



# Nontraded REIT Industry Review: First Quarter 2014

## Strategic Realty Trust, Inc.

Total Assets.....	\$192.3 Million
Real Estate Assets .....	\$161.0 Million
Cash .....	\$4.4 Million
Securities .....	\$0.0 Million
Other .....	\$26.9 Million



Cash to Total Assets Ratio: ..... 2.3%  
 Asset Type: ..... Retail  
 Number of Properties: ..... 16  
 Square Feet / Units / Rooms / Acres: ..... 1,521,485 Sq. Ft.  
 Percent Leased: ..... 87.0%  
 Weighted Average Lease Term Remaining: ..... 7.0 Years  
 LifeStage: ..... Maturing  
 Investment Style: ..... Value Add  
 Weighted Average Shares Outstanding: ..... 11,401,510

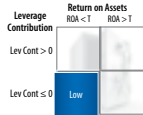
Initial Offering Date: ..... August 7, 2009  
 Offering Close Date: ..... February 7, 2013  
 Current Price per Share: ..... \$10.00  
 Reinvestment Price per Share: ..... Not Applicable  
 Cumulative Capital Raised during Offering (including DRP): ..... \$108.4 Million

### Historical Price



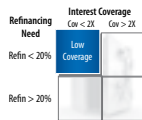
### Performance Profiles

#### Operating Performance



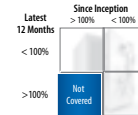
The REIT's recent 12-month average return on assets is less than yields on 10-year Treasuries, indicating negative risk adjusted returns. At its current cost of debt and level of borrowing, the use of debt is not increasing returns to shareholders. Earnings must improve to cover costs of debt.

#### Financing Outlook



The REIT's interest coverage ratio is below the 2.0X benchmark but the REIT does not have over 20% of debt maturing within 2 years or at unhedged variable rates. The REIT does not face an immediate need to refinance a significant portion of its debt, but may need to increase earnings to provide lenders with sufficient interest coverage.

#### Cumulative MFFO Payout



The REIT has not achieved a level of MFFO in excess of cash distributions since inception and the latest 12-month results indicate cash distributions exceed MFFO, a trend which must be eventually reversed for distribution sustainability.

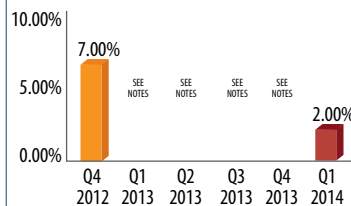
#### Summary

The REIT's return on assets was negative 0.07% for the last four quarters, significantly below the yield on 10-Year Treasuries, and its leverage contribution was very negative, given its weighted average cost of debt of 7.50% and 64.3% debt ratio. The interest coverage ratio was a very low 0.6X for the last four quarters, and 11.6% of debt is maturing in the next two years and unhedged variable rate debt was 3.6% of the total, so there are near-term refinancing needs but modest interest rate risk. The REIT had paid out \$7.2 million in cash distributions despite having negative cumulative MFFO since inception in 2009 and has suspended its distributions.

### Contact Information

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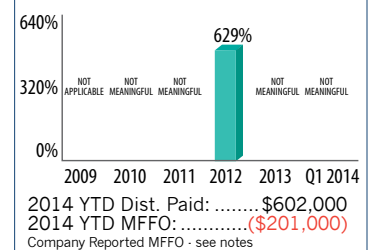
### Historical Distribution



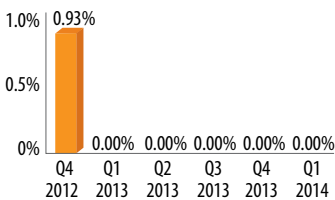
### Historical FFO Payout Ratio



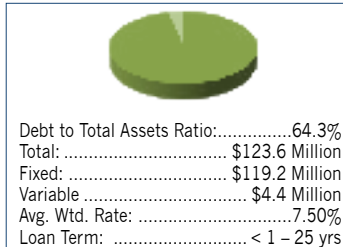
### Historical MFFO Payout Ratio



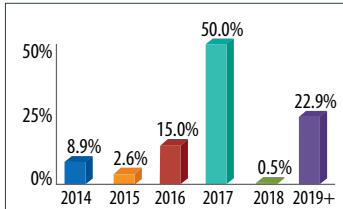
### Redemptions



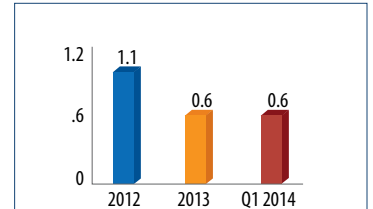
### Debt Breakdown



### Debt Repayment Schedule



### Interest Coverage Ratio



### Source of Distributions, Trends and Items of Note

- During 1Q 2014 the Company did not acquire any properties.
- On January 8, 2014, the Company completed the sale of the Visalia Marketplace property in Visalia, California for a gross sales price of \$21,100,000. The Company originally acquired the Visalia Marketplace property in June 2012 for \$19,000,000.
- The current property portfolio consists of 16 shopping centers. Eleven properties had combined occupancy of 93% at March 31, 2014, and five had combined occupancy of 74%. One significant tenant, Fresh and Easy, filed bankruptcy in 1Q 2014.
- The REIT was considering forming a joint venture with an institutional partner that would allow SRT to pull some equity out of the existing portfolio and redeploy that equity to new acquisitions and possibly reopen the death and disability redemption program which is currently suspended.
- The REIT's Cash to Total Assets ratio increased to 2.3% as of 1Q 2014 compared to 0.4% as of 1Q 2013.
- The REIT's Debt to Total Assets ratio decreased to 64.3% as of 1Q 2014 compared to 67.8% as of 1Q 2013.
- The Company used Modified Funds from Operations ("MFFO") as defined by the Investment Program Association ("IPA").
- The Company distributed \$636,000 to common stockholders in 1Q 2014 and declared distributions of \$548,000 which were paid on April 30, 2014. Cash flows provided (used) in operating activities for the 1Q 2014 were \$(472,000). The Company's board of directors will continue to evaluate the Company's ability to make future quarterly distributions based on the Company's other operational cash needs.