Slate Grocery REIT (SRRTF)

Updated August 17th, 2025 by Nikolaos Sismanis

Key Metrics

Current Price:	$10.22	**5 Year CAGR Estimate:**	7.8%	**Market Cap:**	$606 M
Fair Value Price:	$9.90	**5 Year Growth Estimate:**	1.0%	**Ex-Dividend Date:**	08/29/2025
% Fair Value:	103%	**5 Year Valuation Multiple Estimate:**	-0.6%	**Dividend Payment Date:**	09/15/2025
Dividend Yield:	8.5%	**5 Year Price Target**	$10.40	**Years Of Dividend Growth:**	0
Dividend Risk Score:	F	**Sector:**	Real Estate	**Rating:**	Sell

Overview & Current Events

Slate Grocery REIT is a Toronto-based, yet U.S.-focused real estate investment trust focused on grocery-anchored retail centers. It owns 117 properties, totaling 15.4 million square feet and valued at about $2.4 billion. Its portfolio is deeply rooted in necessity-based retail. Some of its top tenants include Kroger, Walmart, and Ahold Delhaize, while it boasts an anchor occupancy rate of 98.6%. The REIT pays dividends on a monthly basis and reports its financials in USD despite its Canadian origin. The stock trades at the Toronto Stock Exchange and Over the Counter. Its market cap now stands at $635 million.

On August 6th, 2025, Slate Grocery REIT posted its Q2 results for the period ending June 30th, 2025. Total revenue grew 2.1% year-over-year to $53.4 million. The growth was primarily driven by rental rate increases, strong leasing spreads, and contractual rent escalations, particularly on renewed leases that continue to reflect resilient demand for grocery-anchored retail. Despite the revenue uplift, profitability was modestly pressured by higher general and administrative expenses as well as interest and finance costs.

FFO totaled $15.0 million, or $0.25 per unit, unchanged from a year ago. Leasing activity remained healthy, supporting a stable occupancy rate and reinforcing the REIT's position in necessity-based retail. For fiscal 2025, we expect FFO per share to remain at similar levels to the year before.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
FFO	$1.32	$1.24	$1.26	$1.27	$1.20	$1.07	$1.03	$1.09	$1.07	$1.10	***$1.10***	***$1.16***
DPS	$0.76	$0.79	$0.82	$0.84	$0.86	$0.86	$0.86	$0.86	$0.86	$0.86	***$0.86***	***$0.91***
Shares[1]	29.3	32.9	43.9	45.6	43.9	42.6	51.8	61.1	60.8	60.3	***60.4***	***62.0***

Slate Grocery REIT's FFO per share has exhibited notable consistency over the past decade, ranging narrowly between $1.03 and $1.32 despite changes in market conditions and the broader economic cycle. This reflects the strength of its strategy, which basically revolves around owning and operating a portfolio of grocery-anchored retail properties, leased predominantly to essential-service tenants like national grocers and pharmacies.

From 2015 through 2019, modest year-over-year declines in FFO were influenced by rising interest expenses, selective property dispositions, and an uptick in administrative costs as the platform matured and rebranded from Slate Retail to Slate Grocery. The early COVID-19 period in 2020 and 2021 also brought temporary pressure as leasing volumes slowed, and the REIT supported tenants through deferrals and elevated property-level expenses. Still, the impact was limited due to the essential nature of the tenant base, which helped maintain occupancy and rental collections.

More recently, FFO per share has rebounded and stabilized in the $1.07–$1.10 range, backed by strong leasing spreads, steady occupancy near 95%, and embedded upside from below-market in-place rents. Moving forward we expect a tiny CAGR of 1% in both our FFO per share and dividend per share estimates to be driven by soft embedded rental growth

[1] Share count is in millions.

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from below-market leases, and a disciplined capital allocation approach that focuses on sustainable distributions over more aggressive expansion.

Note that Slate Grocery has never cut its dividend since its first payout in 2014. However, dividend hikes have been rare (none since 2019). Its DPS CAGR over the past decade still stands at a decent 5.3%, but we don't believe Slate Grocery is in a position to announce dividend raises anywhere near this rate moving forward.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	---	---	---	---	---	8.4	9.0	10.3	9.3	8.1	***9.3***	***9.0***
Avg. Yld.	---	---	---	---	---	9.6%	9.2%	7.7%	8.6%	9.7%	***8.5%***	***8.7%***

While U.S. over the counter data lacks for prior years, Slate Grocery has historically traded with a high-single to low teens P/E. These multiples reflect investors appreciation of its dividend, yet their expectations for underwhelming growth moving forward. Today, shares trade at 9.3x FFOs, which we believe slightly overvalues the name. The dividend yield is now hovering at 8.5%. We expect it to be the main driver of investor returns in the coming years.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	58%	64%	65%	66%	72%	80%	83%	79%	80%	78%	***79%***	***79%***

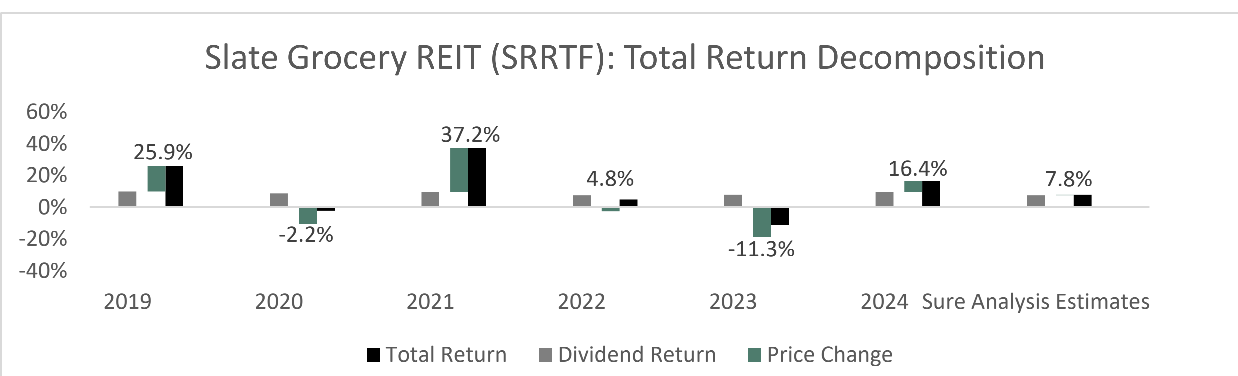
Slate Grocery REIT's portfolio is anchored by well-established, necessity-driven tenants such as Kroger, Wal-Mart, Publix, and Ahold Delhaize, retailers that consistently draw foot traffic through various economic cycles. These tenants provide long-term leases and enhance the stability of the rent roll. Moreover, the REIT's focus on U.S. markets with population growth and limited new retail construction adds a structural advantage, driving high occupancy and steady rent hikes.

While the balance sheet does carry a fair degree of leverage (roughly 53%), it remains manageable, with no near-term liquidity concerns and a staggered debt maturity profile. In the meantime, despite rising rates, the Slate has continued to cover its distributions with FFO, including through periods like the pandemic and post-pandemic monetary tightening. We believe the dividend remains safe moving forward.

Final Thoughts & Recommendation

Slate Grocery REIT offers investors a predictable income backed by a portfolio of necessity-based retail anchored by leading national grocers. With strong tenant demand, below-market rents, and disciplined financial management, it delivers dependable distributions and defensive exposure to U.S. real estate. Today, we rate the stock a sell due to the lack of dividend increases lately. However, we forecast the REIT can produce annualized returns of 7.8% from its current price, primarily powered by the starting dividend yield and soft growth expectations, offset by a valuation headwind.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	80	97	119	144	141	126	138	177	203	209
Gross Profit	57	67	84	98	95	86	95	119	130	135
Gross Margin	71.8%	69.3%	70.7%	67.8%	67.1%	68.4%	68.6%	67.0%	64.2%	64.7%
SG&A Exp.	2	2	2	3	3	3	3	5	5	5
Operating Profit	54	65	81	95	90	83	91	113	125	130
Operating Margin	68.3%	66.5%	68.6%	65.5%	64.0%	65.7%	65.9%	63.9%	61.4%	62.0%
Net Profit	25	26	54	(7)	31	41	91	129	14	40
Net Margin	31.6%	26.9%	45.1%	-4.8%	21.8%	32.7%	65.7%	72.6%	6.7%	19.0%
Free Cash Flow	33	37	45	52	42	37	46	52	72	67
Income Tax	18	12	(16)	(4)	10	14	36	34	1	8

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	1,013	1,115	1,500	1,416	1,315	1,324	1,737	2,270	2,236	2,234
Cash & Equivalents	12	13	7	1	2	2	14	20	24	23
Accounts Receivable	2	2	3	3	3	4	6	6	6	9
Total Liabilities	992	1,118	1,452	979	912	871	1,113	1,339	1,369	1,380
Accounts Payable	5	8	11	15	11	14	13	16	17	18
Long-Term Debt	581	625	883	872	789	726	938	1,131	1,162	1,167
Shareholder's Equity	22	(3)	48	438	403	453	619	741	687	673
LTD/E Ratio	26.66	(213)	18.45	1.99	1.96	1.60	1.51	1.53	1.69	1.73

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	3.0%	2.5%	4.1%	-0.5%	2.3%	3.1%	5.9%	6.4%	0.6%	1.8%
Return on Equity	117%	277%	239%	-2.8%	7.3%	9.6%	16.9%	16.6%	1.5%	4.6%
ROIC	5.1%	4.3%	6.9%	-0.6%	2.5%	3.5%	6.6%	7.1%	0.7%	2.0%
Shares Out.	29.3	32.9	43.9	45.6	43.9	42.6	51.8	61.1	60.8	60.3
Revenue/Share	3.14	3.07	2.70	3.16	3.22	2.66	2.35	2.90	3.34	3.47
FCF/Share	1.31	1.16	1.03	1.15	0.96	0.77	0.78	0.85	1.18	1.11

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.