

# Slate Grocery REIT

Investor Update

Q2 2024



**SLATE**

# Slate Grocery REIT – Overview

95%

Pure-play grocery-  
anchored focused

SGR.UN

TSX-Listed

\$2.4B

Asset value<sup>1,2</sup>

116

Properties  
All U.S. locations<sup>1</sup>

15.2M

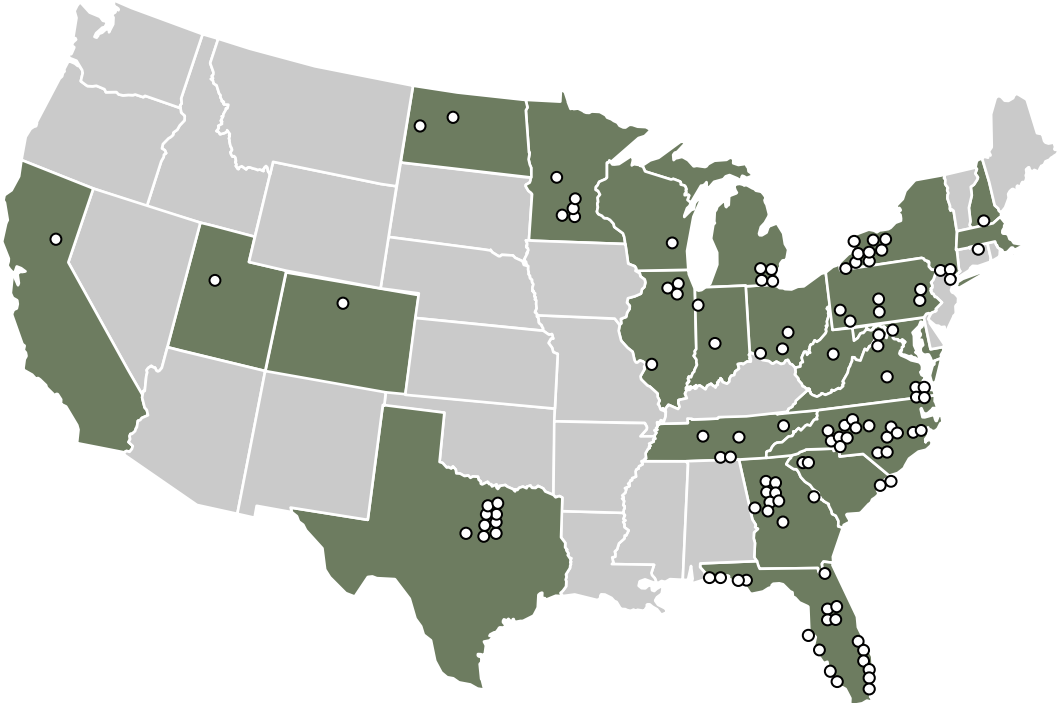
Square feet<sup>1</sup>

23

States<sup>1</sup>

\$12.56

PSF in-place rent<sup>1</sup>



Note: Amounts are in US\$.  
<sup>1</sup> As of June 30, 2024.  
<sup>2</sup> Amount is shown at proportionate interest, which is a non-IFRS financial measure. Refer to 'Non-IFRS Reconciliations and Financial Measures' in part III of Management's Discussion and Analysis for further information.

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# Outlook on Grocery

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Wedgewood Commons, Port St. Lucie, FL

# Why Grocery Real Estate?



## Necessity Based

Critical to day-to-day life



## Defensive Asset Class

Historical outperformance in periods of economic volatility



## Facilitates Omni-Channel Distribution

All purchase methods require brick-and-mortar stores



## Supply Chain Efficiencies

Stores near end-consumers optimize costs and fulfillment timing



## Strong Fundamentals

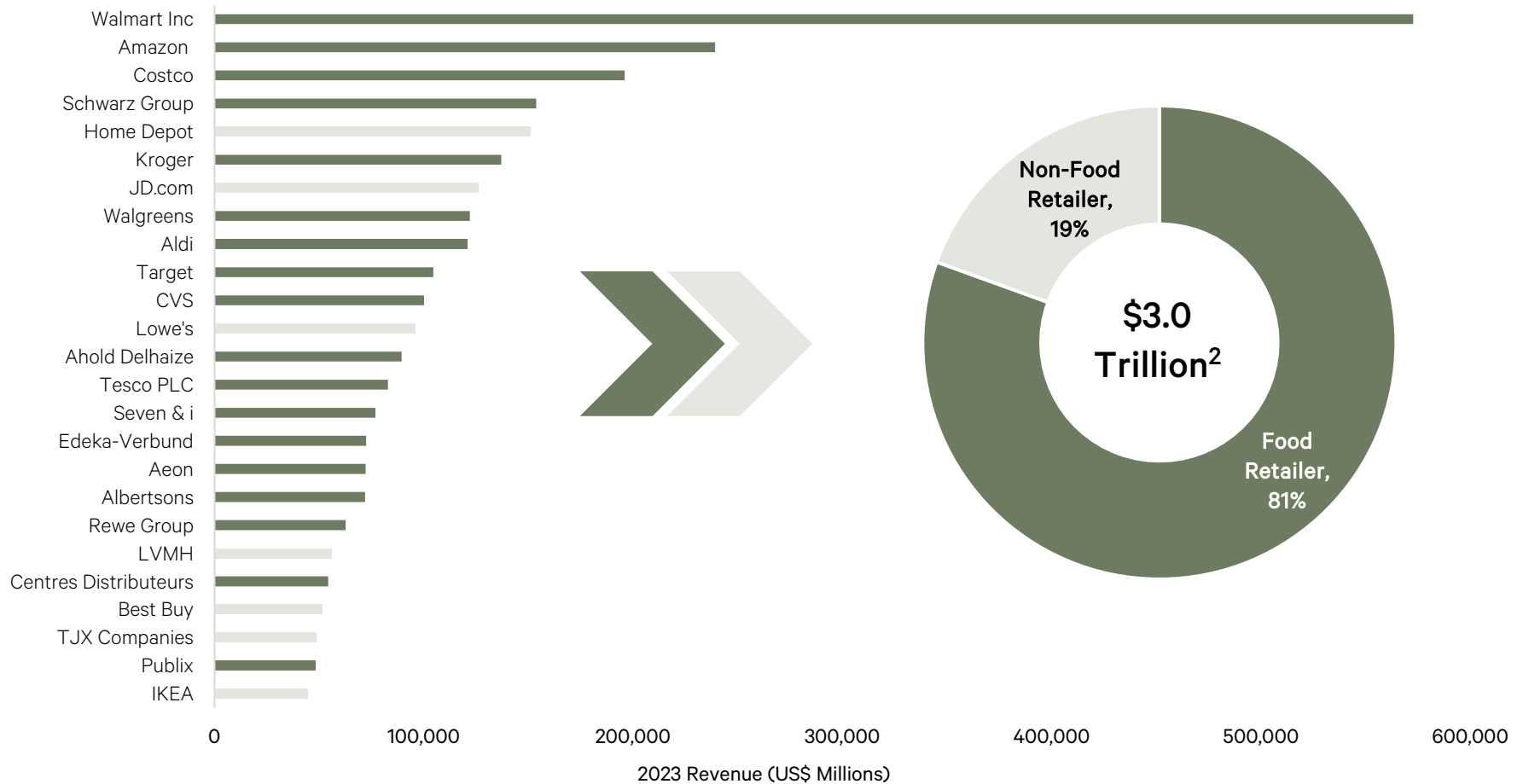
Rising tenant demand, low vacancy and limited new construction



# Consumers Require Essential Goods in Good and Bad Times

Food retailers comprise 18 of the 25 largest consumer good distributors globally<sup>1</sup>

Top 25 Global Retailers, Ranked by Revenue



Note: Amounts are in US\$.

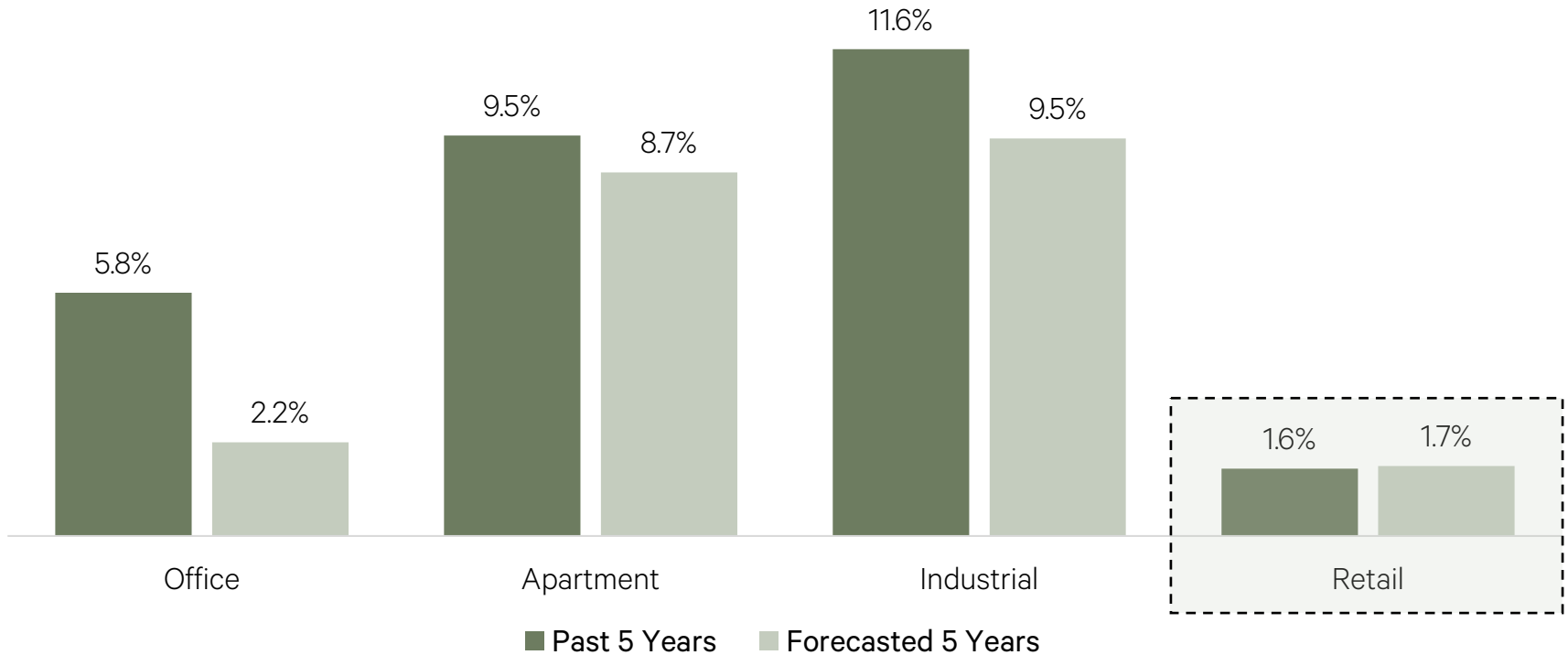
<sup>1</sup>Source: Deloitte Global Powers of Retail 2023.

<sup>2</sup>Represents total revenue for the top 25 global retailers in US\$.

# Retail Space is Supply Constrained

Retail has experienced the lowest amount of new supply amongst competing property types and is projected to sustain this favorable trend in coming years

Cumulative New Supply – Historical and Forecasted



<sup>1</sup> CBRE Econometric Advisors, Q2 2024.

# Grocery Stores Facilitate the Last Mile

Grocery stores play a critical role in distributing food and other essential goods to end consumers by facilitating the last mile of food logistics



*Online grocery sales currently represent 11.2% of total sales and are forecasted to grow to 13.6% by 2027*

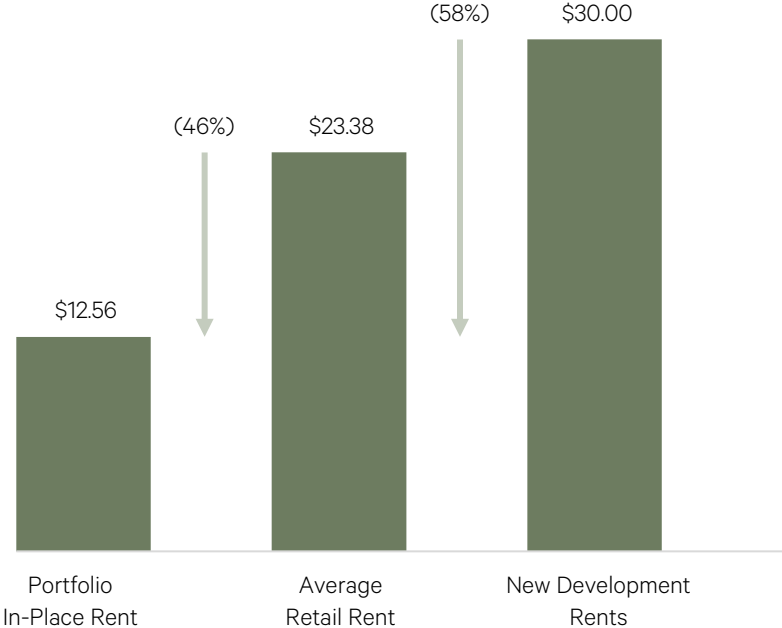
Source: Brick Meets Click, 2024.

# Shopping Center Fundamentals Remain Strong

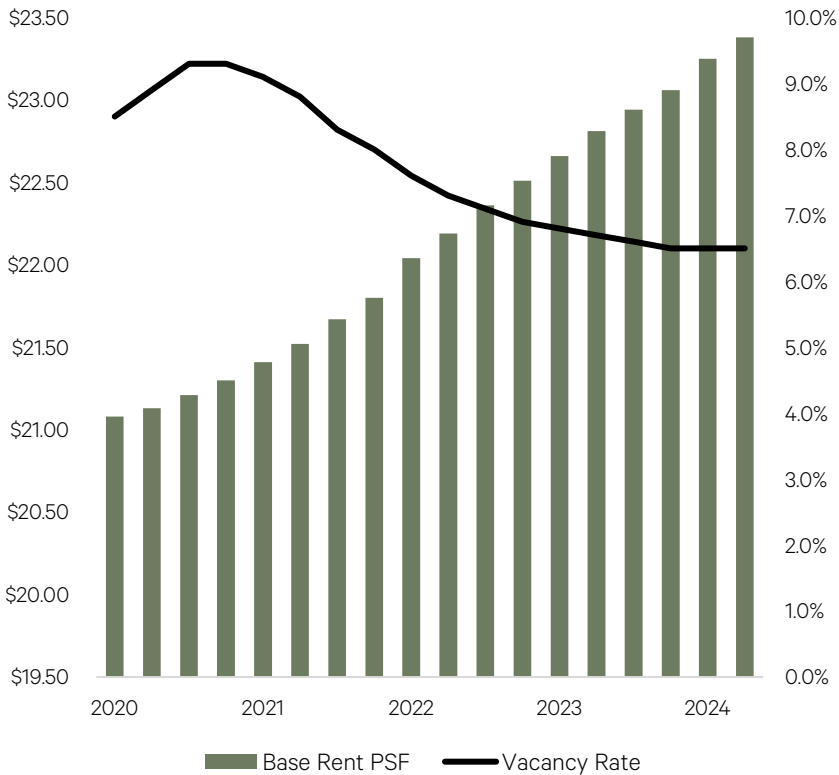
Demand for grocery-anchored centers and limited new construction has resulted in record-low new supply and accretive rent mark-to-market opportunities

## Shopping Centers – Rent Comparison<sup>1</sup>

\$PSF per annum



## Shopping Centers – Overall Vacancy & Base Rent<sup>2</sup>



<sup>1</sup> New development rents: rent required to achieve a 10% yield-on-cost at a development basis of \$300 PSF.  
<sup>2</sup> CBRE Econometric Advisors, Q2 2024.





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# Operations and Strategy Update

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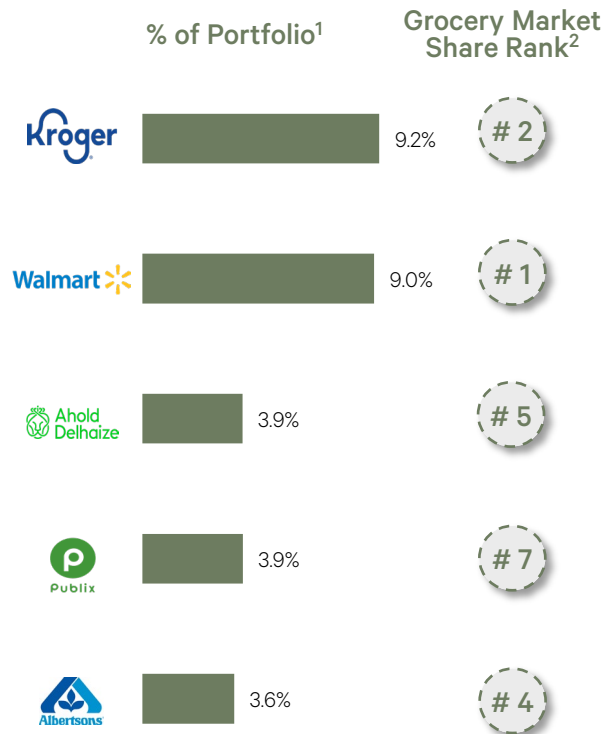


Tanglewood Commons, Winston-Salem, NC

# World Class Grocery and Essential Based Tenants

## Top five tenants

SGR's portfolio is comprised of the world's largest, most sophisticated, credit-worthy grocers, including six of the top seven US grocers by market share



## Essential tenancies

High concentration of essential and grocery tenants

95%

Grocery-anchored properties<sup>3</sup>

69%

Essential tenancies<sup>1</sup>

47%

Grocery tenancies<sup>1</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



Note: As of June 30, 2024.




<sup>1</sup> Calculated as a percent of total portfolio GLA.

<sup>2</sup> U.S. grocery market share rankings based on Goldman Sachs Equity Research.

<sup>3</sup> Calculated as a percent of number of properties.

# Strong Presence in Growing Markets

**Top States**

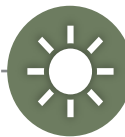
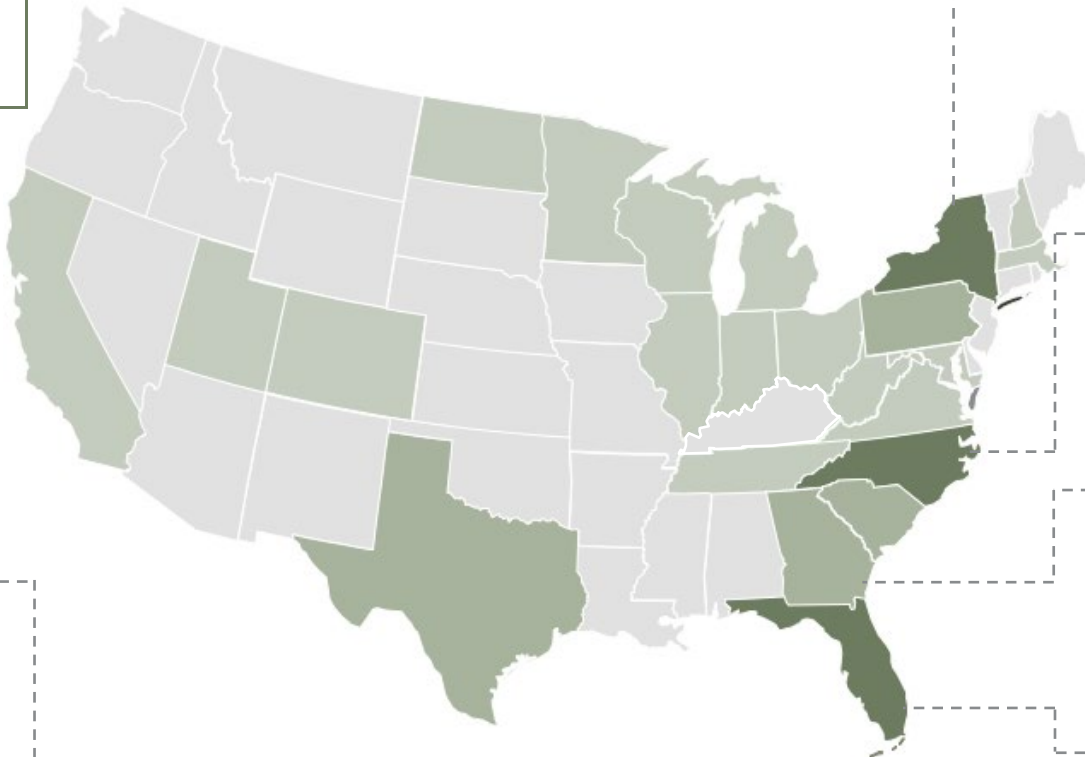
	> 11% of GLA
	5% - 10% of GLA
	< 5% of GLA

**Top 5 MSAs**

	<u>% of GLA</u>
Dallas	5%
Atlanta	5%
Charlotte	5%
Greenville	4%
Rochester	4%

**Top 5 Regions**

	<u>% of GLA</u>
Southeast	45%
Midwest	18%
Mid-Atlantic	15%
Northeast	14%
Southwest	5%



~57% of SGR's portfolio is in the rapidly growing U.S. Sunbelt

**New York #3**

% of GLA	11%
# of Properties	12

**North Carolina #2**

% of GLA	13%
# of Properties	16

**Georgia #4**

% of GLA	7%
# of Properties	9

**Florida #1**

% of GLA	16%
# of Properties	19

Note: As of June 30, 2024; metrics based on GLA.

# Upside Through Under Market Rents

Historically low vacancy rates combined with under market rents provide significant opportunity to grow NOI across the portfolio

6.5%

Shopping Center  
Vacancy Rate<sup>1</sup>

39.1%

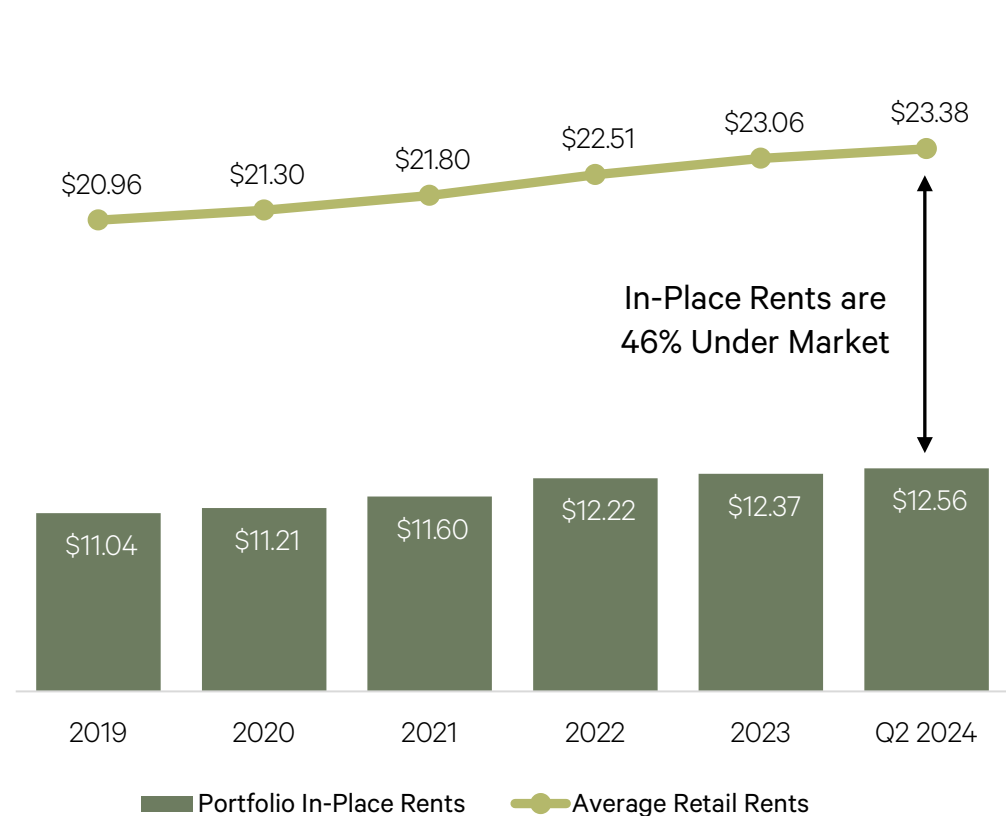
GLA Expiring in the  
next 3 years

\$12.56

Average In-Place  
Rent PSF

\$23.38

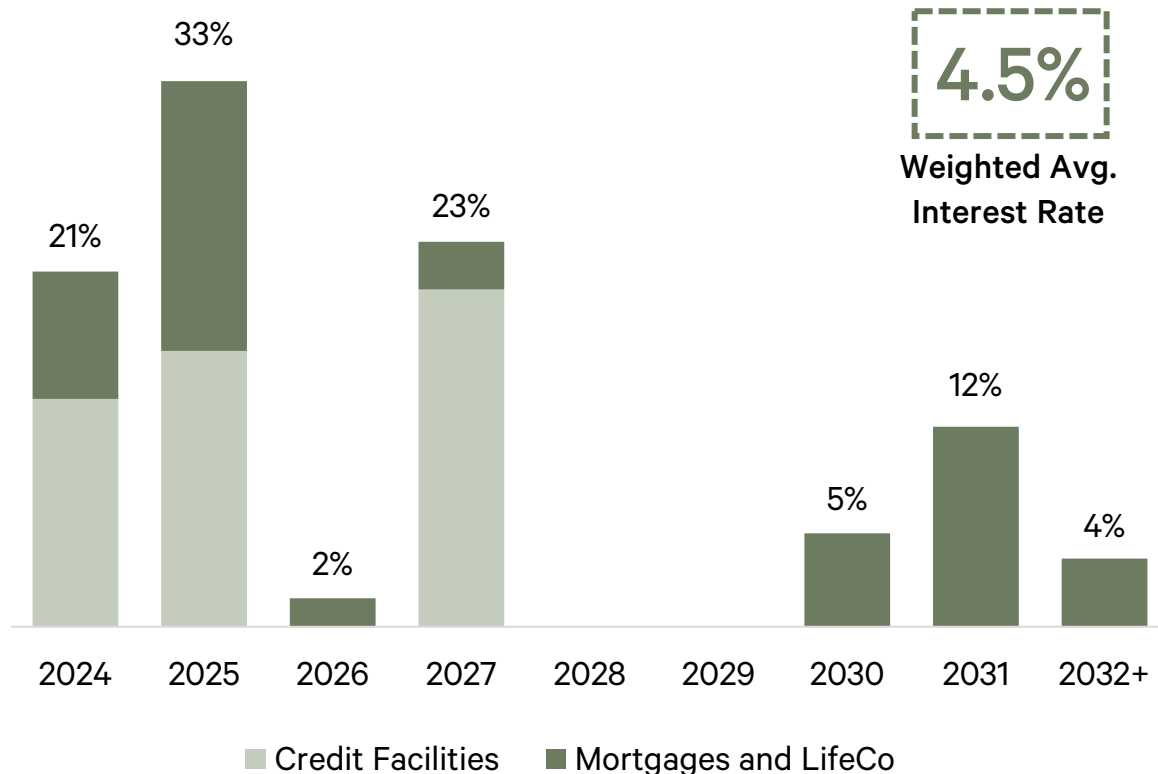
Q2 2024 National  
Average Retail Rent  
PSF<sup>1</sup>



Note: Amounts are in United States Dollars and are as of June 30, 2024.  
<sup>1</sup>Source: CBRE EA Retail Market Trends Report, 2024.

# Near-Term Loan Maturities

SGR is engaged in positive discussions with lenders to extend its upcoming corporate revolver and term loan facilities that expire in 2024 & 2025



4.5%  
Weighted Avg.  
Interest Rate

94.8%

Fixed Rate Debt

2.8 YRS

Weighted Avg.  
Interest Rate Swap  
Duration

# Operational Excellence

## Strong Leasing

707K +10.0%

Total SF

Total Spread

Robust leasing volumes  
at strong rental rate  
spreads

## Fixed-Rate Debt

94.8%

As of Q2 2024

Fixed majority of the REIT's  
debt & actively addressing  
near-term maturities

## ESG Integration

349 1.4M

Signed Green Leases

Total Square  
Footage

Advanced key ESG initiatives  
through negotiated  
green lease language

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# The Investment Opportunity

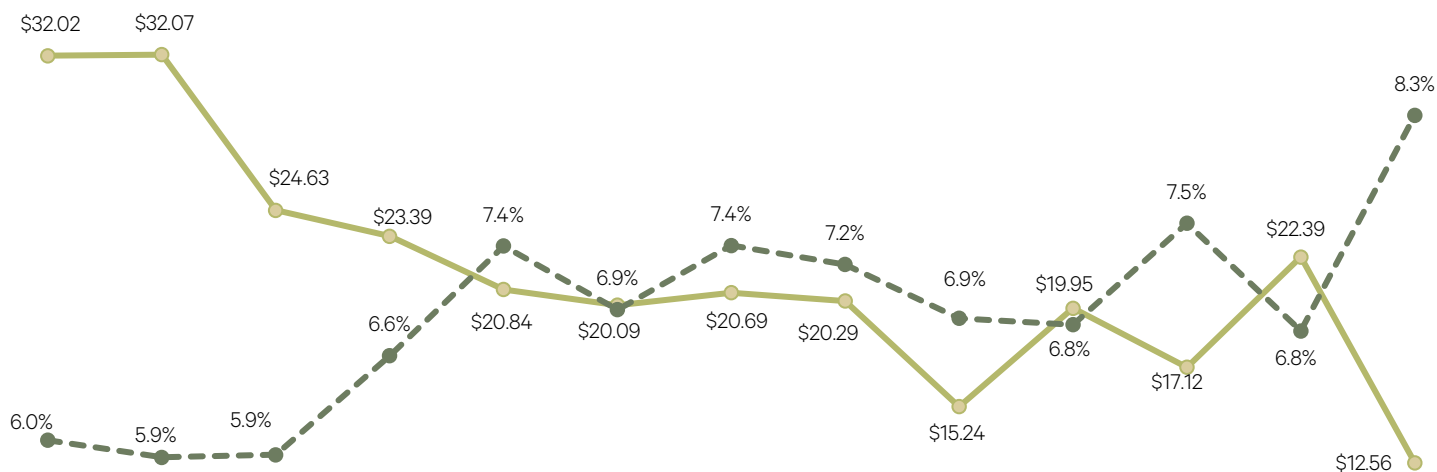
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Sheridan Square, Miami-Fort Lauderdale, FL

# Trading Discount to Net Asset Value

Significant discount to NAV despite having the lowest in-place rents and highest grocery-anchored percentage



	Federal Realty	Acadia Realty Trust	Regency Centers	Retail Opportunity Investments Corp	Kite Realty Group	Kimco Realty	Site Centers	Urban Edge Properties	Phillips Edison	InvenTrust	Brixmor Property Group	Strip Center REIT Average	Slate Grocery REIT <sup>4</sup>
●— In-Place Rent PSF (\$)¹	\$32.02	\$32.07	\$24.63	\$23.39	\$20.84	\$20.09	\$20.69	\$20.29	\$15.24	\$19.95	\$17.12	\$22.39	\$12.56
●— Grocery-Anchored (%)¹	26%	21%	71%	84%	38%	43%	7%	36%	89%	66%	53%	49%	95%
●— Implied Cap Rate (%)¹	6.0%	5.9%	5.9%	6.6%	7.4%	6.9%	7.4%	7.2%	6.9%	6.8%	7.5%	6.8%	8.3%
●— Implied Value PSF (\$)¹²	\$536	\$524	\$373	\$332	\$318	\$267	\$275	\$264	\$207	\$305	\$202	\$328	\$107
●— Discount to NAV³	10.9%	17.1%	8.5%	(7.1%)	(5.6%)	(1.0%)	(0.8%)	1.7%	4.3%	(7.7%)	(1.6%)	1.7%	(39.0%)

<sup>1</sup> Source: Green Street Advisors as of August 7, 2024.

<sup>2</sup> Implied capitalization rates for US Peers are based on Green Street projections while SGR is based on management's expectations for 12-month forward NOI.

<sup>3</sup> Based on Green Street Advisors' NAV estimate for US peers and Q2/24 IFRS NAV for SGR.

<sup>4</sup> Includes the REIT's proportionate share of its joint ventures and wholly-owned assets.



# Environmental, Social & Governance

## ESG Priorities



Managing climate change risks and opportunities



Limiting our environmental impact



Engaging our tenants and stakeholders for social impact



Strong governance of ESG risks and opportunities

## Current ESG Initiatives

- Energy, carbon, water and waste data collection will support IFRS/ISSB<sup>1</sup> sustainability and climate reporting requirements.
- Energy audits are being considered to support the analysis and understanding of the REIT's climate transition positioning.
- Collected data, energy audit findings and climate analyses are being reviewed to inform ESG projects and associated capital planning.
- Tenant discussions are ongoing to align with tenants' environmental and social priorities and the exchange of property environmental performance.
- Roll out of green leases underway to support tenant collaboration on environmental and social initiatives.

**“With ESG best practices as our foundation, our focus remains on aligning our ESG strategies with generating value for our investors.”**

– Bozena Jankowska, Global Head of ESG

<sup>1</sup> IFRS/ISSB International Financial Reporting Standards Foundation (IFRS) and the newly affiliated International Sustainability Standards Board (ISSB).

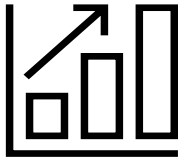
# Closing Thoughts

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Grocery-anchored real estate facilitates the last mile of food logistics and has **proven its resiliency and ability to perform in various market conditions**

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The REIT's in-place rents are significantly below market, providing **runway for long-term revenue growth and value creation**

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Management is currently working with lenders to address the REIT's near-term debt maturities and **expects to finalize terms in advance of current maturities**

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# Additional Information

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Mooreville Town Square, Mooreville, NC

# Strong Corporate Governance

	Independent	Audit Committee	Investment Committee	Compensation, Governance and Nominating Committee
 <b>Andrea Stephen (Chair of the Board)</b>	Yes	Member	Chair	Member
 <b>Colum Bastable</b>	Yes	Chair	Member	Member
 <b>Christopher Chee</b>	Yes		Member	
 <b>Patrick Flatley</b>	Yes		Member	
 <b>Marc Rouleau</b>	Yes	Member		Chair
 <b>Mary Vitug</b>	Yes	Member		Member
 <b>Blair Welch</b>	No		Member	
 <b>Brady Welch</b>	No			

# Analyst Coverage



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# Disclaimer

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## 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 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. Additional information on the REIT's non-IFRS financial measures is available in the Management, Discussion and Analysis report for the quarter ended June 30, 2024, section "Non-IFRS Measures", page 15.

## 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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