



May 10, 2021

Slate Grocery REIT Reports First Quarter 2021 Results

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

TORONTO, ON - Slate Grocery REIT (TSX: SGR.U) (TSX: SGR.UN) (the "REIT"), an owner and operator of U.S. grocery-anchored real estate, today announced its financial results and highlights for the three months ended March 31, 2021.

"We are pleased to report a solid first quarter in which the REIT continued to progress on key operational and strategic objectives," said David Dunn, Chief Executive Officer. "The strong performance of our grocery-anchored portfolio throughout the pandemic has enabled us to further increase our ownership of the critical real estate that facilitates the last mile of food logistics. We have now executed over \$530 million of grocery-anchored acquisitions since June 2020 at a weighted average cap rate of 7.8% and look forward to applying our active asset management strategies to create further value for unitholders."

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

Highlights

- During the first quarter of 2021, the REIT announced a \$390.0 million acquisition of a high quality, grocery-anchored portfolio (the "Acquisition") comprising 25 properties and 3.1 million square feet in major metro markets across the United States (the "Portfolio"). The Acquisition materially increases the REIT's exposure to certain of America's largest metropolitan statistical areas ("MSA"), with 83% of the Portfolio's income derived from the top-50 MSAs, including 46% from New York and Dallas. The Acquisition represents a 7.8% capitalization rate or \$127 per square foot and is expected to close in the third quarter of 2021. In connection with the Acquisition, the REIT issued 11,420,000 subscription receipts at an issuance price of C\$11.65 per subscription receipt, for gross proceeds of C\$133.0 million.
- On February 10, 2021, the REIT completed the acquisition of five grocery-anchored properties for an aggregate purchase price of \$54.2 million (\$138 per square foot), at a weighted average capitalization rate of 7.7%. This acquisition contributes 396,471 square feet to the REIT's portfolio.
- On January 14, 2021, the REIT closed a \$169.0 million 10-year mortgage, bearing interest of 3.75%. The net proceeds from the loan were used to reduce the REIT's term loan to \$83.0 million, resulting in an increase of the REIT's debt portfolio to a weighted average term to maturity of 5.5 years.
- Completed 143,325 square feet of leasing during the three month period ended March 31, 2021 at a 2.4% weighted average rental spread, comprised of 96,551 square feet of renewals and 46,774 square feet of new leasing.

- Occupancy increased by 0.2% from the fourth quarter to 93.1% mainly due to the portfolio acquisition of five grocery-anchored properties with a weighted average occupancy of 97.8%. The weighted average tenant retention rate for the first quarter was 93.4%.
- Since the start of the pandemic, the REIT has collected 97% of contractual rent. For the first quarter, the REIT has collected 96% of contractual rent. The REIT expects to substantially collect outstanding billings through immediate cash collection and deferral programs.
- Adjusting for termination fees, same-property net operating income ("NOI") for the trailing twelve month period ended March 31, 2021 (comprised of 59 properties) increased by 0.9% over the same period in the prior year. Same-property NOI for the three month period ended March 31, 2021 (comprised of 59 properties) decreased by 1.1% over the comparative period in the prior year.
- Rental revenue for the first quarter was \$32.5 million.
- Net income for the first quarter was \$60.8 million.
- NOI for the first quarter was \$23.3 million.
- Funds from operations ("FFO") per unit was \$0.24 for the quarter, which represented a \$0.02 decrease from the same period in the prior year, primarily due to a \$0.2 million charge to income as a result of refinancing a portion of the REIT's \$250.0 million term loan with a \$169.0 million 10-year mortgage, partially offset by increases to NOI.
- Adjusted funds from operations ("AFFO") per unit was \$0.19 for the quarter, a \$0.02 decrease from the comparative period. Decreases in AFFO were due to the aforementioned decreases in FFO, partially offset by a decrease in capital expenditures.

<i>(in thousands of U.S. dollars, except per unit amounts)</i>	Three months ended March 31		
	2021	2020	Change %
Rental revenue	\$ 32,471	\$ 32,042	1.3 %
NOI ¹	\$ 23,285	\$ 22,071	5.5 %
Net income ²	\$ 60,775	\$ 5,819	944.4 %
Leasing – shop space	85,249	103,180	(17.4)%
Leasing – anchor / junior anchor	58,076	157,247	(63.1)%
Total leasing activity (square feet) ²	143,325	260,427	(45.0)%
Weighted average number of units outstanding ("WA units")	48,597	42,196	15.2 %
FFO ¹²³	\$ 11,529	\$ 11,160	3.3 %
FFO per WA units ¹²³⁴	\$ 0.24	\$ 0.26	(7.7)%
FFO payout ratio ¹²³⁴	90.7%	81.4%	9.3 %
AFFO ¹²³⁴	\$ 9,450	\$ 8,748	8.0 %
AFFO per WA units ¹²³⁴	\$ 0.19	\$ 0.21	(9.5)%
AFFO payout ratio ¹²³⁴	110.7%	103.9%	6.8 %
<i>(in thousands of U.S. dollars)</i>	2021	2020	Change %
Same-property NOI (3 month period, 59 properties)	\$ 18,455	\$ 18,662	(1.1)%
Same-property NOI (12 month period, 59 properties)	\$ 74,060	\$ 73,921	0.2%

<i>(in thousands of U.S. dollars, except per unit amounts)</i>	As at March 31		
	2021	2020	Change %
Total assets	\$ 1,539,994	\$ 1,249,525	23.2%
Total debt	\$ 766,616	\$ 735,206	4.3%
Net asset value per unit	\$ 12.47	\$ 10.55	18.2%
Number of properties ²	80	72	11.1%
Portfolio occupancy ²	93.1%	92.8%	0.3%
Debt / GBV ratio ⁵	53.5%	58.8%	(5.3)%
Interest coverage ratio ¹	2.50x	2.44x	2.5%

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

² Includes the REIT's share of its equity accounted property investment.

³ Adjusting to exclude the impact of the \$169.0 million debt refinancing in the first quarter of 2021, FFO, FFO per unit and FFO payout ratio would be \$11.8 million, \$0.24 and 88.3%, respectively, and AFFO, AFFO per unit and AFFO payout ratio would be \$9.8 million, \$0.20 and 107.1%, respectively.

⁴ Adjusting 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.

⁵ Subscription receipt funds in escrow have been removed from total assets to calculate the leverage ratio for the first quarter of 2021. The REIT's leverage ratio including subscription receipt funds in escrow would be 49.8%.

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. 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 66% of the REIT's tenant portfolio is comprised of essential tenants, including grocery-anchored tenants, medical and personal services, financial institutions, and other essential based services. All of our centers are grocery anchored. Rent is typically paid within the first 15 business days of each month. All of the REIT's centers have remained open throughout the COVID-19 pandemic, with 100% of tenants in operation.

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

Conference Call and Webcast

Senior management will host a live conference call at 9:00 am ET on Tuesday, May 11, 2021 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/2021/0511. A replay will be accessible until May 25, 2021 via the REIT's website or by dialing (416) 621-4642 or 1 (800) 585-8367 (access code 3876089) approximately two hours after the live event.

About Slate Grocery REIT (TSX: SGR.U / SGR.UN)

Slate Grocery REIT is an owner and operator of U.S. grocery-anchored real estate. The REIT owns and operates approximately U.S. \$1.4 billion of critical real estate infrastructure across major U.S. metro markets that communities rely upon for their everyday needs. The REIT's resilient grocery-anchored portfolio and strong credit tenants provide unitholders with durable cash flows and the potential for capital appreciation over the longer term.

Visit slategroceryreit.com to learn more about the REIT.

About Slate Asset Management

Slate Asset Management is a leading real estate focused alternative investment platform with approximately \$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 Grocery's Supplemental Information online at slategroceryreit.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. There can be no assurance regarding the impact of COVID-19 on the business, operations, and

financial performance of the REIT and its tenants, as well as on consumer behaviors and the economy in general. Management believes that the expectations reflected in its forward-looking statements are based upon reasonable assumptions, however, management can give no assurance that actual results, performance or achievements will be consistent with these forward-looking statements. 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 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 general and administrative 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.

SGR-FR

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.

<i>(in thousands of U.S. dollars, except per unit amounts)</i>	Three months ended March 31,	
	2021	2020
Rental revenue	\$ 32,471	\$ 32,042
Straight-line rent revenue	(165)	(414)
Property operating expenses	(21,560)	(22,496)
IFRIC 21 property tax adjustment	12,397	12,875
Adjustments for equity investment	142	64
NOI¹²	\$ 23,285	\$ 22,071
Cash flow from operations	\$ 15,714	\$ 9,703
Changes in non-cash working capital items	(3,795)	(403)
Transaction costs	—	2,122
Finance charge and mark-to-market adjustments	(576)	(697)
Interest, net and TIF note adjustments	35	40
Subscription receipt funds in escrow	(91)	—
Adjustments for equity investment	77	(19)
Capital	(788)	(562)
Leasing costs	(365)	(332)
Tenant improvements	(761)	(1,104)
AFFO¹²³⁴	\$ 9,450	\$ 8,748
Net income¹²	\$ 60,775	\$ 5,819
Change in fair value of financial instruments	(3,018)	20
Transaction costs	—	2,122
Change in fair value of properties	(78,749)	(4,210)
Deferred income tax expense	19,448	468
Adjustments for equity investment	107	149
Unit expense (income)	569	(6,083)
IFRIC 21 property tax adjustment	12,397	12,875
FFO¹²³⁴	\$ 11,529	\$ 11,160
Straight-line rental revenue	(165)	(414)
Capital expenditures	(788)	(562)
Leasing costs	(365)	(332)
Tenant improvements	(761)	(1,104)
AFFO¹²³⁴	\$ 9,450	\$ 8,748
NOI¹²	\$ 23,285	\$ 22,071
General and administrative expenses	(2,215)	(2,585)
Cash interest, net	(8,380)	(7,960)
Finance charge and mark-to-market adjustments	(576)	(697)
Adjustments for equity investment	(65)	(83)
Current income tax expense	(685)	—
Capital expenditures	(788)	(562)
Leasing costs	(365)	(332)
Tenant improvements	(761)	(1,104)
AFFO¹²³⁴	\$ 9,450	\$ 8,748

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

² Includes the REIT’s share of its equity accounted property investment.

³ Adjusting to exclude the impact of the \$169.0 million debt refinancing in the first quarter of 2021, FFO and AFFO for the three month period ended March 31, 2021 would be \$11.8 million and \$9.8 million, respectively.

⁴ Adjusting to exclude the impact of the refinanced credit facility and extinguished mortgage during the first quarter of 2020, FFO and AFFO for the three month period ended March 31, 2020 would be \$11.5 million and \$9.1 million, respectively.

<i>(in thousands of U.S. dollars except per unit amounts)</i>	Three months ended March 31,	
	2021	2020
Net income ¹	\$ 60,775	\$ 5,819
Interest and financing costs	8,956	8,657
Change in fair value of financial instruments	(3,018)	20
Transaction costs	—	2,122
Change in fair value of properties	(78,749)	(4,210)
Deferred income tax expense	19,448	468
Current income tax expense	685	—
Unit expense	569	(6,083)
Adjustments for equity investment	172	232
Straight-line rent revenue	(165)	(414)
IFRIC 21 property tax adjustment	12,397	12,875
Adjusted EBITDA ¹²	\$ 21,070	\$ 19,486
NOI ¹²	\$ 23,285	\$ 22,071
General and administrative expenses	(2,215)	(2,585)
Adjusted EBITDA ¹²	\$ 21,070	\$ 19,486
Cash interest paid	(8,415)	(8,000)
Interest coverage ratio ¹²	2.50x	2.44x
WA units	48,597	42,196
FFO per WA unit ^{12 3}	\$ 0.24	\$ 0.26
FFO payout ratio ^{12 3 4}	90.7%	81.4%
AFFO per WA unit ^{12 3}	\$ 0.19	\$ 0.21
AFFO payout ratio ^{12 3}	110.7%	103.9%

¹ Includes the REIT’s share of its equity accounted property investment.

² Refer to “Non-IFRS Measures” section above.

³ Adjusting to exclude the impact of the \$169.0 million debt refinancing in the first quarter of 2021, FFO per unit and FFO payout ratio would be \$0.24 and 88.3%, respectively, and AFFO per unit and AFFO payout ratio would be \$0.20 and 107.1%, respectively.

⁴ Adjusting to exclude the impact of the refinanced credit facility and extinguished mortgage in the first quarter of 2020 FFO per unit and FFO payout ratio would be \$0.27 and 79.2%, respectively, and AFFO per unit and AFFO payout ratio would be \$0.21 and 100.2%, respectively.