



# SLATE

Retail  
REIT

Investor Update  
Q2 2017

Walmart   
Neighborhood Market

# WHO WE ARE

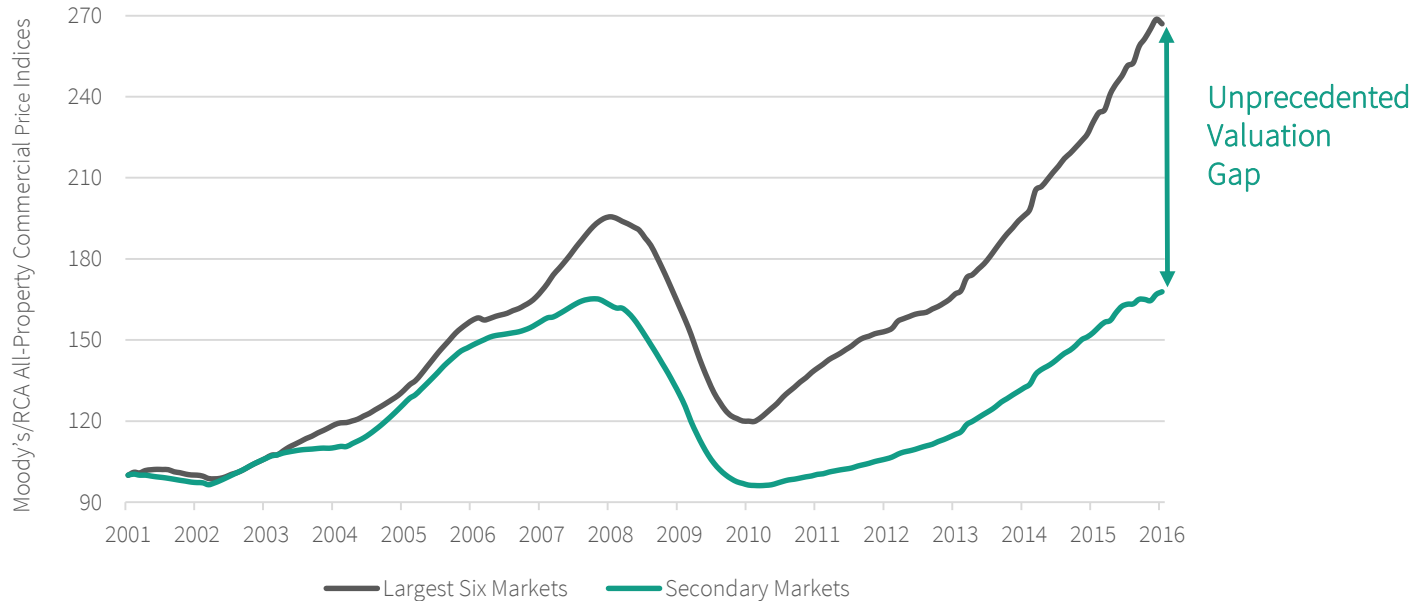
(All amounts in this presentation are in U.S. dollars unless otherwise stated)

- **Pure Play:** 100% grocery-anchored asset base located in the United States
  - 73 properties located across 21 states totaling 9.1 million square feet<sup>1</sup>
- **Focused Strategy:** Build scale in large markets with market-leading grocers
  - Focus on over-looked secondary markets in Metropolitan Statistical Areas (“MSAs”) with population of 1 million or more
- **Embedded Growth:** Below-market rents, limited new grocery store supply and anchor redevelopment opportunities
- **Operators:** Apply hands-on real estate expertise through a proactive approach to unlock value in under-managed real estate

<sup>1</sup>As of June 30, 2017

# OPPORTUNITY FOR GROWTH

Target overlooked markets for mispriced assets



Source: Moody's/RCA



# ABILITY TO BUILD SCALE IN THE U.S.

There are ~15x more grocery stores in the U.S. than in Canada and the largest U.S. landlord only controls ~1% of the inventory, resulting in a fractured investment landscape in which to build scale. (1 shopping cart represents ~500 grocery stores)

United States | ~38,000 Grocery Stores



Canada | ~2,700 Grocery Stores



^ Largest landlord controls ~20% of total inventory

Source: U.S. Census Bureau , Progressive Grocer

# FOCUS ON GROCERY RETAIL

Our strategy offers several attractive long-term characteristics

- The grocery business is non-cyclical and less susceptible to economic fluctuation
  - Average shopper visits grocery store 2-3x per week driving strong foot traffic creating a natural draw for other tenants to the center
- Grocery retailing is least threatened by the increasing popularity of e-commerce
- Grocery stores are strategically located close to houses in dense neighborhoods making it difficult to replace their efficacy online.

99%

Grocery purchases in the U.S. made in store

\$700 bln












U.S. grocery sales annually—the largest consumer segment by 70%

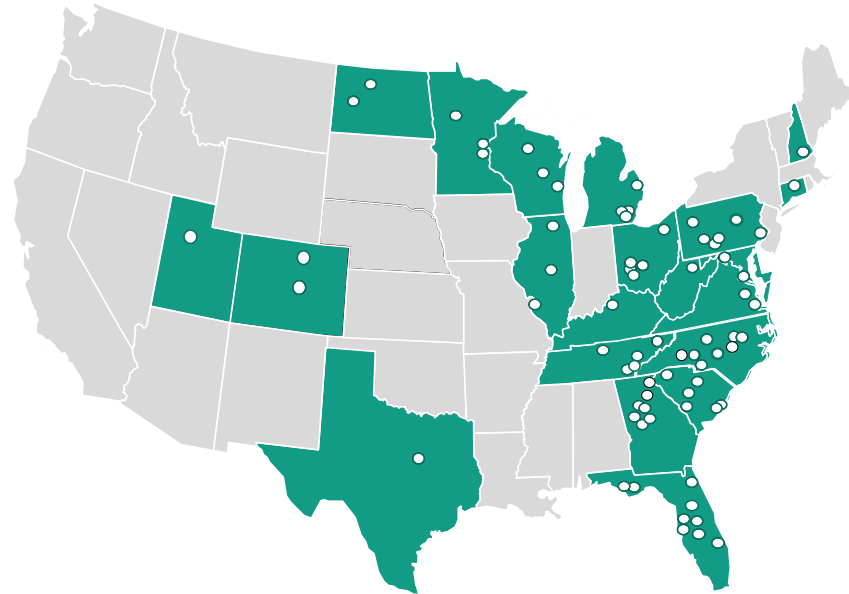
Sources: Kantar Group, U.S Commerce Dept, Progressive Grover

# EXPOSURE TO LARGE U.S. MARKETS

Our portfolio is well diversified by geography and grocer with 73 properties across 21 states and presence in 23 major metropolitan areas<sup>1</sup>

Top 10 Grocery Tenants

Tenant	% of Base Rent	% of GLA	Credit Rating
 Kroger	7.4%	11.1%	Baa1 / BBB
 Walmart	6.0%	9.5%	Aa2 / AA
 Winn-Dixie	5.1%	5.0%	-
 Stop&Shop	4.4%	2.6%	Baa2 / BBB
 Save A Lot	3.8%	3.8%	B1 / B
 Publix	3.4%	3.9%	A2
 CASH WISE	2.2%	1.3%	-
 Lowe's	1.9%	1.5%	-
 Jewel-Osco	1.4%	1.8%	B3
 SAFEWAY	1.4%	1.8%	B3
 Schnucks	1.3%	1.3%	-



<sup>1</sup>As of June 30, 2017

# E-COMMERCE RESISTANT TENANTS

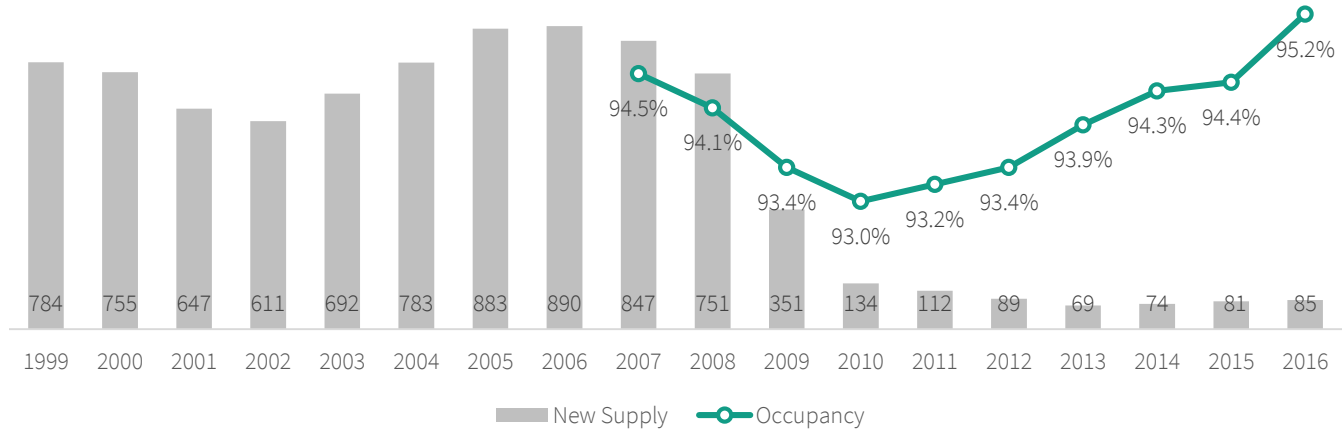
Grocery-anchored retail is a defensive and well positioned asset class offering **protection from e-commerce** impacting other retail real estate

Category	# of Stores	% of Rent	
Supermarkets	71	34%	Publix, Kroger, FOOD LION, Winn-Dixie, BILO, Sams, Walmart
Medical & Personal Services	330	14%	The UPS Store, UPS, Beauty, ANGEL, Fantastic Sams, ANIMAL HOSPITAL
Restaurants	227	13%	Wing King, Wild Wings, China Express, Working Class, Five Guys, Little Caesars
National & Discount Retailers	54	13%	Dollar Tree, Family Dollar, Ross Dress For Less, Big Lots
Financial Institutions	92	4%	Bank of America, H&R Block, KeyBank, Wells Fargo, SunTrust
Fitness Facilities	23	3%	LA Fitness, Anytime Fitness, Workout Anytime
Liquor Stores	22	2%	ABC Liquors, Best Buy Liquors
Pharmacies	10	1%	CVS pharmacy, Walgreens
Other Tenants	244	16%	petvalu, at&t, GNC, MATTRESS FIRM

# WELL-POSITIONED IN THE CYCLE

High occupancy and historically low new supply creates upward pressure on rents

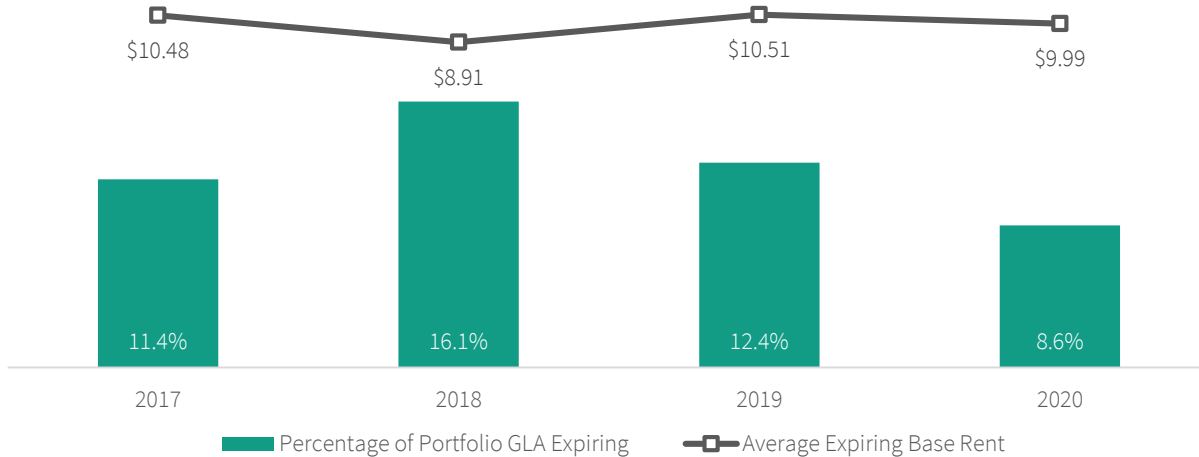
■ Net Completions of U.S. Community and Neighbourhood Shopping Centres 1999-2016  
● Grocery-Anchored Supermarkets and Shopping Centres Occupancy 2007-2016





# EMBEDDED LEASING UPSIDE

Significant runway remains to reset expiring rents upward in-line with market rents



**Average new leases <10,000 square feet in Q2 2017: \$19.69**

# VALUE ADD OPPORTUNITIES

- Food City ~\$5M Remodeling in St. Elmo Central, Tennessee
  - BI-LO lease acquired by Food City to accommodate growth plans at attractive locations
  - Food City completed overhaul of the interior and exterior of the building and addition of a gas station
  - Slate accompanied Food City's multi-million renovation by investing ~\$700,000 in capital improvements including; parking lot overlay, LED lighting, new roof, significant landscape work and exterior painting of the shopping center
  - Extended the term for an additional 6 years (until 2026) at a new rental structure (for the entire 10 year term) from \$8.36 psf to \$8.56 psf on the 44,977 square feet
  - Weighted average rent for the expiring 7,700 square feet is \$9.95 psf compared to \$19.70 psf for new deals, a 98% increase

Before



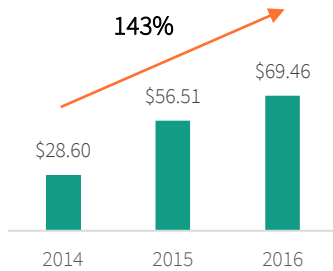
After



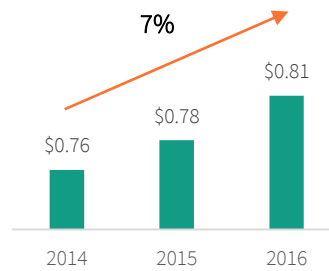
# TRACK RECORD

## Growing size and unitholder value

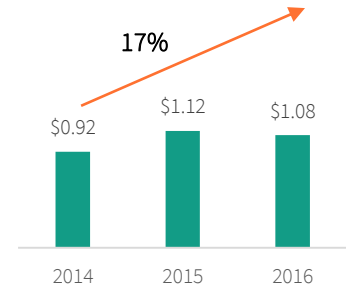
Net Operating Income (\$ millions)



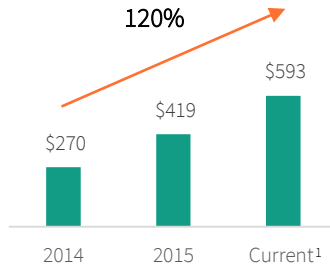
Distributions per unit (\$)



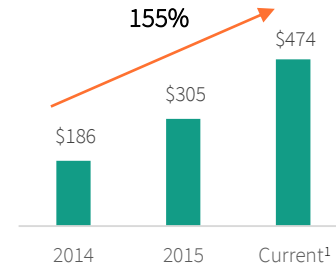
AFFO per unit (\$)



Net Asset Value (\$millions)



Market Capitalization (\$millions)



<sup>1</sup> As of June 30, 2017

# U.S. STRIP CENTRE REIT COMPS

REIT/REOC	Average Base Rent (per square foot)	Occupancy	Median Household Income	Population
American Assets Trust	\$27.33	97%	89,214	97,105
Acadia Realty Trust	\$26.75	95%	87,460	378,050
Brixmor	\$13.42	93%	65,371	85,740
DDR	\$14.88	92%	75,139	113,034
Federal Realty Trust	\$26.73	94%	102,462	125,471
Kimco	\$15.08	95%	78,902	129,912
Regency Centres	\$20.42	95%	86,411	141,925
Retail Opportunity Investments Corp.	\$19.91	98%	83,059	110,593
Retail Properties of America	\$16.82	95%	69,042	210,814
Urban Edge Properties	\$17.18	97%	82,526	169,535
Weingarten Realty Investors	\$17.96	94%	73,627	112,406
<b>U.S. Strip Centre REIT W/A</b>	<b>\$16.90</b>	<b>95%</b>	<b>79,508</b>	<b>136,600</b>
<b>Slate Retail REIT</b>	<b>\$10.31</b>	<b>92%</b>	<b>\$62,442</b>	<b>106,775</b>

Source: Green Street Advisors

# REIT/REOC TRADING COMPS

	Price	Change Since	Market		Premium/(Discs)	2018E FFO			2018E AFFO		Debt/	Debt/	Implied	TEV /	
	21-Jul-17	Listing	Cap	TEV	To NAV	Yield	Multiple	Payout Ratio	Multiple	Payout Ratio	TEV	GBV	Cap Rate	Owned SF	
<b>Canadian Retail Comparables - CS</b>			(\$ millions)												
RioCan REIT	\$24.18	(12.0%)	\$7,905	\$13,808	(8.7%)	5.8%	13.4 x	78.1%	14.9 x	86.7%	42.0%	41.2%	5.8%	\$321	
Choice Properties	\$13.48	26.2%	\$5,540	\$9,804	1.4%	5.5%	12.5 x	68.5%	15.1 x	82.9%	43.6%	46.3%	6.0%	\$224	
First Capital Realty	\$20.70	16.0%	\$5,047	\$9,207	(4.7%)	4.2%	17.4 x	72.4%	19.0 x	79.1%	48.6%	46.0%	5.4%	\$387	
SmartREIT	\$31.75	18.2%	\$4,937	\$8,832	(1.6%)	5.4%	14.0 x	74.7%	15.0 x	80.1%	45.7%	44.1%	5.9%	\$276	
CT REIT	\$14.55	26.0%	\$3,037	\$5,429	3.9%	4.8%	12.5 x	59.9%	15.1 x	72.5%	47.4%	47.9%	5.9%	\$218	
Crombie REIT	\$13.59	1.3%	\$2,025	\$4,425	(11.6%)	6.5%	11.0 x	71.8%	13.1 x	85.8%	56.0%	50.9%	6.4%	\$231	
OneREIT	\$3.73	(22.8%)	\$327	\$1,052	(18.4%)	8.0%	7.8 x	62.9%	9.8 x	78.9%	68.9%	60.4%	7.2%	\$156	
Plaza Retail REIT	\$4.38	7.9%	\$448	\$983	(8.9%)	6.2%	11.9 x	73.6%	13.1 x	80.6%	54.9%	52.2%	7.2%	\$178	
<b>Average</b>		<b>7.6%</b>			<b>(6.1%)</b>	<b>5.8%</b>	<b>12.6 x</b>	<b>70.3%</b>	<b>14.4 x</b>	<b>80.8%</b>	<b>50.9%</b>	<b>48.6%</b>	<b>6.2%</b>	<b>\$249</b>	
<b>U.S. Retail Comparables - US\$</b>															
Kimco	\$18.89	(16.2%)	\$8,041	\$13,936	(24.8%)	5.7%	11.8 x	67.3%	14.3 x	81.6%	36.8%	41.9%	7.2%	\$204	
DDR	\$9.56	(43.6%)	\$3,509	\$8,373	(33.2%)	7.9%	9.3 x	73.6%	11.3 x	89.5%	54.0%	39.6%	8.0%	\$186	
Brixmor Property Group	\$18.75	(11.8%)	\$5,717	\$11,582	(28.5%)	5.5%	8.7 x	48.2%	11.0 x	60.8%	51.2%	52.8%	7.8%	\$135	
Regency Centers	\$64.23	22.6%	\$10,924	\$14,415	(8.5%)	3.3%	16.9 x	55.8%	19.9 x	65.6%	23.6%	66.4%	5.8%	\$267	
Weingarten Realty Investors	\$31.04	0.6%	\$3,985	\$6,529	(19.8%)	5.0%	12.5 x	61.9%	15.3 x	75.8%	35.6%	48.1%	6.8%	\$230	
Acadia Realty Trust	\$28.62	6.8%	\$2,425	\$4,613	(11.1%)	3.6%	18.1 x	65.7%	20.9 x	75.9%	34.1%	52.8%	5.0%	\$758	
Cedar Realty Trust	\$5.14	(15.2%)	\$440	\$1,262	(25.4%)	3.9%	9.2 x	35.8%	12.1 x	46.9%	49.5%	40.3%	8.1%	\$138	
<b>Average</b>		<b>(8.1%)</b>			<b>(21.6%)</b>	<b>5.0%</b>	<b>12.3 x</b>	<b>58.3%</b>	<b>14.9 x</b>	<b>70.9%</b>	<b>40.7%</b>	<b>48.8%</b>	<b>6.9%</b>	<b>\$274</b>	
Slate Retail REIT CS	\$13.79	(7.0%)	\$638	\$1,502	(10.7%)	7.4%	8.0 x	59.1%	9.9 x	72.8%	56.9%	52.7%	7.6%	\$173	
Slate Retail REIT US\$	\$10.99	(18.4%)	\$509	\$1,198	(10.8%)	7.4%	8.0 x	59.1%	9.9 x	72.8%	56.9%	52.7%	7.6%	\$138	

Source: CIBC, SNL Financial, FactSet, company reports

# ALIGNED MANAGER

Low-cost external management contract rewards clear focus and ability to execute

- Annual asset management fee equal to 40 bps of Gross Book Value
- Performance fee totaling 15% of FFO per unit above \$1.30 (plus inflation mechanism)
- Acquisition fee equal to 75 bps of gross acquisition cost, capitalized upon closing
- No leasing, property management, construction, re-financing or disposition fees
- Slate Asset Management L.P. and insiders own ~6.2% of Slate Retail REIT

# EQUITY ANALYST COVERAGE

The REIT has seen a significant increase in equity research coverage over the last two years. There are currently 6 analysts who cover the REIT

Company	Analyst	Email
BMO	Troy MacLean	<a href="mailto:troy.maclean@research.bmo.com">troy.maclean@research.bmo.com</a>
CIBC	Dean Wilkinson	<a href="mailto:dean.wilkinson@cibc.com">dean.wilkinson@cibc.com</a>
GMP Securities	Jimmy Shan	<a href="mailto:jshan@gmpsecurities.com">jshan@gmpsecurities.com</a>
National Bank Financial	Dawoon Chung	<a href="mailto:dawoon.chung@nbc.ca">dawoon.chung@nbc.ca</a>
Raymond James	Johann Rodrigues	<a href="mailto:johann.rodrigues@raymondjames.ca">johann.rodrigues@raymondjames.ca</a>
RBC Capital Markets	Michael Smith	<a href="mailto:michael.smith-tor@rnccm.com">michael.smith-tor@rnccm.com</a>

# CAUTIONARY STATEMENTS

## Forward-Looking Statements

This presentation contains forward-looking information 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. 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. 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. 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.

## Non-IFRS Measures

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 Retail 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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#### Investor Relations

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