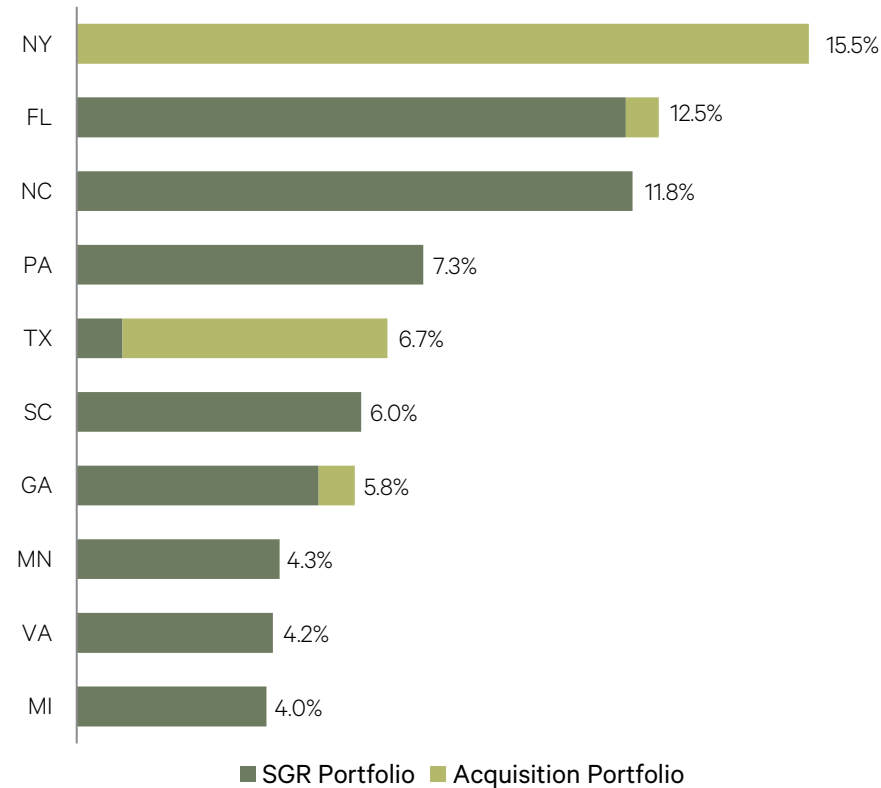
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<sup>1</sup> The US\$ equivalent is translated at the prevailing exchange rate at the time of pricing.  
<sup>2</sup> Non-IFRS measure. See “Disclaimer - NON-IFRS Financial Measures” in this presentation.

# Pure-Play Grocery with Diversification and Scale

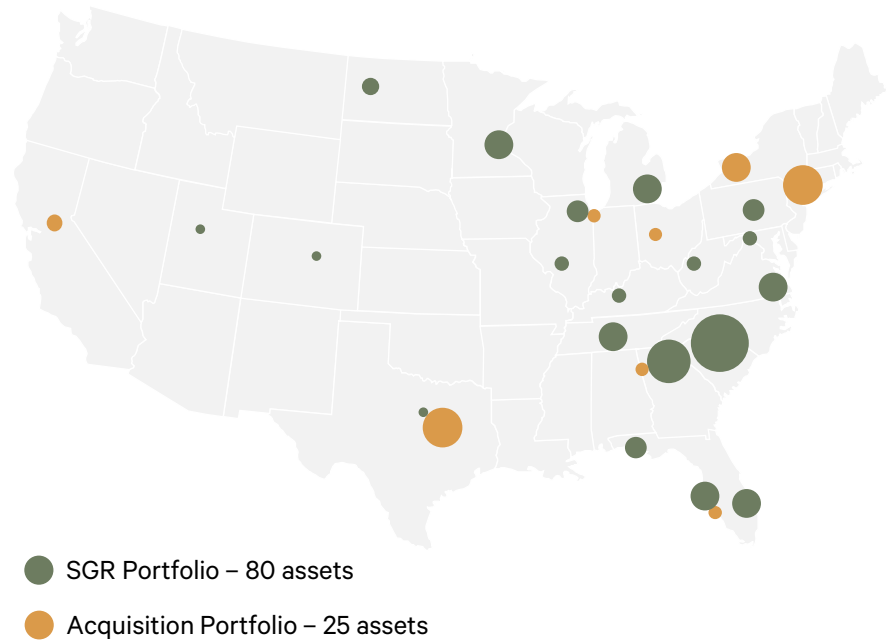
## Expansion into major U.S. markets (% base rent)<sup>1,2</sup>

Adding significant concentrations in the New York (No. 1) and Dallas (No. 4) MSAs, with strategic omnichannel distribution channels for major grocers



## Large, diverse and well performing U.S. portfolio

The combined portfolio will comprise 105 properties, aggregating to 13.0 million square feet<sup>3</sup> and US\$1.7 billion<sup>4</sup> of real estate assets in major markets across the United States



<sup>1</sup> Calculated as a percentage of pro forma portfolio base rent. Pro forma base rent is the sum of annualized base rent for leases as at December 31, 2020, plus base rent from the five-property portfolio acquisition closed February 10, 2021, plus base rent from the 25 property portfolio acquisition.

<sup>2</sup> Other states make up 21.9% of pro forma base rent.

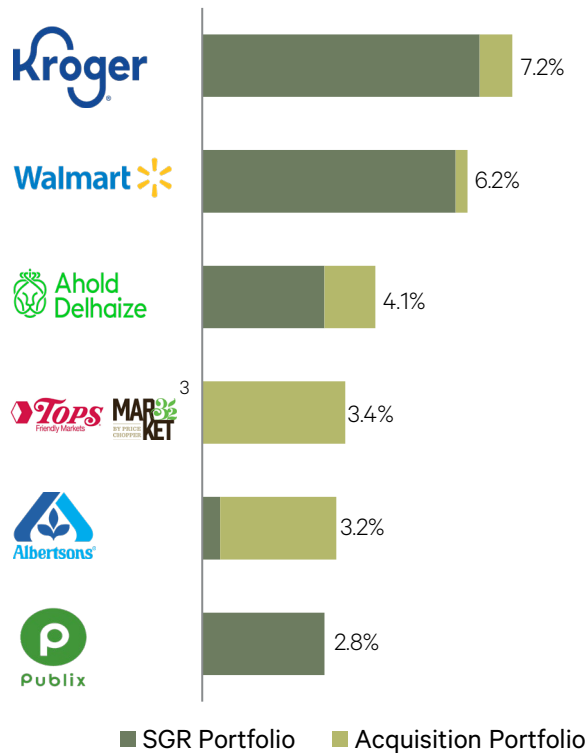
<sup>3</sup> Gross leasable area as at December 31, 2020 and adjusted for the five-property portfolio acquisition closed February 10, 2021, plus gross leasable area from the 25 property portfolio acquisition.

<sup>4</sup> Calculated as fair market value of properties at December 31, 2020, plus five-property portfolio acquisition closed February 10, 2021, plus 25 property portfolio acquisition.

# World Class Grocery and Essential Based Tenants

## Top grocery tenants (% base rent)<sup>1,2</sup>

Portfolio boasting diverse roster of the world's largest, most sophisticated, credit-worthy grocers



## Essential tenancies

High concentration of essential and grocery tenants

98%

Grocery-anchored properties<sup>4</sup>

67%

Essential tenancies<sup>2</sup>

39%

Grocery tenancies<sup>2</sup>

## Omnichannel distribution

SGR's properties are key to the distribution of in-store, click-and-collect and home delivery grocery sales



In store



Click-and-collect



Delivery



<sup>1</sup> Other grocers make up 12% of SGR's pro forma base rent.

<sup>2</sup> Calculated as a percentage of pro forma portfolio base rent. Pro forma base rent is the sum of annualized base rent for leases as at December 31, 2020, plus base rent from the five-property portfolio acquisition closed February 10, 2021, plus base rent from the 25 property portfolio acquisition.

<sup>3</sup> Tops and Market 32 (Price Chopper) publicly announced plans to merge on February 8, 2021.

<sup>4</sup> Calculated as a percentage of pro forma property count.

<sup>5</sup> Slate Grocery REIT internal information.



# Significantly Enhanced Scale and Market Presence

	Current <sup>1</sup>	Acquisition <sup>2</sup>	Pro Forma <sup>3</sup>
<b>Gross leasable area</b> Millions of square feet	9.9	3.1	<b>13.0</b>
<b>Real estate assets</b> US\$ billions	\$1.3	\$0.4	<b>\$1.7</b>
<b>Household income</b> 3-mile radius, US\$ thousands	\$81.6	\$94.5	<b>\$85.1</b>
<b>Top 50 MSA</b> % of base rent	56%	83%	<b>63%</b>
<b>Weighted average lease term</b> Years	5.2	4.9	<b>5.1</b>

<sup>1</sup> SGR current metrics are as at December 31, 2020 and adjusted for the five-property portfolio acquisition closed February 10, 2021.

<sup>2</sup> 25 property portfolio acquisition metrics only.

<sup>3</sup> Pro forma portfolio on a weighted average basis.

# Disclaimer

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## Non-IFRS Measures

We disclose a number of financial measures in this presentation that are not measures determined in accordance with International Financial Reporting Standards ("IFRS"), including NOI, same property NOI, FFO, FFO payout ratio, AFFO, AFFO payout ratio, debt to gross book value, net asset value, adjusted earnings before interest, tax, depreciation and amortization ("Adjusted EBITDA") and the interest coverage ratio, in addition to certain measures on a per unit basis. We utilize these measures for a variety of reasons, including measuring performance, managing the business, capital allocation and the assessment of risk. Descriptions of why these non-IFRS measures are useful to investors and how management uses each measure are included in the management's discussion and analysis of financial condition and results of operations for the REIT for the year ended December 31, 2020 of the REIT (the "MD&A"). We believe that providing these performance measures on a supplemental basis to our IFRS results is helpful to investors in assessing the overall performance of our businesses 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. A description of these non-IFRS measures and 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.

# Forward-Looking Statements

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Certain information in this presentation constitutes “forward-looking statements” within the meaning of applicable securities legislation. These statements reflect management’s expectations regarding objectives, plans, goals, strategies, future growth, results of operations, performance and business prospects and opportunities of the REIT including expectations for the current financial year, and include, but are not limited to, statements with respect to management’s beliefs, plans, estimates and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Statements that contain words such as “could”, “should”, “would”, “can”, “anticipate”, “expect”, “does not expect”, “believe”, “plan”, “budget”, “schedule”, “estimate”, “intend”, “project”, “will”, “may”, “might”, “continue” and similar expressions or statements relating to matters that are not historical facts constitute forward-looking statements. Some of the specific forward-looking statements contained herein include, but are not 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, statements with respect to the intention of the REIT to complete the closing of the Acquisition, the Offering and the related transactions contemplated herein on the terms and conditions described herein, the effect of the Acquisition, the Offering and the related transactions contemplated herein on the financial performance of the REIT, the expected timing for completion of the Acquisition and the closing date of the Offering. There can be no assurance regarding the impact of COVID-19 on the business, operations, and financial performance of the REIT and its tenants, as well as on consumer behaviors and the economy in general. Management believes that the expectations reflected in its forward-looking statements are based upon reasonable assumptions, however, management can give no assurance that actual results, performance or achievements will be consistent with these forward-looking statements. These forward-looking statements are not guarantees of future events or performance and, by their nature, are based on the REIT’s current estimates and assumptions, which are subject to significant risks and uncertainties. The REIT believes that these statements are made based on reasonable assumptions; however, there is no assurance that the events or circumstances in these forward-looking statements will occur or be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to the risks that are more fully discussed under the “Risk Factors” section of the annual information form of the REIT for the year ended December 31, 2020. Factors that could cause actual results to differ materially from those contemplated or implied including, but not limited to: financial and operational risks associated with the COVID-19 pandemic; 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 in integration of acquisitions; competition including development of properties in close proximity to the REIT’s properties; loss of key management and employees; potential environmental liabilities; catastrophic events, such as earthquakes and hurricanes; governmental, taxation and other regulatory risks and litigation risks. Forward-looking statements included in this presentation are made as of the date of this presentation, 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 presentation, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities laws. Certain statements included in this presentation may be considered “financial outlook” for purposes of applicable securities laws, and such financial outlook may not be appropriate for purposes other than this presentation. Investors are cautioned against placing undue reliance on forward-looking statements.



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