



Grocery
REIT

June 21, 2022

Slate Grocery REIT Announces Agreement to Acquire US\$425 Million Grocery-Anchored Real Estate Portfolio and Agreement to Form Joint Venture with Slate North American Essential Real Estate Income Fund L.P.

TORONTO, ON – Slate Grocery REIT (TSX: SGR.U) (TSX: SGR.UN) (the “REIT”), an owner and operator of U.S. grocery-anchored real estate, announced today that it has agreed to acquire 14 properties comprising 2.5 million square feet (the “Portfolio”). The Portfolio is valued at US\$425 million (the “Acquisition”), which represents a 6.9% capitalization rate or US\$174 per square foot. The Portfolio is located across seven states with over two-thirds of the Portfolio value being allocated to the Southeastern United States.

The REIT also announced that it has entered into agreements (the “Subscription Agreements”) with Slate North American Essential Real Estate Income Fund L.P. (the “NA Essential Fund”), a vehicle managed by Slate Asset Management (“Slate”), which will result in the formation of a strategic joint venture (the “Joint Venture”). The NA Essential Fund has agreed to make an initial investment of US\$180 million into the REIT’s assets (the “Investment”) through the purchase of partnership interests in two REIT subsidiaries (the “JV Partnerships”). Proceeds from the Investment will be used immediately to fund the REIT’s Acquisition.

Acquisition highlights:

- Significant concentration of assets in the rapidly growing Sunbelt Region – Significantly increases the REIT’s exposure to Florida, North Carolina, and Georgia – leading markets for population growth in the US.
- Comprised of a wide range of high-performing grocers – Increases the REIT’s exposure to leading national grocers, including Publix, Ahold Delhaize, Albertsons, and Walmart.
- Attractive valuation and defensive basis – Low acquisition basis of US\$174 per square foot (“PSF”) with below market rents.
- Significantly increases the size and scale of the REIT’s portfolio – The REIT’s pro forma portfolio will comprise 15.7 million square feet and US\$2.4 billion of essential grocery-anchored real estate.

The Acquisition will be financed through new bank financing, the proceeds from the US\$180 million Investment from the NA Essential Fund (as described above), and existing balance sheet liquidity. Following the Acquisition, the REIT's leverage is expected to be approximately 53.7%.

"This Acquisition and Joint Venture illustrate the value and resources Slate Asset Management brings to all of our managed entities," said Blair Welch, Chief Executive Officer of Slate Grocery REIT and Founding Partner of Slate. "Our global reach and track record facilitate these creative solutions for capital and deals that enable the REIT's continued growth and ensure we are providing the best value to the REIT's unitholders. We are very pleased to establish this partnership between Slate Grocery REIT and the Slate North American Essential Real Estate Income Fund, which demonstrates confidence from a leading institutional investor in the REIT's strategy, management, and valuation."

The closing of each of the Investment and the Acquisition are expected to occur on July 14, 2022. For more information, please refer to the REIT's website for both the most recent investor presentation as well as a presentation summarizing the Acquisition, available at slategroceryreit.com/investor-presentations.

Summary of the Joint Venture

The REIT has entered into Subscription Agreements with the NA Essential Fund, a vehicle managed by Slate, which will result in the formation of a strategic Joint Venture. The Joint Venture is part of a long-term strategic partnership between the REIT and the NA Essential Fund.

Joint Venture highlights:

- Institutional validation of the REIT's portfolio and management team – The Joint Venture creates a long-term partnership with a fund that includes New Zealand Superannuation Fund, a leading global sovereign wealth fund that endorses the strength, quality, and stability of the REIT's platform.
- Validation of the REIT's real estate value – The NA Essential Fund is investing at a valuation in line with the REIT's Q1 2022 IFRS value. The Investment also reflects a pro forma 6.8% cap rate on management's estimated 12 month forward NOI from Q1 2022 and US\$150 per square foot. The Investment implies a valuation of US\$13.01 per unit of the REIT, a 21.8% premium to the REIT's current trading price immediately prior to the execution of the Subscription Agreements, of US\$10.68.
- Establishes structure for an efficient source of growth capital – The Joint Venture optimizes the REIT's cost of equity by providing the potential for a consistent source of private equity capital in addition to the REIT's public funding strategies.
- Immediate use of Investment proceeds toward a high-quality, accretive acquisition – The REIT is allocating the entirety of the US\$180 million Investment by the NA Essential Fund toward the purchase of a high-quality grocery-anchored Portfolio that is accretive to unitholders at an attractive valuation.

Key terms of the Joint Venture include:

- The NA Essential Fund will, through a subsidiary, invest in the JV Partnerships. The NA Essential Fund will not be a securityholder of the REIT.
- Upon completion of the Investment, the NA Essential Fund will effectively own an approximately 18.4% interest in the REIT's existing assets, through its approximately 18.4% ownership interest in the JV Partnerships.
- The NA Essential Fund's US\$180M Investment in the JV Partnerships implies a valuation of US\$13.01 per unit of the REIT.
- In connection with the Investment, the parties will enter into amended and restated partnership agreements of the JV Partnerships (the "JV Partnership Agreements"). The JV Partnership Agreements will provide for, among other things, the following:
 - The REIT (including through Slate, as manager) will maintain the sole power to manage its existing and future portfolio of assets (subject to limited and customary approval rights of the NA Essential Fund over certain fundamental matters involving the JV Partnerships).
 - The NA Essential Fund will have pre-emptive rights, pursuant to which it will be entitled to acquire at least an 18.4% interest in new equity issued by the JV Partnerships (subject to customary exclusions), for so long as it maintains a 9% ownership interest in the applicable JV Partnership. New properties to be acquired by the REIT will be acquired through the JV Partnerships unless the NA Essential Fund does not participate.
 - Transfers by the NA Essential Fund will be subject to approval of the REIT, acting reasonably, and a right of first refusal in favour of the REIT. The REIT will have customary drag-along rights and the NA Essential Fund will have customary tag-along rights, subject to exceptions. The parties will also have certain one-time call or put rights in certain circumstances if Slate is no longer manager of the applicable party.

Slate is a related party of the REIT as defined in Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). As a result, the Investment by NA Essential Fund, which is managed by a Slate entity, could be considered a related party transaction for the REIT. As such, the board of trustees of the REIT (the "Board") established a special committee composed entirely of independent trustees (the "Special Committee") to, among other things, review, consider, negotiate and oversee the Investment. The members of the Special Committee are Colum Bastable (Chair), Andrea Stephen, Thomas Farley, Patrick Flatley and Marc Rouleau. The Special Committee retained Blair Franklin Capital Partners Inc. ("Blair Franklin") as financial advisor and Fasken as legal advisor. After careful deliberation, the Special Committee determined that the Investment is in the best interests of the REIT and unanimously recommended approval of the Investment by the Board. Following receipt of the unanimous recommendation by the Special Committee, the Board (with interested trustees abstaining) has unanimously approved proceeding with the Investment.

Additional information regarding the Joint Venture, the Investment and related terms will be included in a material change report to be filed by the REIT on www.sedar.com. This press release is only a summary of certain principal terms of the Joint Venture and the Investment and is qualified in its entirety by reference to the more detailed information contained in the material change report.

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. \$1.9 billion of critical real estate infrastructure across major U.S. metro markets that communities rely upon for their daily 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 global alternative investment platform targeting real assets. We focus on fundamentals with the objective of creating long-term value for our investors and partners. Slate's platform has a range of real estate and infrastructure investment strategies, including opportunistic, value add, core plus and debt investments. We are supported by exceptional people and flexible capital, which enable us to originate and execute on a wide range of compelling investment opportunities. Visit slateam.com to learn more.

Forward-Looking Statements

Certain information herein constitutes "forward-looking information" (which may include financial outlook), each, 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. Some of the specific forward-looking statements contained herein include, but are not limited to, statements with respect to the intention of the NA Essential Fund to complete the closing of the Investment; the intention of the REIT to complete the closing of the Acquisition; the terms and conditions which will apply to the Investment and the Acquisition; the anticipated benefits and results of the Investment and the Acquisition; and the expected timing for completion of the Investment and the Acquisition. Some of the specific forward-looking statements contained herein, which may constitute financial outlook, include statements with respect to: the REIT's leverage following the completion of the Acquisition and the Investment; and the cap rate on management's estimated 12-month forward NOI. The purpose of such statements is to assist readers in understanding the anticipated effects on, and benefits of, the Acquisition and the Investment, as applicable, and may not be appropriate for use for any other purpose. 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. 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 Measure

This news release contains certain financial measures that are not measures used under International Financial Reporting Standards (“IFRS”), including NOI. See the REIT’s most current Management’s Discussion and Analysis available at www.sedar.com for more information.

This announcement by the Slate Grocery REIT (TSX: SGR.U) (TSX: SGR.UN) is not, and should not be construed as, an offer to investors for units in Slate North American Essential Real Estate Income Fund L.P.

SGR-AD

For Further Information

Investor Relations

+1 416 644 4264

ir@slateam.com