



May 12, 2020

Slate Retail REIT Reports First Quarter 2020 Results

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

TORONTO, ON - Slate Retail REIT (TSX: SRT.U) (TSX: SRT.UN) (the "REIT"), an owner of U.S. grocery-anchored real estate, today announced its financial results for the three months ended March 31, 2020.

"Slate Retail REIT achieved solid results in the first quarter of 2020, highlighted by growth in same-property net operating income and strong leasing," said David Dunn, Chief Executive Officer. As the COVID-19 pandemic continues to evolve, grocery and food logistics have never been so important. Currently all of our grocery-anchored locations are open with a majority of the tenants operating. We are pleased to have collected 85% of April rents in cash and expect to substantially collect on the remaining balance through deferral programs, highlighting the defensive nature of our grocery-anchored portfolio and the importance of our last mile distribution infrastructure. The REIT is well positioned going forward and we will continue to work with and support our tenants and partners as we navigate these unprecedented times."

For the CEO's letter to unitholders for the quarter, please follow the link [here](#).

Highlights

- Completed 174,923 square feet of lease renewals at a 5.1% weighted average increase to expiring rent and 85,504 square feet of new leasing at a 16.5% premium above the weighted average in-place rent for comparable space.
- The weighted average tenant retention rate for the first quarter was 93.0%. Since the beginning of 2016, the weighted average retention rate has been 92.0%.
- The REIT has substantially completed its capital recycling program. For the three month period ended March 31, 2020, the REIT has completed four dispositions for \$60.2 million at a weighted average cap rate of 7.8% on trailing twelve-month net operating income ("NOI").
- The REIT was pleased to announce the completion of \$858.0 million in total debt refinancings in the first quarter, securing annualized interest savings of \$1.7 million or \$0.04 per class U equivalent unit and extending the weighted average debt maturity to 4.9 years with no debt maturities until 2023. On March 18, 2020, the REIT entered into an \$83.3 million 10-year mortgage loan, bearing interest of 3.48%.
- The REIT refinanced its existing revolving credit facility and term loan (the "credit facility") for four and five-year terms, respectively, for an aggregate of \$525.0 million. The REIT has also reduced pricing on its credit facility and \$250.0 million term loan. A charge of \$0.6 million related to unamortized finance costs was recognized in income as a result of refinancing the credit facility. In addition, the REIT recognized a \$0.3 million gain related to mark-to-market premiums, net of unamortized financing costs as a result of the extinguishment of a \$10.1 million mortgage, bearing interest of 5.75%. Adjusting for the above charges, FFO and FFO payout ratio, and AFFO and AFFO payout ratio would be \$0.27 and 79.2%, respectively, and \$0.21 and 100.2%, respectively.
- Occupancy decreased by 0.2% during the quarter to 92.8% due to lease expiries and the disposition of four properties which had a weighted average occupancy rate of 95.1%, partially offset by 85,504 square feet of new

leasing. Lease expirations of 99,651 square feet during the quarter were primarily due to grocery anchor tenants at Stonefield Square and Bloomingdale Plaza vacating at expiry. The anchor box at Stonefield Square has been added to the REIT's redevelopment pipeline and there is an active leasing strategy in-place.

- Rental revenue for the three month period ended March 31, 2020 was \$32.0 million, which represents a \$4.4 million decrease over the same period in the prior year. The decrease is primarily due to the disposition of 12 properties and five outparcels at certain properties from March 31, 2019, partially offset by rental rate growth from re-leasing at rates above in-place rents and new leasing.
- Net income for the three month period ended March 31, 2020 was \$5.8 million, which is a \$4.2 million increase from the same quarter of the prior year. The increase is attributed to the change in fair value of properties, partially offset by the aforementioned decreases in revenue.
- NOI for the three month period ended March 31, 2020 decreased by \$2.2 million from the fourth quarter of 2019 to \$22.1 million. This is primarily due to the aforementioned dispositions, partially offset by uplifts in rental rates from new leasing typically above in-place rent.
- Of the last 12 quarters, the REIT has had eight quarters of positive same-property NOI growth. Same-property NOI for the trailing twelve month period ended March 31, 2020 (comprised of 59 properties) increased by 0.8% over the same period in the prior year. Same-property NOI for the three month period ended March 31, 2020 (comprised of 64 properties) increased by 1.2% over the comparative period. Including the impact of the completion of the REIT's redevelopment projects completed in 2019, same-property NOI increased by 1.2% for the trailing twelve month period ended March 31, 2020.
- Funds from operations ("FFO") per unit was \$0.26 for the quarter, which represented a \$0.04 decrease from the same period in the prior year, primarily due to lost contribution in rental revenue from the aforementioned dispositions over the comparative period and the \$0.3 million charge to income as a result of refinancing the REIT's credit facility and extinguished mortgage, partially offset by a decrease in cash interest paid.
- Adjusted funds from operations ("AFFO") per unit was \$0.21 for the quarter, which is in line with the comparative period. Increases in AFFO were due to decreases in capital and tenant improvement spend, partially offset by the aforementioned decreases to NOI and the \$0.3 million charge to income as a result of refinancing the REIT's credit facility and extinguished mortgage.

COVID-19 Update

In response to the pandemic, Slate Asset Management (Canada) L.P. (the "Manager"), as manager of the REIT, has implemented a COVID-19 response plan, with employee and tenant safety as a top priority. This plan is intended to monitor and mitigate the business and health risks posed to the REIT and its stakeholders.

Appropriate operational planning and cost-control measures are in place to manage operational and financial risk. Employees of the Manager are mandated to work from home to the extent possible. The REIT has mandated increased sanitation and health and safety measures at its properties. The REIT continues to monitor direction provided by the World Health Organization, public health authorities and federal and state governments in order to control the spread of COVID-19.

Management has assessed 63% of the REIT's tenant portfolio comprises essential tenants, including grocery-anchored tenants, medical and personal services, financial institutions, and other essential based services. Rent is typically paid within the first 15 business days of each month. The REIT has collected 85% of April rents. The REIT expects to substantially collect outstanding billings through immediate cash collection or deferral programs. To date, the REIT has received approximately 20% of rent relief requests and granted 6% deferral programs as a percentage of contractual rent for the month of May. The REIT continues to assess tenants affected by COVID-19 and will consider deferral programs on a case by case basis. All of the REIT's grocery-anchored locations are open, with 75% of tenants operating.

The REIT is well-positioned from a liquidity perspective to endure negative impacts as a result of COVID-19, however, the REIT will continue to evaluate and monitor this as the situation endures.

	Three months ended March 31,		
<i>(in thousands of U.S. dollars, except per unit amounts)</i>	2020	2019	Change %
Rental revenue	\$ 32,042	\$ 36,416	(12.0) %
NOI ¹	\$ 22,071	\$ 24,569	(10.2) %
Net income	\$ 5,819	\$ 1,601	263.5 %
Leasing – shop space	103,180	145,484	(29.1) %
Leasing – anchor / junior anchor	157,247	230,074	(31.7) %
Total leasing activity (square feet) ³	260,427	375,558	(30.7) %
Weighted average number of units outstanding ("WA units")	42,196	44,208	(4.6) %
FFO ¹²	\$ 11,160	\$ 13,387	(16.6) %
FFO per WA units ¹²	\$ 0.26	\$ 0.30	(13.3) %
FFO payout ratio ¹²	81.4%	70.4%	11.0 %
AFFO ¹²	\$ 8,748	\$ 9,137	(4.3) %
AFFO per WA units ¹²	\$ 0.21	\$ 0.21	— %
AFFO payout ratio ¹²	103.9%	103.1%	0.8 %

<i>(in thousands of U.S. dollars)</i>	2020	2019	Change %
Same-property NOI (3 month period, 64 properties)	\$ 20,180	\$ 19,950	1.2 %
Same-property NOI (12 month period, 59 properties)	\$ 74,499	\$ 73,877	0.8 %

	As at March 31,		
<i>(in thousands of U.S. dollars, except per unit amounts)</i>	2020	2019	Change %
Total assets	\$ 1,249,525	\$ 1,388,403	(10.0) %
Total debt	\$ 735,206	\$ 849,498	(13.5) %
Net asset value per unit	\$ 10.55	\$ 11.35	(7.0) %
Number of properties ³	72	84	(14.3) %
Portfolio occupancy ³	92.8%	93.3%	(0.5) %
Debt / GBV ratio	58.8%	61.2%	(2.4) %
Interest coverage ratio ¹	2.44x	2.45x	(0.4) %

¹Refer to "Non-IFRS Measures" section below.

²Adjusting to exclude the impact of the refinanced credit facility and extinguished mortgage, FFO, FFO per unit and FFO payout ratio would be \$11.5 million, \$0.27 and 79.2%, respectively, and AFFO, AFFO per unit and AFFO payout ratio would be \$9.1 million, \$0.21 and 100.2%, respectively.

³Includes the REIT's share of its equity accounted property investment.

Conference Call and Webcast

Senior management will host a live conference call at 9:00 a.m. ET on Wednesday, May 13, 2020 to discuss the results and ongoing business initiatives of the REIT.

The conference call can be accessed by dialing (647) 427-2311 or 1 (866) 521-4909. Additionally, the conference call will be available via simultaneous audio found at www.snwebcastcenter.com/webcast/slate/2020/0513. A replay will be accessible until May 27, 2020 via the REIT's website or by dialing (416) 621-4642 or 1 (800) 585-8367 (access code 7442869) approximately two hours after the live event.

About Slate Retail REIT (TSX: SRT.U / SRT.UN)

Slate Retail REIT is a real estate investment trust focused on U.S. grocery-anchored real estate. The REIT owns and operates approximately U.S.\$1.2 billion of assets located across the top 50 U.S. metro markets that are visited regularly by consumers for their everyday needs. The REIT's diversified portfolio and quality tenant covenants provide a strong basis to continue to grow unitholder distributions and the flexibility to capitalize on opportunities that drive value appreciation. Visit slateretailreit.com to learn more about the REIT.

About Slate Asset Management

Slate Asset Management is a leading real estate focused alternative investment platform with over \$6.5 billion in assets under management. Slate is a value-oriented manager and a significant sponsor of all of its private and publicly traded investment vehicles, which are tailored to the unique goals and objectives of its investors. The firm's careful and selective investment approach creates long-term value with an emphasis on capital preservation and outsized returns. Slate is supported by exceptional people, flexible capital and a demonstrated ability to originate and execute on a wide range of compelling investment opportunities. Visit slateam.com to learn more.

Supplemental Information

All interested parties can access Slate Retail's Supplemental Information online at slateretailreit.com in the Investors section. These materials are also available on SEDAR or upon request to the REIT at info@slateam.com or (416) 644-4264.

Forward Looking Statements

Certain information herein constitutes "forward-looking information" as defined under Canadian securities laws which reflect management's expectations regarding objectives, plans, goals, strategies, future growth, results of operations, performance, business prospects and opportunities of the REIT. The words "plans", "expects", "does not expect", "scheduled", "estimates", "intends", "anticipates", "does not anticipate", "projects", "believes", or variations of such words and phrases or statements to the effect that certain actions, events or results "may", "will", "could", "would", "might", "occur", "be achieved", or "continue" and similar expressions identify 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. Such forward-looking statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations.

Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable by management as of the date hereof, are inherently subject to significant business, economic and competitive uncertainties and contingencies. When relying on forward-looking statements to make decisions, the REIT cautions readers not to place undue reliance on these statements, as forward-looking statements involve significant risks and uncertainties, and should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not the times at or by which such performance or results will be achieved. A number of factors could cause actual results to differ, possibly materially, from the results discussed in the forward-looking statements. Additional information about risks and uncertainties is contained in the filings of the REIT with securities regulators.

Non-IFRS Measures

This news release and accompanying financial statements are based on International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

We disclose a number of financial measures in this news release that are not measures used under IFRS, including NOI, same-property NOI, FFO, FFO payout ratio, AFFO, AFFO payout ratio, adjusted EBITDA and the interest coverage ratio, in addition to certain measures on a per unit basis.

- NOI is defined as rental revenue less operating expenses, prior to straight-line rent, IFRIC 21, *Levies* ("IFRIC 21") property tax adjustments and adjustments for equity investment. Same-property NOI includes those properties owned by the REIT for each of the current period and the relevant comparative period excluding those properties under development.
- FFO is defined as net income (loss) adjusted for certain items including transaction costs, change in fair value of properties, change in fair value of financial instruments, deferred income taxes, unit expense (income), adjustments for equity investment and IFRIC 21 property tax adjustments.
- AFFO is defined as FFO adjusted for straight-line rental revenue and sustaining capital, leasing costs and tenant improvements.
- FFO payout ratio and AFFO payout ratio are defined as distributions declared divided by FFO and AFFO, respectively.
- FFO per WA unit and AFFO per WA unit are defined as FFO and AFFO divided by the weighted average class U equivalent units outstanding, respectively.
- Adjusted EBITDA is defined as NOI less other expenses.
- Interest coverage ratio is defined as adjusted EBITDA divided by cash interest paid.
- Net asset value is defined as the aggregate of the carrying value of the REIT's equity, deferred income taxes and exchangeable units of subsidiaries.

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 Management's Discussion and Analysis. 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.

For Further Information

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Calculation and Reconciliation of Non-IFRS Measures

The table below summarizes a calculation of non-IFRS measures based on IFRS financial information.

(in thousands of U.S. dollars, except per unit amounts)	Three months ended March 31,	
	2020	2019
Rental revenue	\$ 32,042	\$ 36,416
Straight-line rent revenue	(414)	(784)
Property operating expenses	(22,496)	(25,392)
IFRIC 21 property tax adjustment	12,875	14,372
Adjustments for equity investment	64	(43)
NOI¹	\$ 22,071	\$ 24,569
Cash flow from operations	\$ 9,703	\$ 7,795
Changes in non-cash working capital items	(403)	3,176
Disposition costs	2,122	2,092
Finance charge and mark-to-market adjustments	(697)	(482)
Interest, net and TIF note adjustments	40	97
Adjustments for equity investment	(19)	(75)
Capital	(562)	(1,184)
Leasing costs	(332)	(279)
Tenant improvements	(1,104)	(2,003)
AFFO¹²	\$ 8,748	\$ 9,137
Net income	\$ 5,819	\$ 1,601
Change in fair value of financial instruments	20	—
Disposition costs	2,122	2,092
Change in fair value of properties	(4,210)	(8,501)
Deferred income tax expense	468	847
Adjustments for equity investment	149	(110)
Unit expense (income)	(6,083)	3,086
IFRIC 21 property tax adjustment	12,875	14,372
FFO¹²	\$ 11,160	\$ 13,387
Straight-line rental revenue	(414)	(784)
Capital	(562)	(1,184)
Leasing costs	(332)	(279)
Tenant improvements	(1,104)	(2,003)
AFFO¹²	\$ 8,748	\$ 9,137
NOI¹	\$ 22,071	\$ 24,569
Other expenses	(2,585)	(2,632)
Cash interest, net	(7,960)	(8,820)
Finance charge and mark-to-market adjustments	(697)	(482)
Adjustments for equity investment	(83)	(32)
Capital	(562)	(1,184)
Leasing costs	(332)	(279)
Tenant improvements	(1,104)	(2,003)
AFFO¹²	\$ 8,748	\$ 9,137

¹Refer to “Non-IFRS Measures” section above.

²Adjusting to exclude the impact of the refinanced credit facility and extinguished mortgage, FFO, FFO per unit and FFO payout ratio would be \$11.5 million, \$0.27 and 79.2%, respectively, and AFFO, AFFO per unit and AFFO payout ratio would be \$9.1 million, \$0.21 and 100.2%, respectively.

<i>(in thousands of U.S. dollars, except per unit amounts)</i>	Three months ended March 31,	
	2020	2019
Net income	\$ 5,819	\$ 1,601
Interest expense and other financing costs, net	8,657	9,302
Change in fair value of financial instruments	20	—
Disposition costs	2,122	2,092
Change in fair value of properties	(4,210)	(8,501)
Deferred income tax expense (recovery)	468	847
Unit expense (income)	(6,083)	3,086
Adjustments for equity investment	232	(78)
Straight-line rent revenue	(414)	(784)
IFRIC 21 property tax adjustment	12,875	14,372
Adjusted EBITDA¹	\$ 19,486	\$ 21,937
NOI ¹	\$ 22,071	\$ 24,569
Other expenses	(2,585)	(2,632)
Adjusted EBITDA¹	\$ 19,486	\$ 21,937
Cash interest paid	(8,000)	(8,917)
Interest coverage ratio¹	2.44x	2.45x
WA units	42,196	44,208
FFO per WA unit ¹²	\$ 0.26	\$ 0.30
FFO payout ratio ¹²	81.4%	70.4%
AFFO per WA unit ¹²	\$ 0.21	\$ 0.21
AFFO payout ratio ¹²	103.9%	103.1%

¹Refer to “Non-IFRS Measures” section above.

²Adjusting to exclude the impact of the refinanced credit facility and extinguished mortgage, FFO, FFO per unit and FFO payout ratio would be \$11.5 million, \$0.27 and 79.2%, respectively, and AFFO, AFFO per unit and AFFO payout ratio would be \$9.1 million, \$0.21 and 100.2%, respectively.