



STRATEGIC REALTY TRUST

66 Bovet Road
Suite 100
San Mateo, CA 94402
650-343-9300
SRTREIT.com

SHAREHOLDER NEWSLETTER

November 15, 2017



Important Dates

Most Recent 10Q Filing 11/13/2017
Next 10K Filing Deadline 3/30/2018

Next Shareholder Newsletter 3/30/2018

Last Distribution Payment 10/31/2017
Next Distribution Payment 1/31/2018*

* If declared by the Board of Directors



Dear Fellow Shareholder,

We continue to execute on the Company's strategic plan to build a core portfolio of high-quality west coast urban retail properties with solid growth prospects, strong predictable cash flows and with visible value appreciation characteristics. As we discussed in the last newsletter, over the next year our goal is to complete the recycling of the portfolio by selling the remaining legacy properties and reinvesting the proceeds into new urban retail properties.

We had been waiting for the right time to sell these assets based on several competing factors, which created quite a balancing act. As you may recall five of the six properties served as collateral for a long-term loan that would have matured in July of 2019. Selling these properties required paying off the loan and paying off the loan required a yield maintenance payment, which was quite sizeable when we began to evaluate these sales, but has reduced over time.



On the other hand, had we waited too long in an effort to minimize or eliminate the yield maintenance payment, that would have put us too close to the end of the anchor tenant leases and reduced the value of the properties. Some properties also needed higher occupancies and leases renewed to sell at better prices. Now time has reduced the yield maintenance costs to an actionable level and the legacy portfolio is now 95.6% leased with some of the key leases renewed, so we have begun the process to sell these properties.

On October 31, 2017, we paid off the legacy property loan to begin the sales process and incurred prepayment costs of \$1.4 million. The sales process was kicked off with the sale of two assets and the refinance of the balance of the loan using the Company's line of credit. As you may recall, earlier this year we obtained a new three-year revolving line of credit for \$60 million replacing our expiring \$30 million line. We kept our attractive pricing, relaxed some of the borrowing covenants in our favor and added another bank to our lender group. The new line gave us the capacity to refinance the remainder of the debt on the legacy assets at a lower floating rate while we complete the sales program.



The first sale on October 31, 2017 was the single tenant BI-LO supermarket property in Chester, SC, followed a day later by the sale of Morningside Marketplace in Fontana, CA. These sales were very good executions for two challenging properties. The BI-LO lease was recently renewed and extended which aided us in the sale, but the tenant’s credit ratings had already been lowered earlier this year, and subsequent to the closing, the company’s debt was further downgraded. At Morningside, which is 100% leased, the anchor tenant Ralph’s (whose lease expires in 2021) closed their store in 2012 and continued paying rent. A dark anchor with a short-term lease made for a challenging sale. The gross sales price for these two properties were in line with the third party appraisals obtained in connection with the Company’s most recent NAV calculation.



Florissant in St. Louis, MO is listed for sale. We recently completed major lease extensions at Ensenada in Arlington, TX and Turkey Creek in Knoxville, TN. and will be soon listing those properties for sale. We are waiting for a new major tenant under a signed lease to take occupancy at Topaz in Hesperia, CA and then we intend to list it for sale.



As we complete the sales we continue to look for opportunities to reinvest in our core urban retail markets. Since the beginning of 2016, we have invested in eight new urban retail properties in our core markets of San Francisco and Los Angeles. The properties are high quality and clearly fit our strategic vision; they are extremely well located in high density urban settings with strong demographics and with high pedestrian and vehicle traffic.

We continue to be very excited about the future of our Company and its strategic direction. A fully recycled and focused high-quality west coast urban retail portfolio should allow us the opportunity to look at various strategic options, investor liquidity such as a public listing or attracting institutional capital, or some type of liquidity event for investors.

Sincerely,
Strategic Realty Trust, Inc.

Andrew Batinovich
CEO

Strategic Realty Trust is a non-traded real estate investment trust and is focused on building a portfolio of high quality urban and street retail properties in major west coast markets. For more information please visit the Company’s website at www.srtreit.com. The Company is advised by SRT Advisors, LLC an affiliate of Glenborough, LLC. Glenborough also acts as the Company’s property manager. For more information please visit Glenborough’s website at www.glenborough.com



The foregoing includes forward-looking statements within the meaning of the Federal Private Securities Litigation Reform Act of 1995. The Company intends that such forward-looking statements be subject to the safe harbors created by Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements include statements regarding the intent, belief or current expectations of the Company and members of its management team, as well as the assumptions on which such statements are based, and generally are identified by the use of words such as “hope”, “hopeful”, “may”, “will”, “seeks”, “anticipates”, “believes”, “estimates”, “expects”, “plans”, “intends”, “should” or similar expressions. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date they are made. The Company undertakes no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time, unless required by law. Such statements are subject to known and unknown risks and uncertainties which could cause actual results to differ materially from those contemplated by such forward-looking statements. The Company makes no representation or warranty (express or implied) about the accuracy of any such forward-looking statements. These statements are based on a number of assumptions involving the judgment of management. The Company can provide no assurances as to its ability to acquire properties that are consistent with its strategic plan, sell properties in its current portfolio, successfully manage the existing properties in its portfolio, successfully develop its redevelopment projects and execute potential strategic alternatives. These statements also depend on factors such as future economic, competitive and market conditions and other risks identified in Part I, Item IA of the Company’s Annual Report on Form 10-K for the year ended December 31, 2016 and subsequent periodic reports, as filed with the SEC. Actual events may differ materially from the anticipated events discussed above.