

CORPORATE PARTICIPANTS

Braden Lyons
Investor Relations

David Dunn
Chief Executive Officer

Andrew Agatep
Chief Financial Officer

PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by and welcome to the Slate Grocery REIT Fourth Quarter 2020 Financial Results Conference Call. At this time all participants are in a listen-only mode. After the speakers' presentation, there will be a question-and-answer session. To ask a question during the session, you will need to press star then one on your telephone. Please be advised that today's conference is being recorded. If you require any further assistance, please press star then zero.

I would like to now hand the conference to your speaker today, Braden Lyons, Investor Relations. Thank you. Please go ahead, sir.

Braden Lyons, Investor Relations

Thank you, operator, and good morning, everyone. Welcome to the Q4 2020 conference call for Slate Grocery REIT. I am joined this morning by David Dunn, Chief Executive Officer, and Andrew Agatep, Chief Financial Officer.

Before getting started, I would like to remind participants that our discussion today may contain forward-looking statements and therefore we ask you to review the disclaimers regarding forward-looking statements, as well as non-IFRS measures, both of which can be found in management's discussion and analysis. You can visit Slate Grocery REIT's website to access all of the REIT's financial disclosure, including our Q4 2020 investor update, which is available now.

I will now hand over the call to David Dunn for opening remarks.

David Dunn, Chief Executive Officer

Thank you, Braden, and thank you to all the participants for joining the call this morning.

The COVID-19 pandemic reinforced Slate Grocery REIT's important role in providing Americans with their essential daily needs. Our focus has always been and will continue to be on owning high-quality grocery-anchored properties in major markets in the United States. It is this investment strategy that has allowed us to clearly differentiate ourselves against our peers in North America as the only pure-play grocery-anchored REIT. The strong performance of the grocery-anchored sector during the pandemic has resulted in its evolution into a new asset class, separate and distinct from the broader retail category.

We partner with market-leading grocers who, by no fluke, tend to be those with strong omni-channel distribution capabilities or the ability to provide customers with a seamless shopping experience, be it in a brick-and-mortar store or online. In fact, 98% of our grocer tenants are currently executing an omnichannel model at our properties.

Our real estate is located close to where Americans live, which reduces last-mile logistics costs and allows grocers to efficiently deploy food inventory for customers, whether purchases are made in store or online. With the emergence of COVID-19, there has never been a more important time for a grocer to be able to efficiently execute an omnichannel distribution strategy and, more specifically, fulfill online grocery sales in a timely and cost-effective manner.

The largest grocer in America and Slate Grocery REIT's largest tenant, Walmart, is acutely focused on improving both their online fulfillment capabilities as well as their in-store customer experience. In Walmart's 2021 investment community meeting just last week, their CEO, Doug McMillon, was quoted as saying, "Our automation plan is now ready to scale. We'll be investing in our distribution centers, our e-commerce fulfillment centers, and in market fulfillment centers, which will, in many cases, be inside of or built beside our stores." At Slate Grocery REIT, we continue to have the utmost conviction that neighbourhood stores will remain a critical component of the omnichannel distribution strategy for America's leading grocers, fulfilling both in-store and online purchases.

I will now provide an update on our portfolio's pandemic-related performance. Our market-leading cash rent collections have continued with the REIT collecting 96% of rent in the fourth quarter. 65% of our tenants have been deemed essential by the government. 99.4% of our

tenants are currently open and operating and have been since October of 2020. There have been no government shutdowns affecting our assets since the end of the first wave in the second quarter of 2020.

Repayments under the deferral payback program have been robust. As of December 31st, of the total deferred amount of \$1.3 million, we have collected \$1 million in cash. These collections represent in excess of 100% of the scheduled repayments to date, meaning there are tenants settling deferred amounts sooner than required. Our last deferral agreement was executed in August of 2020 and we expect the repayment program will be substantially complete by the end of the second quarter 2021.

I will now speak to the broader performance of our business in 2020. Since the start of the pandemic, the REIT's occupancy has increased by 70 basis points and finished the fourth quarter at 92.9%. We expect our occupancy will continue to trend upward based on our actionable pipeline of quality lease transactions.

Our team completed nearly 1.7 million square feet of total leasing in 2020, including over 370,000 square feet of new leasing. These amounts both represent record annual leasing performances and demonstrate the continued strong demand for grocery-anchored real estate. Leasing in 2020 was completed at a weighted average rental spread of 6.1%. We completed 15 lease deals with grocery tenants in 2020 comprised of four new leases and 11 renewals totalling over 990,000 square feet.

Excluding termination fees, which inflated the comparative period, same property net operating income grew 0.6% in 2020 on a trailing 12-month basis. In 2021, the REIT has no grocery tenant expiries and only 4.7% of the portfolio's rent roll is maturing. Looking ahead to 2021 and beyond, there is \$2.5 million of committed base rent that is not yet captured in our financial reporting, 80% of which is scheduled to come online this year.

We are pleased to have completed another opportunistic, off-market acquisition of grocery-anchored properties located in growth markets in the southeast United States. Our most recent acquisition of a five-asset portfolio closed on February 10, 2021 for \$54.3 million. This transaction further increases Slate Grocery REIT's percentage of revenue from both essential tenants and grocers and generates compelling returns that exceed our cost of capital. We continue to be active in underwriting attractive external growth opportunities for the portfolio and look forward to further driving value for unitholders in 2021 and beyond.

I continue to be incredibly proud of the passion and dedication that our team at Slate Grocery REIT demonstrates on a daily basis. We are very pleased with our portfolio's strong performance throughout the pandemic, but it certainly would not have been possible without the tireless effort from our team. On behalf of the entire Slate Grocery REIT team, we wish you and yours good health and we thank you for your continued support. I will now hand it over for Q&A.

QUESTION AND ANSWER SESSION

Operator

At this time, as a reminder, in order to ask a question, please press star then the number one on your telephone keypad. Once again, that is star and then the number one on your telephone keypad to ask a question. We will pause for a moment to compile the Q&A roster.

There are no questions at this time. I turn the call back to Braden.

Braden Lyons, Investor Relations

Thank you, operator, and thank you, everyone, for joining the Q4 2020 conference call for Slate Grocery REIT. Have a great day.

Operator

That concludes today's conference call. You may now disconnect.
