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# Slate Retail REIT

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Investor Update

Q1 2020



**SLATE**

# Slate Retail REIT

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100%

Grocery-anchored<sup>1</sup>

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TSX

SRT.UN  
SRT.U

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72

Properties  
All U.S. locations

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9.5M

Square feet

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20

States

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\$1.2B

Asset value<sup>2</sup>

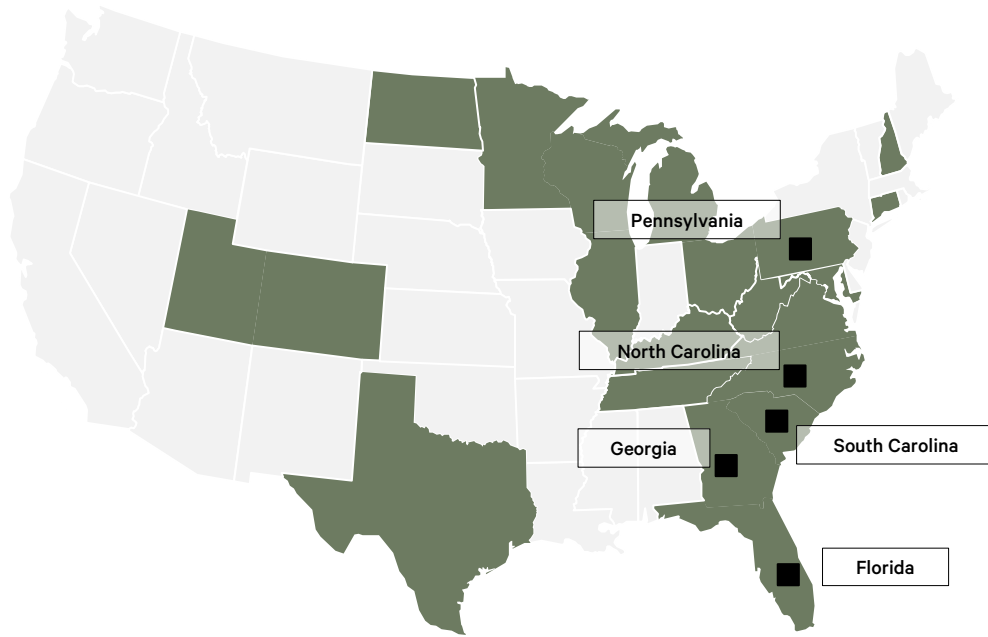
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U.S. grocery-anchored  
shopping centers with  
resilient cash flow

SLATE






Note: As at March 31, 2020.  
<sup>1</sup> Excludes properties under development.  
<sup>2</sup> In US\$.

# Diversified Portfolio



Geographically well diversified with 72 properties totaling 9.5M sq. ft. in 20 states and 19 metropolitan statistical areas

## Top Five Tenants<sup>1</sup>

8.8%	Walmart	
6.3%	Kroger	
4.3%	Ahold Delhaize	
4.2%	Publix	
2.6%	Southeastern Grocers	
73.8%	Remaining tenants (1,056 leases)	

## Top Five States<sup>1</sup>

16.2%	Florida
11.8%	North Carolina
10.9%	Pennsylvania
9.0%	South Carolina
8.6%	Georgia

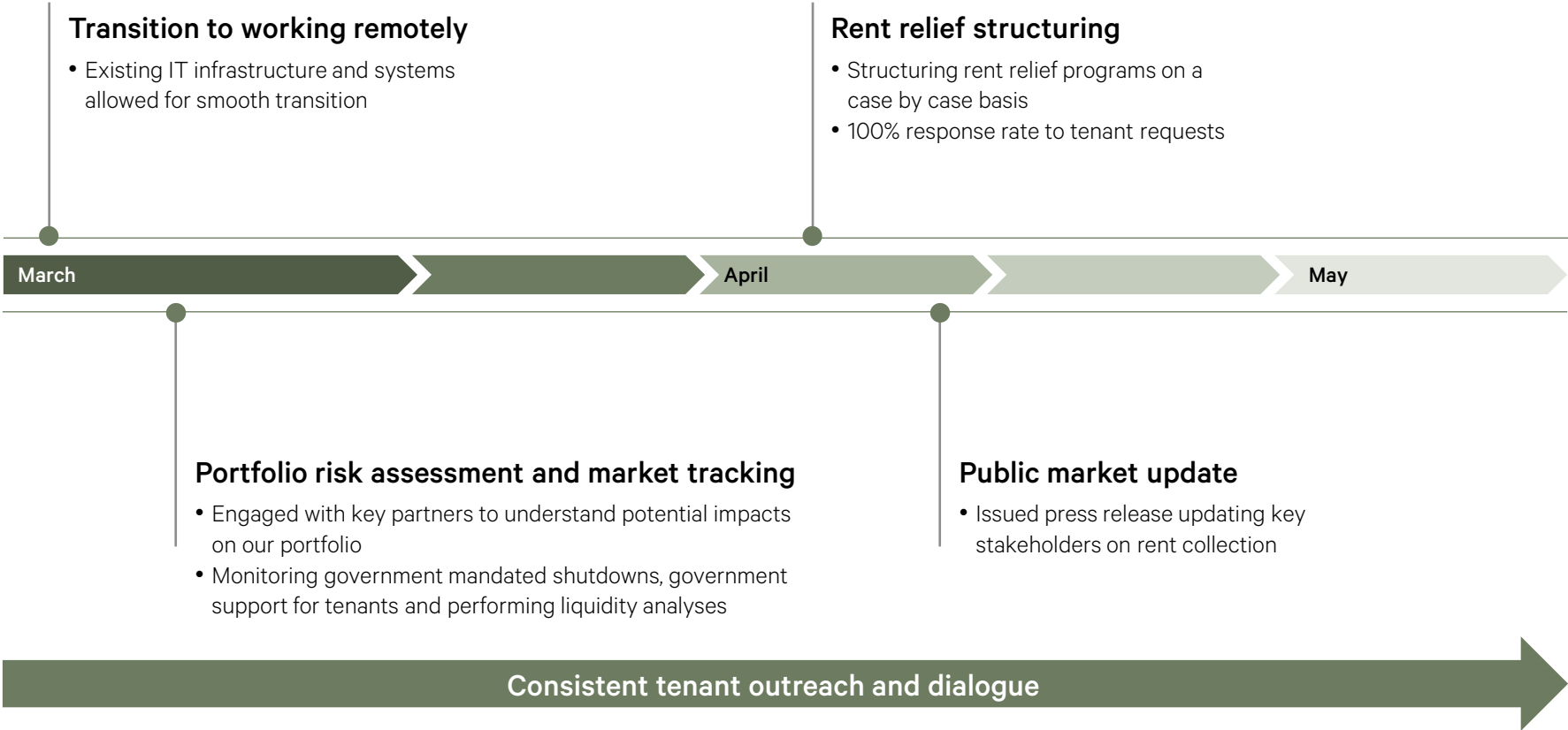
Note: As at March 31, 2020.  
<sup>1</sup>Ranked by annual base rent.

# COVID-19 Business Update



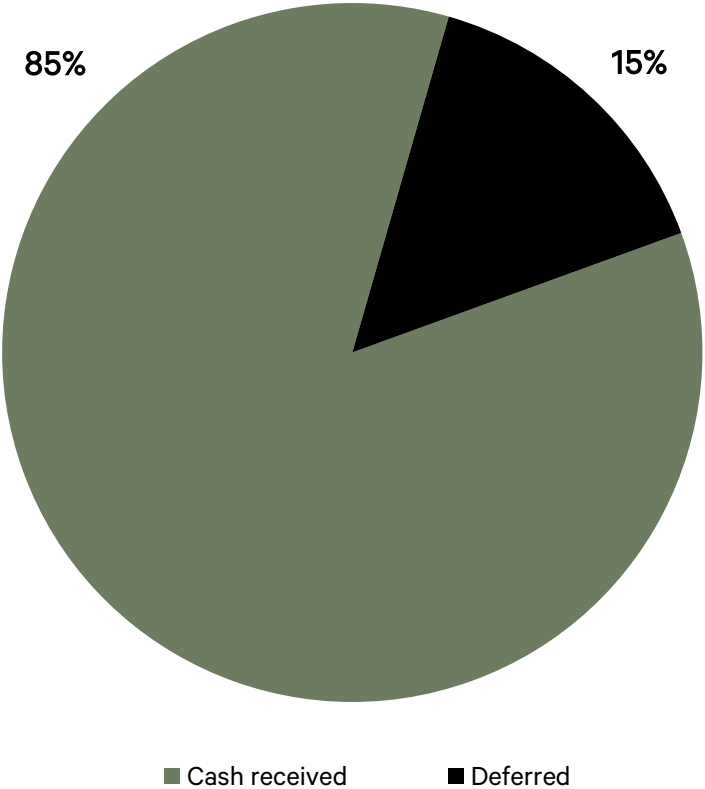
# COVID-19 Response

SRT remains committed to ensuring the safety and well-being of our team, tenants and partners



# April Rent Collection

Industry leading April rent collection



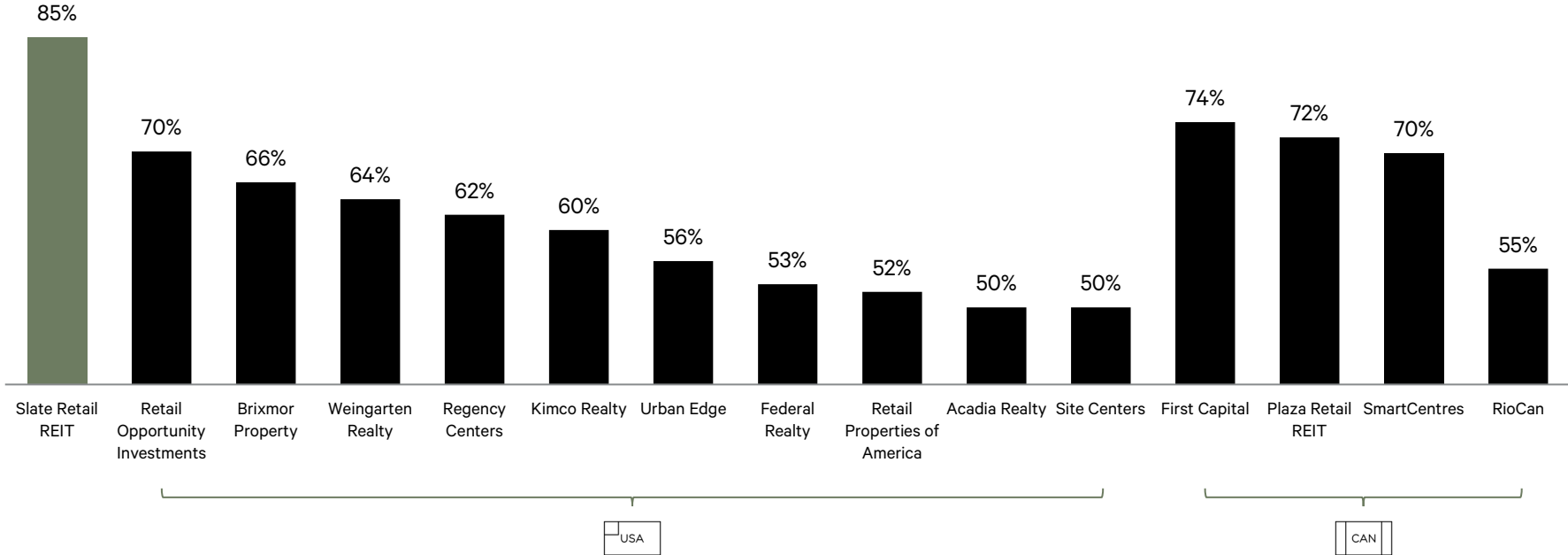
SRT collected **85%** of April rents in cash, significantly outperforming the US sector average of **60%**<sup>1</sup>

<sup>1</sup> Green Street Advisors, May 2020.

# April Rent Collection

April rent collection compares favourably to North American peers

April Rent Collections vs. Peers<sup>1</sup>

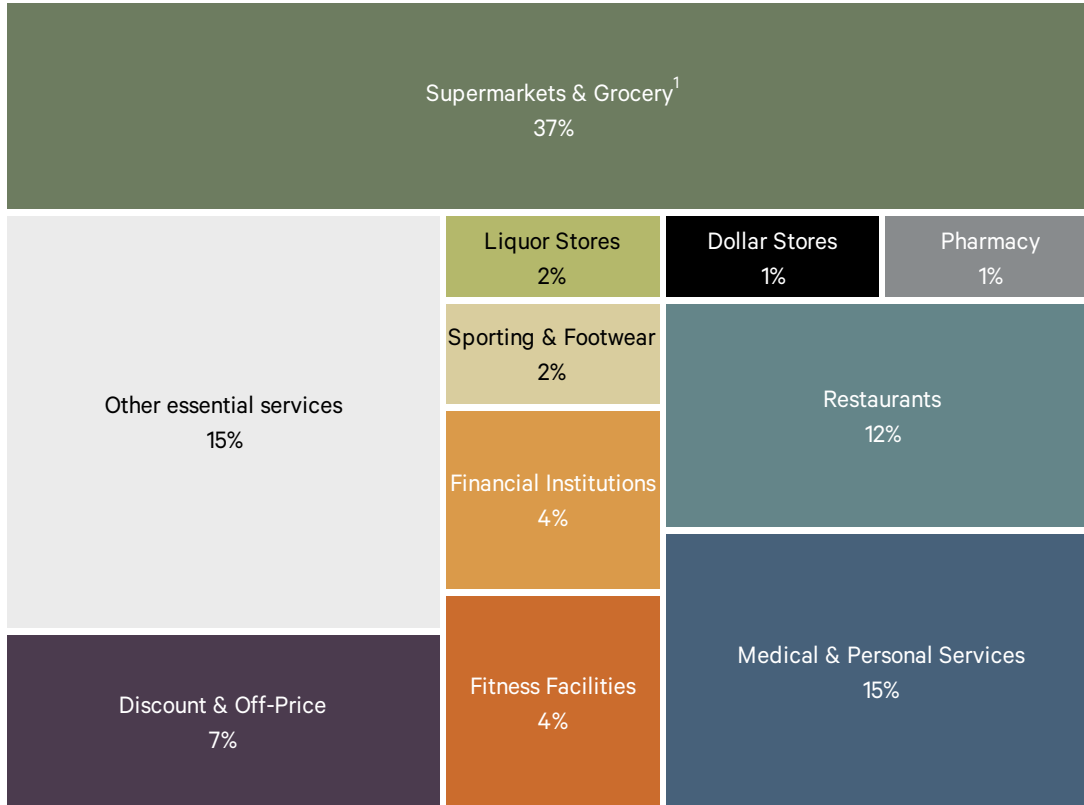


<sup>1</sup> Company public disclosure.



# Essential-Based Tenancy

Defensive portfolio comprised of grocery and essential tenants



63%

Base rent derived from grocery and essential goods and service-based tenants

100%

Anchors that remain open for business<sup>2</sup>

75%

Tenants that remain open for business<sup>2</sup>

6%

Tenants that have been granted government support<sup>2</sup>

6%

Rent deferrals finalized<sup>3</sup>

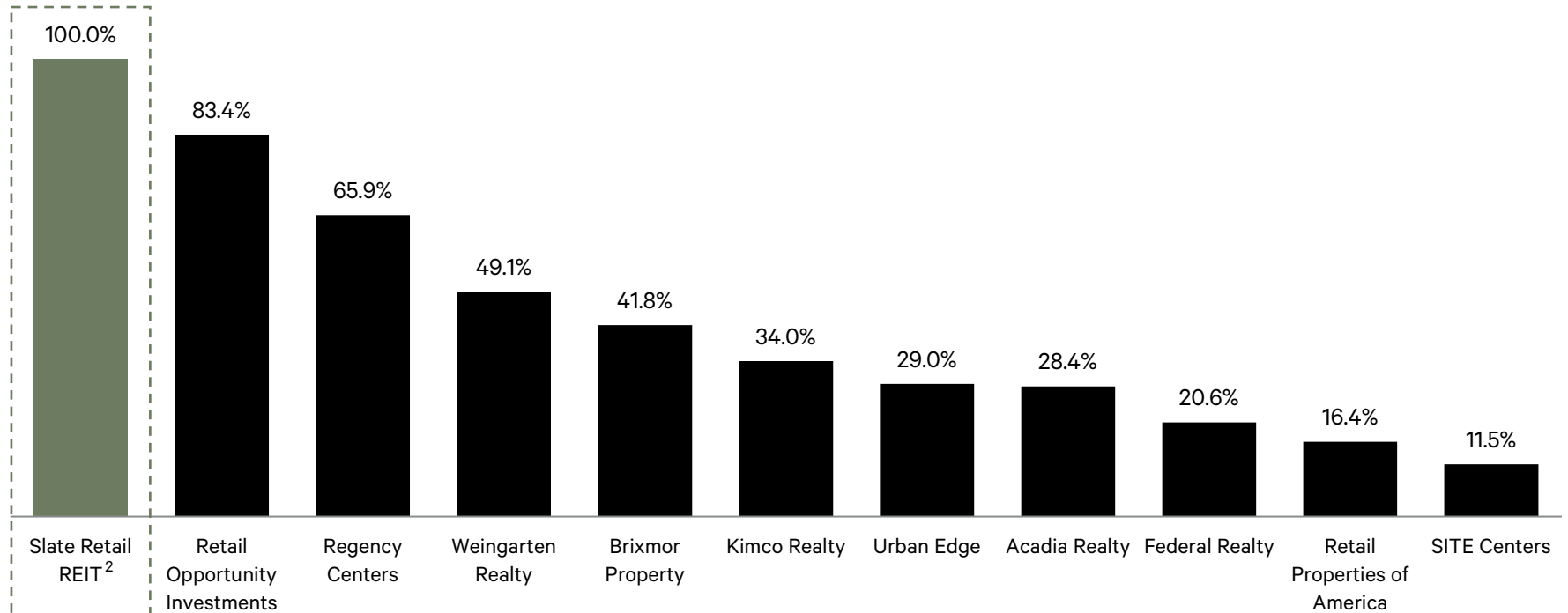
<sup>1</sup> Includes Walmart.  
<sup>2</sup> Based on occupied GLA.  
<sup>3</sup> Based on monthly gross rent.



# Grocery-Anchored Dominance

SRT's grocery-anchored portfolio composition is best-in-class

% of NOI from Grocery-Anchored Centers<sup>1</sup>

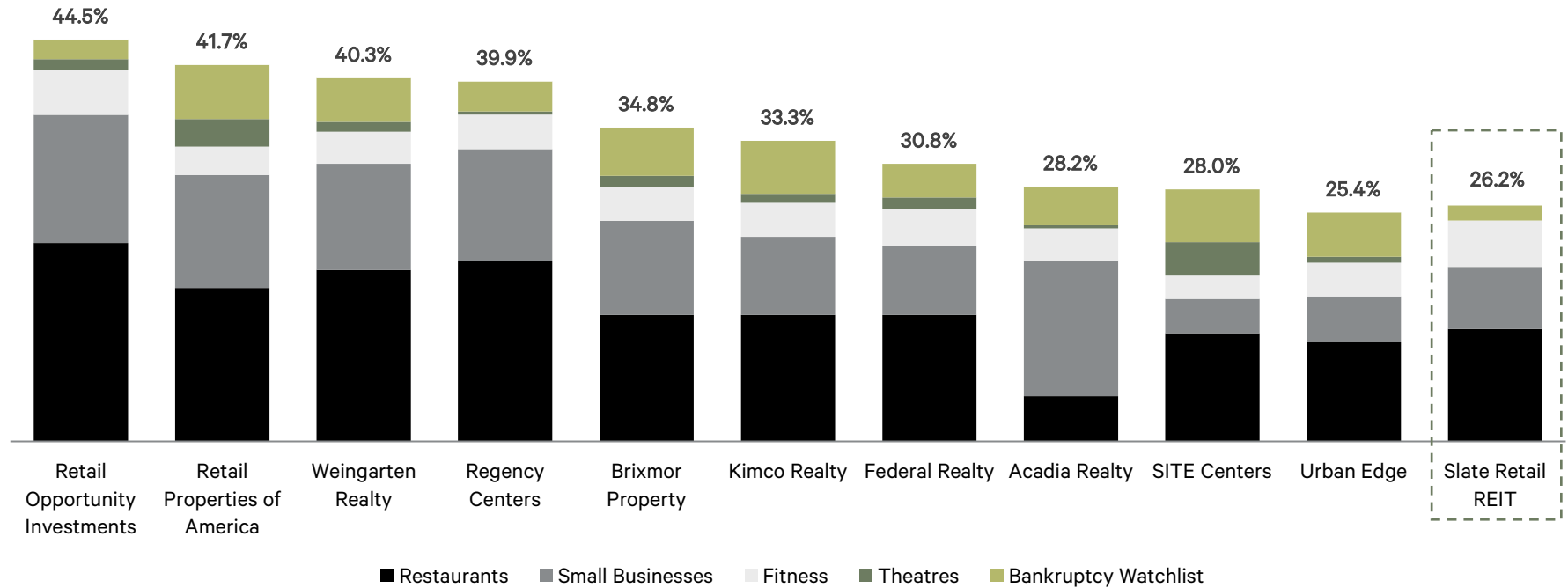


<sup>1</sup> Green Street Advisors, April 2020.  
<sup>2</sup> Excludes properties under development.

# Essential-Based Tenancy

SRT has among the lowest exposure to COVID-19 sensitive tenants vs. US strip center REIT peers

## COVID-19 Sensitive Tenants<sup>1</sup>

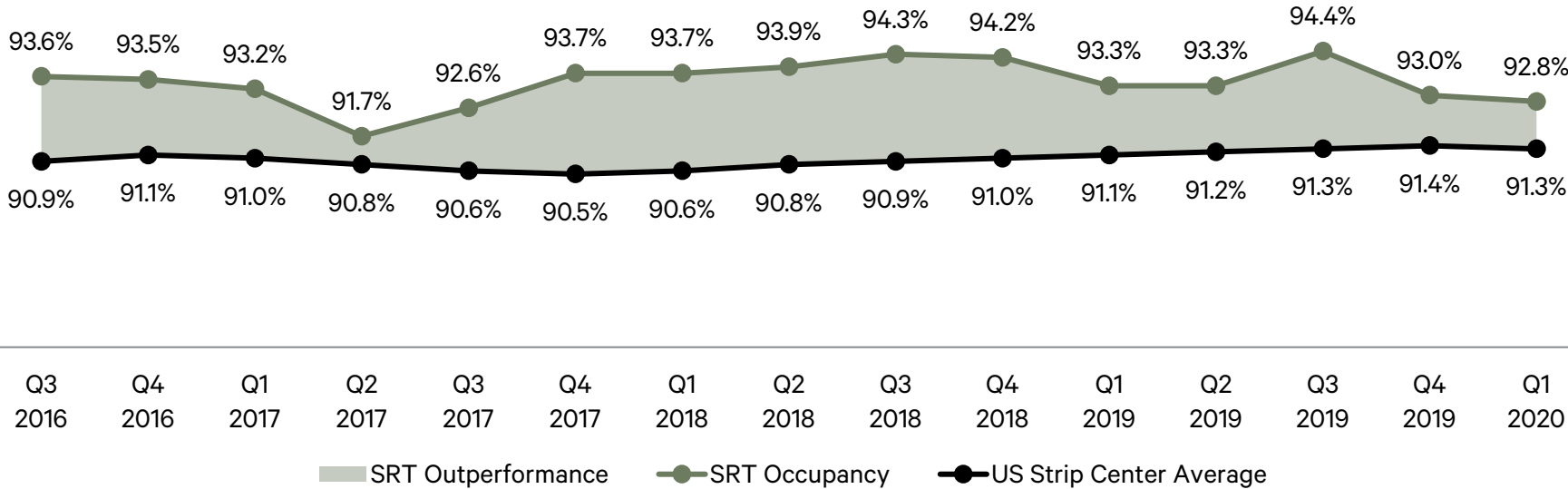


<sup>1</sup> Green Street Advisors, April 2020.

# Stable Occupancy

SRT has maintained stable occupancy levels while outperforming industry averages

## Historical Occupancy<sup>1</sup>



<sup>1</sup> CBRE, Q1 2020.

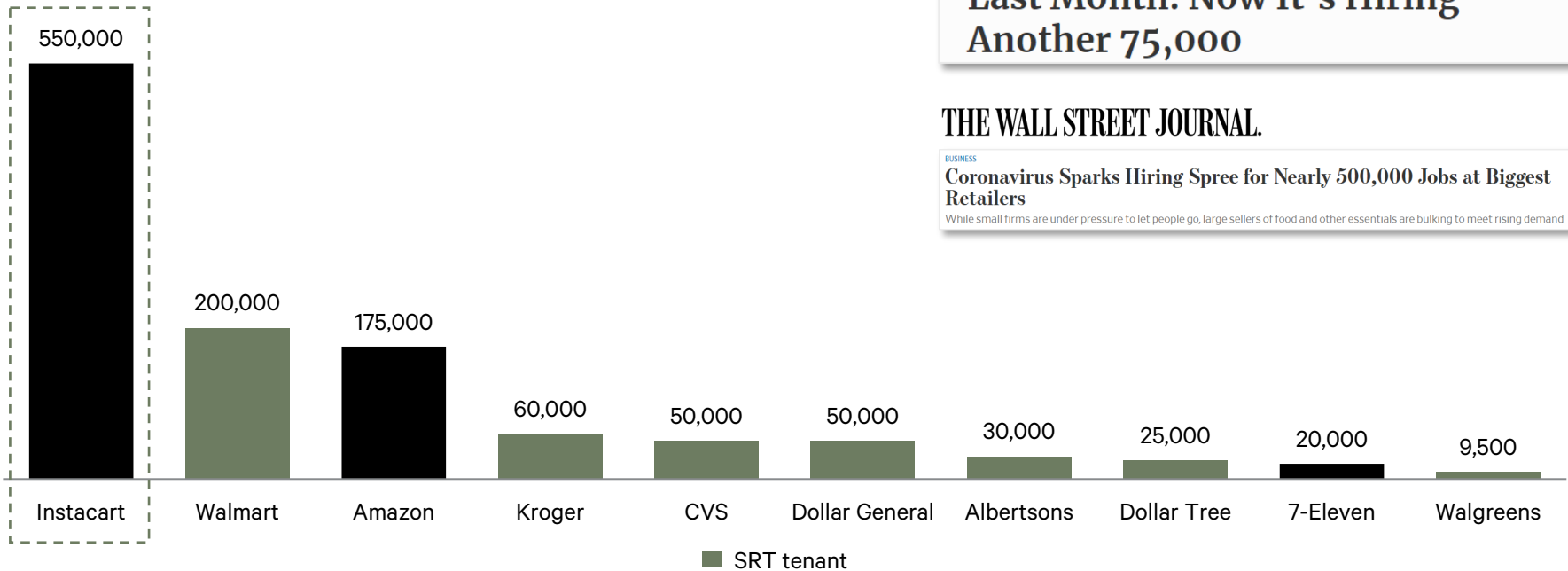


# Grocery and Essential Businesses are Hiring

SRT's tenants continue to hire in response to increased demand

## COVID-19-Related Hiring Mandates<sup>1</sup>

Number of new hires



**Walmart just hired 150,000 workers. It's hiring 50,000 more as coronavirus continues**



By Jordan Vallosky, CNN Business  
Updated 2:50 PM ET, Fri April 17, 2020

## Forbes

**Amazon Hired 100,000 People Last Month. Now It's Hiring Another 75,000**

## THE WALL STREET JOURNAL

BUSINESS

**Coronavirus Sparks Hiring Spree for Nearly 500,000 Jobs at Biggest Retailers**

While small firms are under pressure to let people go, large sellers of food and other essentials are bulking to meet rising demand

<sup>1</sup> Company public disclosure and The Wall Street Journal.

# The Future of Grocery

Grocery stores are located close to where consumers reside and will continue to serve as critical food distribution points, fulfilling both in-store and online purchases

## 01

Click and collect



## 02

Personal shopper



BUSINESS TECH

### Walmart launches two-hour delivery service for groceries, electronics, and more

*It's called Express Delivery*

By Jay Peters | @jaypeters | Apr 30, 2020, 8:21pm EDT

TECHNOLOGY

### How COVID-19 Has Caused a Surge in Online Grocery Orders

Consumer survey forecasts ongoing surge in online grocery

By WGB Staff on Apr. 20, 2020

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# Operational Update

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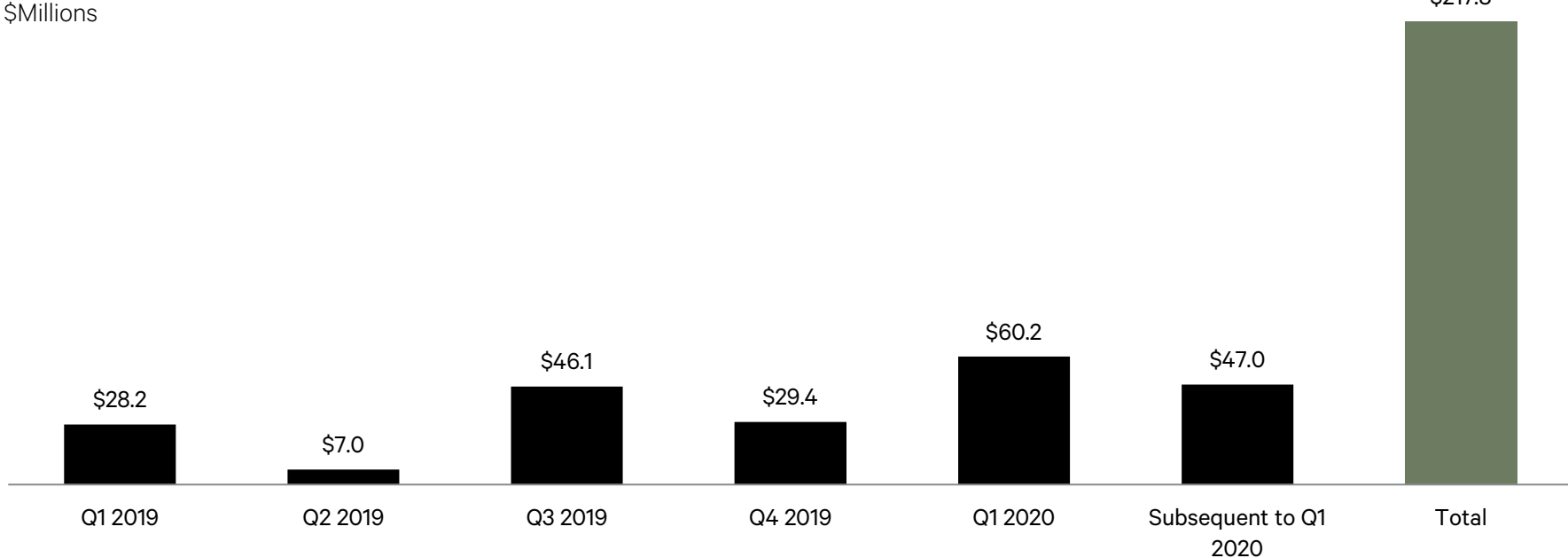


# Completion of Disposition Program

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Completed \$218 million of dispositions since the beginning of 2019 at a weighted average cap rate of 7.2%

## Dispositions

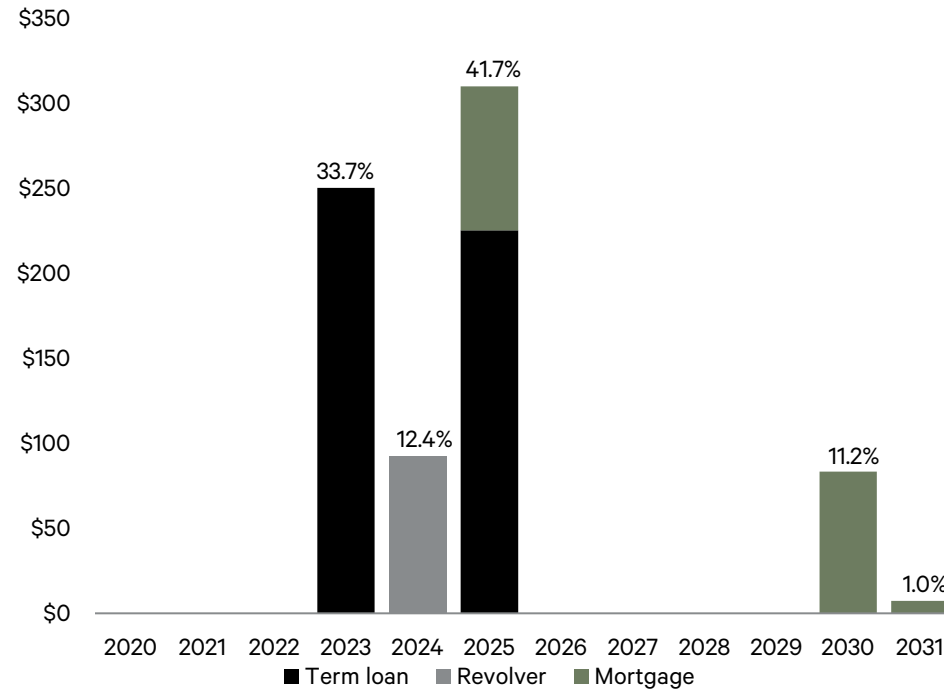


# Solidified Balance Sheet

Enhanced liquidity and no debt maturities until 2023

## Consolidated Debt Maturities

\$Millions | % of total



\$208M

Borrowing capacity

4.9 years

Weighted average debt maturity<sup>1</sup>

100%

Fixed rate debt

3.99%

Weighted average interest rate<sup>2</sup>

2.44x

Interest coverage ratio<sup>3</sup>

76.4%

Flexible bank debt



<sup>1</sup> Excludes the impact of the REIT's extension option.  
<sup>2</sup> Includes the impact of pay-fixed receive-float swaps.  
<sup>3</sup> For the three months ended March 31, 2020.



# Management Platform

Slate Retail benefits from the ability to leverage the entire \$6.5B Slate Asset Management platform and the expertise of more than 90 real estate professionals

- Annual asset management fee equal to 40 bps of Gross Book Value
- Performance fee totaling 15% of FFO per unit above \$1.34 (plus inflation mechanism). Calculation of FFO does not include gain from sales
- Acquisition fee equal to 75 bps of gross acquisition cost, capitalized upon closing
- No leasing, property management, construction, re-financing or disposition fees
- 5-year term(s) with internalization mechanism at \$750M market cap (C\$) equal to 1x trailing twelve-month fees
- Total trailing twelve-month fees of \$5.4M<sup>1</sup>
- Slate Asset Management and insiders own 8.0% of Slate Retail REIT

## REIT Comparison – General & Administrative Expense

	Slate Retail REIT <sup>1</sup>	U.S. REITs (US\$ thousands) <sup>2</sup>			Canadian REITs (C\$ thousands) <sup>2</sup>		
		Brixmor	Kimco Realty	Regency Centers	Crombie REIT	First Capital	Plaza Retail REIT
G&A (quarterly figure)	\$ 2,585	\$ 27,141	\$ 24,646	\$ 18,262	\$ 5,855	\$ 9,424	\$ 2,286
Total assets	\$ 1,249,525	\$ 8,142,496	\$ 10,997,867	\$ 11,132,253	\$ 3,921,214	\$ 10,161,360	\$ 1,161,968
Total revenue	\$ 32,042	\$ 293,149	\$ 296,130	\$ 288,732	\$ 96,823	\$ 185,494	\$ 27,685
<b>G&amp;A as % of total assets</b>	<b>0.2%</b>	<b>0.3%</b>	<b>0.2%</b>	<b>0.2%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.2%</b>
<b>G&amp;A as % of total revenue</b>	<b>8.1%</b>	<b>9.3%</b>	<b>8.3%</b>	<b>6.3%</b>	<b>6.0%</b>	<b>5.1%</b>	<b>8.3%</b>

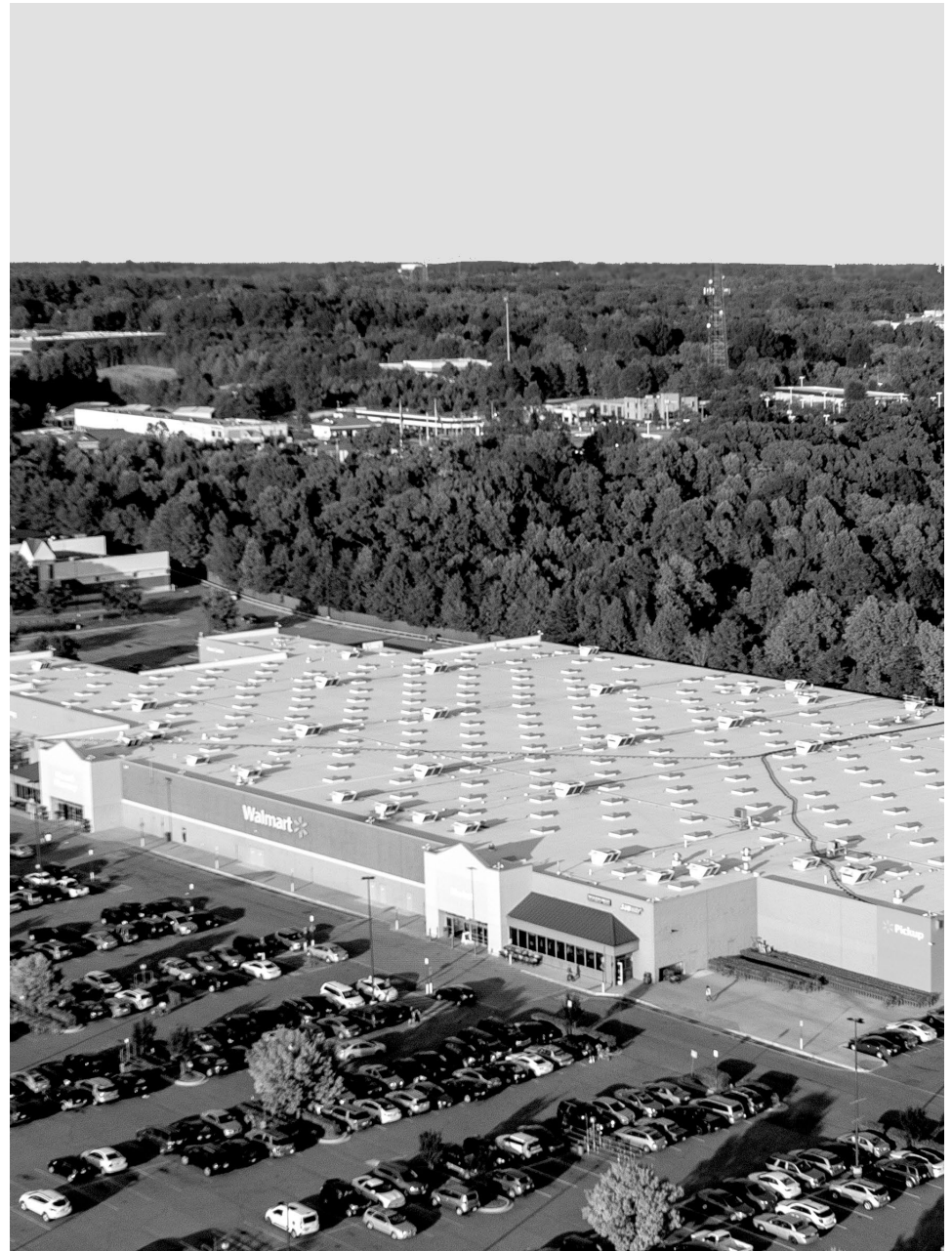
<sup>1</sup> As at March 31, 2020.

<sup>2</sup> As at December 31, 2019.

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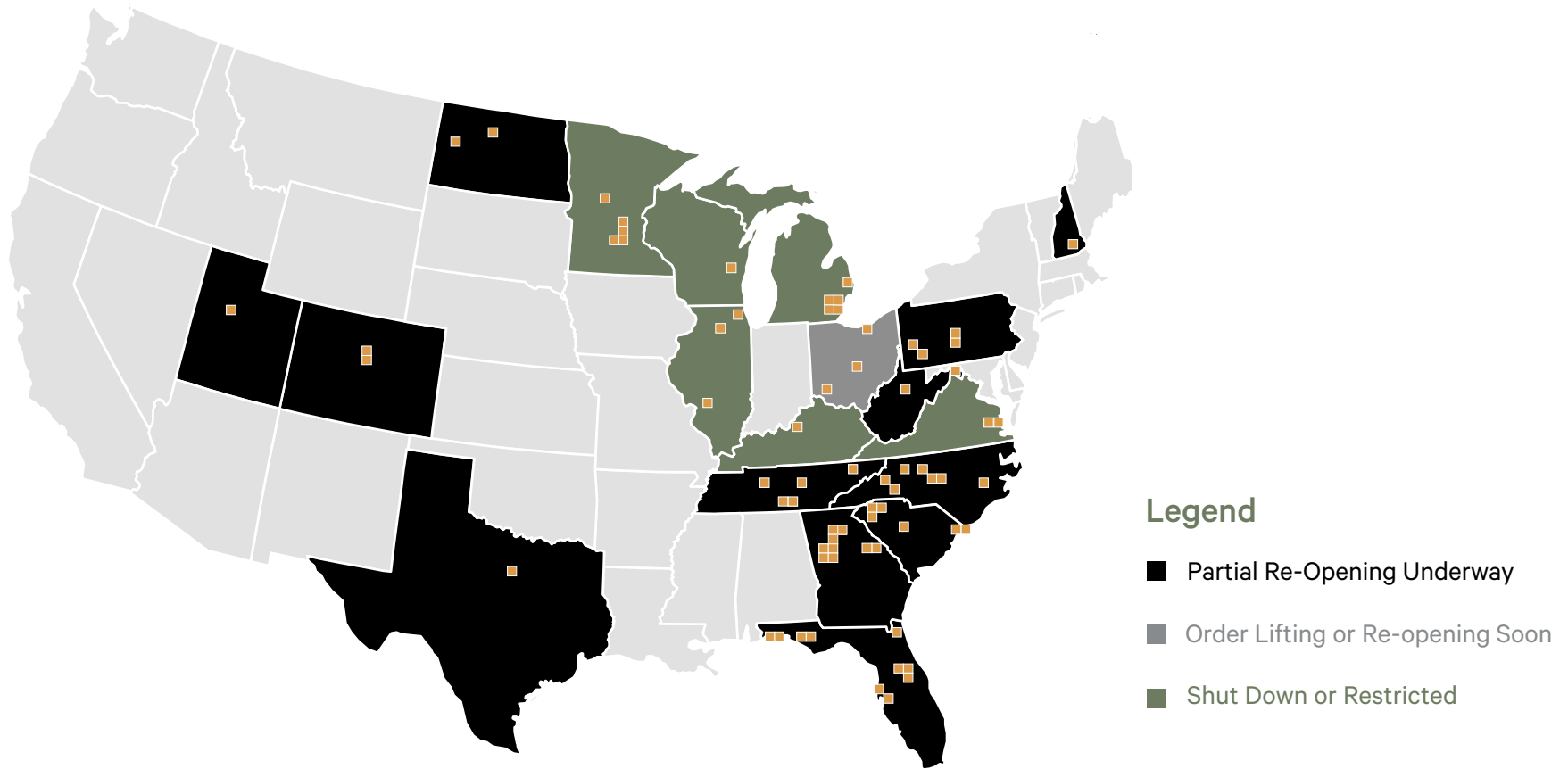
# The Path Forward

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# Re-Opening of the US Economy

A phased approach is being implemented on a state-by-state basis<sup>1</sup>



<sup>1</sup>The New York Times, as at May 11, 2020.

# Growth Outlook

SRT has strong grocer relationships, significant liquidity and a sophisticated team prepared to act on opportunities as they arise

## Opportunities post COVID-19

- Expect a robust pipeline of attractive acquisition opportunities post COVID-19 as landlords look to generate liquidity

## Well-positioned to capitalize on acquisition opportunities

- Execution of the disposition program has de-risked the balance sheet
- Significant available liquidity
- Strong grocer relationships

## Growth markets

- Attractive markets with strong demographics (robust population and employment growth, favorable business climate) with the top 1-2 grocers in each MSA
- Markets where the REIT has an existing presence

# Analyst Coverage



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# Disclaimer

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## Forward-Looking Statements

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## 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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