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# Slate Grocery REIT

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Q1 2022 Quarterly Report



**SLATE**







# 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 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](https://slategroceryreit.com) to learn more about the REIT.

Slate Grocery REIT is managed by 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](https://slateam.com) to learn more.

## Forward-looking Statements

Certain information in this management's discussion and analysis ("MD&A") constitutes "forward-looking statements" within the meaning of applicable securities legislation. These statements reflect management's expectations regarding objectives, plans, goals, strategies, future growth, results of operations, performance and business prospects and opportunities of Slate Grocery REIT (the "REIT") including expectations for the current financial year, and include, but are not limited to, statements with respect to management's beliefs, plans, estimates and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Statements that contain words such as "could", "should", "would", "can", "anticipate", "expect", "does not expect", "believe", "plan", "budget", "schedule", "estimate", "intend", "project", "will", "may", "might", "continue" and similar expressions or statements relating to matters that are not historical facts constitute forward-looking

statements. Some of the specific forward-looking statements contained herein include, but are not expressions or statements relating to matters that are not historical facts constitute 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.

These forward-looking statements are not guarantees of future events or performance and, by their nature, are based on the REIT's current estimates and assumptions, which are subject to

significant risks and uncertainties. The REIT believes that these statements are made based on reasonable assumptions; however, there is no assurance that the events or circumstances in these forward-looking statements will occur or be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to the risks that are more fully discussed under the "Risk Factors" section of the annual information form of the REIT for the year ended December 31, 2021 ("Annual Information Form"). Factors that could cause actual results to differ materially from those contemplated or implied including, but not limited to: financial and operational risks associated with the COVID-19 pandemic; risks incidental to ownership and operation of real estate properties including local real estate conditions; financial risks related to obtaining available equity and debt financing at reasonable costs and interest rate fluctuations; operational risks including timely leasing of vacant space and re-leasing of occupied space on expiration of current leases on terms at current or anticipated rental rates; tenant defaults

and bankruptcies; uncertainties of acquisition activities including availability of suitable property acquisitions and in integration of acquisitions; competition including development of properties in close proximity to the REIT's properties; loss of key management and employees; potential environmental liabilities; catastrophic events, such as earthquakes and hurricanes; governmental, taxation and other regulatory risks and litigation risks.

Forward-looking statements included in this MD&A are made as of May 9, 2022 and accordingly are subject to change after such date. The REIT does not undertake to update any forward-looking statements that are included in this MD&A, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities laws. Certain statements included in this MD&A may be considered "financial outlook" for purposes of applicable securities laws, and such financial outlook may not be appropriate for purposes other than this MD&A. Investors are cautioned against placing undue reliance on forward-looking statements.

# Highlights

95.3%

Grocery-anchored properties

68.1%

Essential tenants

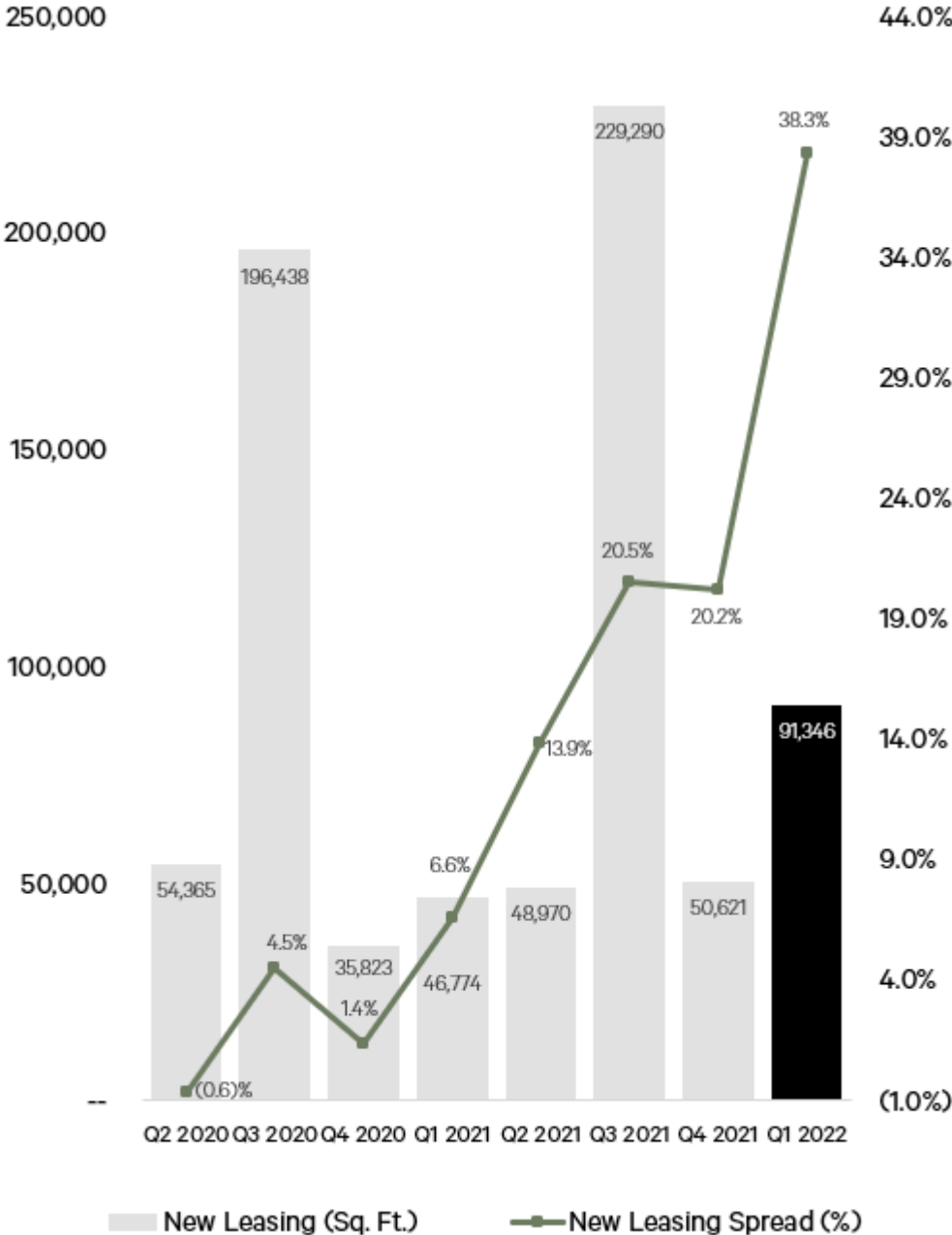
93.2%

Portfolio occupancy

\$1.9B

Critical real estate<sup>1</sup>

Leasing momentum continued in the first quarter of 2022 at healthy spreads



<sup>1</sup> On a proportionate interest basis.

# Top 5 Tenants

Ranked by Annual Base Rent

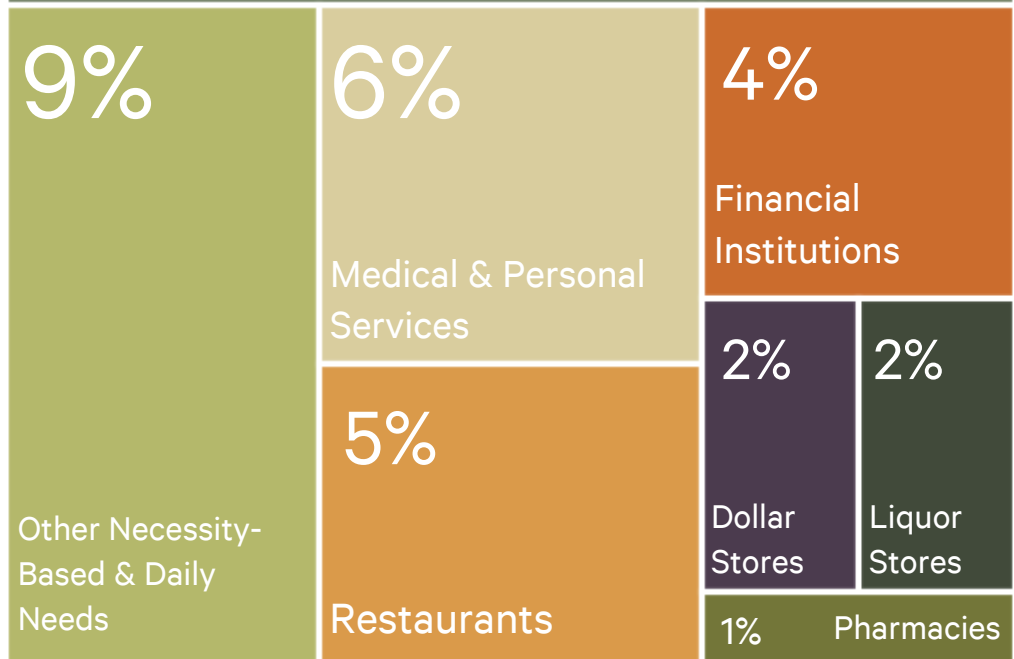
1	8.0%	
2	6.2%	
3	4.5%	
4	3.2%	
5	3.2%	

74.9% remaining tenants across 1,661 leases

# Necessity Based Tenancy<sup>1</sup>

39%

Supermarkets & Grocery<sup>2</sup>



<sup>1</sup> Based on the North American Industry Classification System.  
<sup>2</sup> Includes Walmart.



# publix

FOOD & PHARMACY



# Assets

107

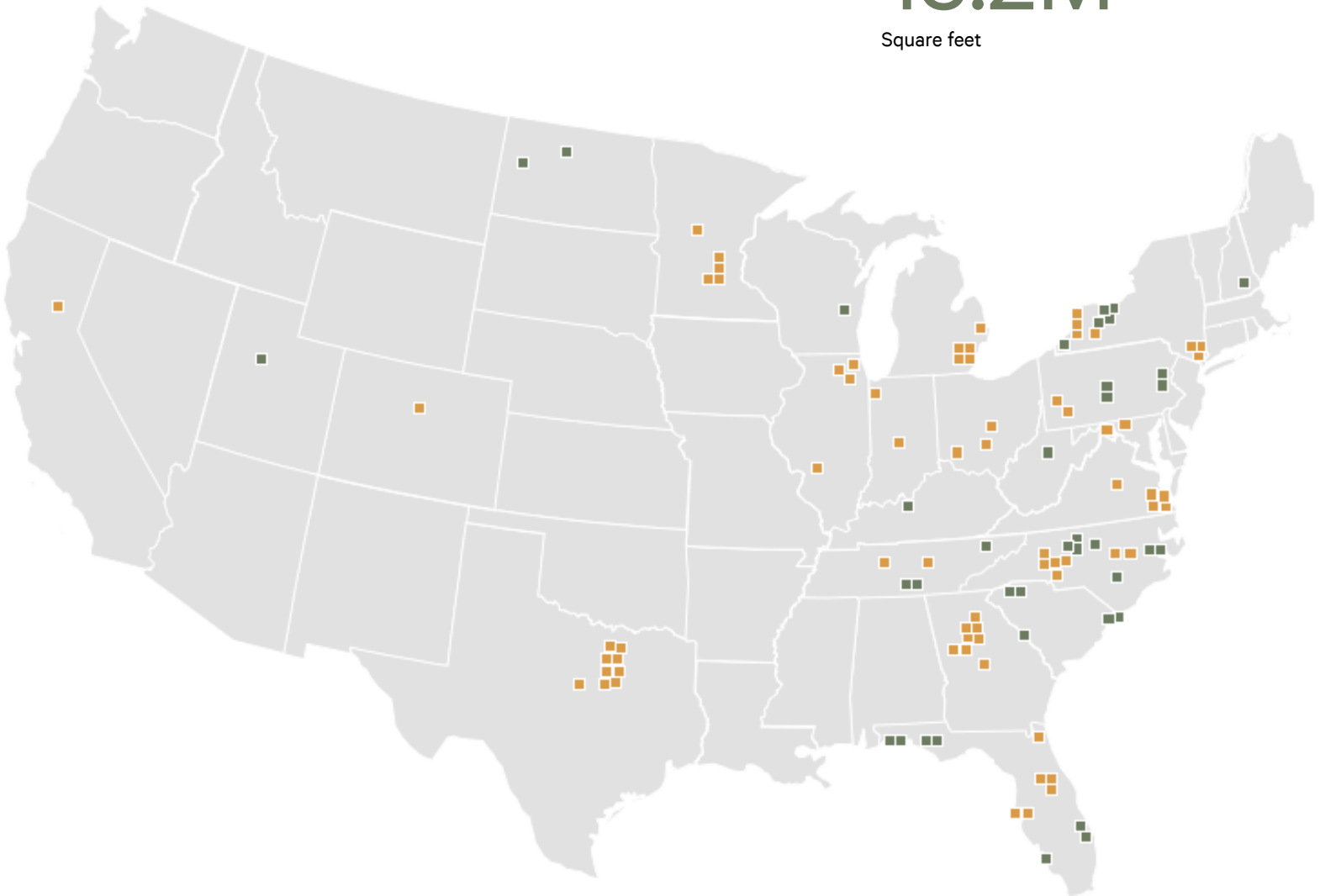
Number of properties

23

States

13.2M

Square feet



## Legend

- Asset
- Presence in 23 of the top 50 U.S. Metropolitan Statistical Areas ("MSAs")



Our experience  
lets us see  
opportunity  
clearly.

# Letter to Unitholders

## Dear Fellow Unitholders,

We began investing in grocery real estate in 2011, on the heels of the global financial crisis, recognizing that this asset class was uniquely defensive in all market environments because of the critical role it plays in facilitating the last mile of food logistics. Today, amid inflationary pressures and global supply chain issues, our grocery real estate continues to demonstrate resiliency and strong performance.

### **Our team's continued operational excellence in the first quarter of 2022 further enhanced the durability of our portfolio.**

Leasing in the first three months of 2022 totaled 410,624 square feet, with positive spreads on renewals and new leasing at 8.9% and 38.3%, respectively. Demand is strong for our less than 10,000 square foot spaces, with certain tenants, such as fitness centers and restaurants, returning to the market. Our asset management team continues to see additional lease-up opportunities in the portfolio that are accretive and will push occupancy up further by the end of the year. All anchored spaces remain fully occupied. Portfolio NOI for the quarter was \$32.2 million. Adjusting for completed redevelopments, same-property NOI increased by \$0.2 million or 0.8% year-over-year.

We continue to track our redevelopment pipeline, \$22.7 million of which includes ongoing projects targeted for completion in the second half of 2022. These projects will provide meaningful value to the portfolio in the current year and beyond.

### **As global macroeconomic pressures mount, our grocery real estate portfolio is uniquely well positioned to ensure long-term, stable income.**

In today's inflationary environment, our real estate is even more valuable to grocers in their efforts to efficiently service the last mile of food logistics. Our grocery tenants have seen meaningful top line revenue growth throughout the pandemic, and we expect that trend to continue, especially as many consumers limit or delay discretionary purchases and increase spending on groceries and other essential goods. However, sustaining that level of demand has made logistics very costly for grocers, underscoring the importance of being close to the end consumer.

Walmart recently announced an in-house program to train existing workers to become truck drivers, increasing their average annual salary for truckers from \$87,000 to as much as \$110,000<sup>1</sup> to retain the necessary talent to keep the supply chain running smoothly. Freight and labor, the two biggest cost factors in grocers' supply chain, are expected to keep rising throughout the year.

Our grocery properties, which are centrally located close to consumers, serve as critical distribution hubs for these grocers, enabling all modes of fulfillment: in store shopping, curbside pick up, and home delivery. Indeed, all of our grocers are using some form of omni-channel, and we are seeing order fulfillment happening at our local stores.

With prices rising, it is becoming more costly for tenants to relocate, let alone build from the ground up, which makes our tenancies even stickier and enhances the long-term stability of our income. The average cost for a new build is over \$275 per square foot and increasing. Our existing portfolio is currently at an approximate 47% discount to this construction cost, at \$145 per square foot. Increasing construction cost will be a positive for assets that have low in-place rents, like those in our portfolio.

Understanding the needs of sophisticated grocers and providing the flexibility to fit their omni-channel strategy helps ensure long-term occupancy within our real estate. Since inception, our grocer-anchor occupancy has been over 97%. In most instances, we simply provide the structure and parking lot, while grocers outfit their spaces, which limits our capital expenditure and provides additional protection against the rising cost of labor, materials and land. However, we have also shown that we can partner with sophisticated grocers by repositioning over \$42.6 million of grocery real estate, enabling us to secure additional term and higher rents.

Net leases also offer protection in an inflationary environment. Over 97% of our leases are net, meaning tenants are responsible for taxes, insurance, and maintenance costs, such as utilities or repairs, in comparison to a gross lease, where those costs are the responsibility of the landlord.

<sup>1</sup> Wall Street Journal, 'Walmart Dangles \$110,000 Starting Pay to Lure Truck Drivers'

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“ As global macroeconomic pressures mount, our grocery real estate portfolio is uniquely well positioned to ensure long-term, stable income. ”

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**Our investments team continues to see numerous opportunities in the US market to acquire accretive grocery assets, which will enable us to continue providing value to our unitholders.**

Our results were strong this quarter, supported by a stable and resilient portfolio. We will continue to focus on efforts to grow the REIT organically and through quality acquisitions accretive to the portfolio. Recently, we announced an at the market program to keep us financially nimble and selectively assist in funding our pipeline. To date, we have raised \$18.6 million at an average price of \$13.59 or a yield of 6.4% at our current distribution. In a fragmented market, we are well-positioned to capitalize on a range of opportunities - both single asset and grocery portfolios - that will create value for our unitholders.

On behalf of the Slate Grocery REIT team and the Board, I would like to thank the investor community for their confidence and support in our efforts.



Sincerely,  
Blair Welch  
CEO, Slate Grocery REIT  
May 9, 2022





# Management's Discussion and Analysis

## SLATE GROCERY REIT

TSX: SGR.U and SGR.UN

March 31, 2022

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## FINANCIAL AND INFORMATIONAL HIGHLIGHTS

(in thousands of United States dollars)

	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
<b>Summary of Portfolio Information</b>						
Number of properties <sup>1</sup>	107	107	107	80	80	75
Gross leasable area ("GLA") <sup>1</sup>	13,182,105	13,174,121	13,174,145	9,916,435	9,959,075	9,554,679
GLA occupied by grocery-anchors <sup>1</sup>	6,235,281	6,230,582	6,230,582	4,775,292	4,785,118	4,614,178
Occupancy <sup>1</sup>	93.2%	93.6%	93.5%	93.2%	93.1%	92.9%
Anchor occupancy <sup>1</sup>	100.0%	100.0%	100.0%	98.6%	98.6%	98.6%
Non-anchor occupancy <sup>1</sup>	87.1%	87.8%	87.8%	87.9%	88.0%	87.5%
Grocery-anchor weighted average lease term (years) <sup>1</sup>	5.2	5.2	5.2	5.6	5.9	6.5
Portfolio weighted average lease term (years) <sup>1</sup>	4.7	4.7	4.7	4.9	5.0	5.3
Square feet ("SF") of new leasing <sup>1</sup>	91,346	50,621	229,290	48,970	46,774	35,823
SF of total leasing <sup>1</sup>	410,624	314,652	425,821	171,458	143,325	480,738
<b>Summary of Financial Information</b>						
Gross book value ("GBV") <sup>2,3</sup>	\$ 1,775,504	\$ 1,737,162	\$ 1,715,471	\$ 1,552,511	\$ 1,539,994	\$ 1,323,554
GBV, Proportionate <sup>2,3</sup>	1,993,004	1,955,072	1,931,144	1,563,941	1,551,257	1,334,990
Debt <sup>3</sup>	937,721	937,744	928,122	766,997	766,616	726,373
Debt, Proportionate <sup>3</sup>	1,148,841	1,149,649	1,140,774	773,662	773,133	733,252
Revenue	38,966	38,348	34,079	33,377	32,471	31,872
Net income (loss) <sup>1</sup>	27,425	20,191	9,603	(3,141)	60,775	21,268
Net operating income ("NOI") <sup>13</sup>	32,179	31,885	25,647	24,037	23,285	22,583
Funds from operations ("FFO") <sup>13,4</sup>	16,209	15,684	13,686	12,545	11,529	11,684
Adjusted funds from operations ("AFFO") <sup>13,4</sup>	13,257	13,266	11,478	10,398	9,450	9,651
Distributions declared	\$ 12,927	\$ 12,927	\$ 11,283	\$ 10,460	\$ 10,460	\$ 9,545
<b>Per Unit Financial Information</b>						
Class U equivalent units outstanding <sup>5</sup>	59,852	59,852	59,852	48,432	48,432	48,432
Weighted Average class U equivalent units outstanding ("WA units")	60,064	60,054	49,742	48,615	48,597	43,752
FFO per WA units <sup>13,4</sup>	\$ 0.27	\$ 0.26	\$ 0.28	\$ 0.26	\$ 0.24	\$ 0.27
AFFO per WA units <sup>13,4</sup>	0.22	0.22	0.23	0.21	0.19	0.22
Declared distributions per unit	\$ 0.2160	\$ 0.2160	\$ 0.2160	\$ 0.2160	\$ 0.2160	\$ 0.2160
<b>Financial Ratios</b>						
FFO payout ratio <sup>13,4,6,7</sup>	79.8%	82.4%	82.4%	83.4%	90.7%	81.7%
AFFO payout ratio <sup>13,4,6,7</sup>	97.5%	97.4%	98.3%	100.6%	110.7%	98.9%
Debt / GBV <sup>8</sup>	52.8%	54.0%	54.1%	53.0%	53.5%	54.9%
Weighted average interest rate <sup>9</sup>	4.13%	4.09%	4.03%	4.14%	4.25%	4.22%
Interest coverage ratio	2.94x	2.98x	2.73x	2.59x	2.50x	2.45x

All portfolio information is for the three month period ended, and all other amounts are as at the end of the period.

<sup>1</sup>Includes the REIT's share of joint venture investments.

<sup>2</sup>GBV is equal to total assets.

<sup>3</sup>Refer to non-IFRS financial measures on page 16.

<sup>4</sup>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.

<sup>5</sup>Represents the total number of class U units outstanding, if all other units of the REIT, its subsidiaries, and its deferred unit plan, were converted or exchanged, as applicable, for class U units of the REIT.

<sup>6</sup>Adjusting to exclude the impact of the September distributions in relation to the subscription receipt offering completed in the third quarter of 2021 for the acquisition of the 25 grocery-anchored portfolio, FFO payout ratio and AFFO payout ratio for the third quarter of 2021 would be 76.5%, and 91.2%, respectively.

<sup>7</sup>FFO payout ratio and AFFO payout ratio is equal to distributions declared divided by FFO and distributions declared divided by AFFO, respectively.

<sup>8</sup>Excludes subscription receipt funds in escrow for first and second quarter of 2021.

<sup>9</sup>Includes the impact of pay-fixed receive-float swaps.

## PART I – OVERVIEW

### INTRODUCTION

This MD&A of the financial position and results of operations of Slate Grocery REIT (TSX: SGR.U and SGR.UN) and its subsidiaries (collectively, the "REIT") is intended to provide readers with an assessment of performance and summarize the financial position and results of operations of the REIT for the period ended March 31, 2022. The presentation of the REIT's financial results, including the related comparative information, contained in this MD&A are based on the REIT's condensed consolidated interim financial statements for the period ended March 31, 2022 (the "consolidated financial statements"), which have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). This MD&A should be read in conjunction with those financial statements. All amounts are in thousands of United States dollars, which is the functional currency of the REIT and all of its subsidiaries.

The information contained in this MD&A is based on information available to the REIT and is dated as of May 9, 2022, which is also the date the Board of Trustees, upon the recommendation of its Audit Committee, approved the contents of this MD&A.

### PROFILE

The REIT is an unincorporated open-ended real estate mutual fund trust constituted in accordance with the laws of the Province of Ontario pursuant to an amended and restated Declaration of Trust dated as of April 15, 2014, as amended on August 17, 2020. As of March 31, 2022, the REIT owns 107 grocery-anchored properties located in the United States of America (the "U.S.") comprising 13.2 million square feet of GLA.

The REIT is externally managed and operated by Slate Asset Management (Canada) L.P. (the "Manager" or "Slate"). The Manager has an experienced and dedicated team of real estate professionals with a proven track record of success in real estate investment and management. Management's interests are aligned with the unitholders of the REIT through its sponsorship and as a significant unitholder of the REIT. Slate is a significant unitholder in the REIT, with an approximate 5.6% interest, and accordingly, is highly motivated to increase the value to unitholders and provide reliable growing returns to the REIT's unitholders.

Additional information on the REIT, including its Annual Information Form, is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the REIT's website at [www.slategroceryreit.com](http://www.slategroceryreit.com).

### STRATEGY AND OUTLOOK

Our strategy is to own the last mile of essential logistics that allows our quality grocery-anchored properties to operate and service consumers for their everyday needs. Located in major markets in the U.S., we believe that our diversified portfolio and quality tenant covenants provides a strong basis to continue to grow unitholder distributions and flexibility to capitalize on opportunities that provide value appreciation.

We are focused on the following areas to achieve the REIT's objectives:

- Be disciplined in our acquisition of well-located properties that provide opportunity for future value creation;
- Proactive property and asset management that results in NOI growth while minimizing property and portfolio vacancy exposure;
- Prudent and disciplined management of capital outlays that will maintain and increase the attractiveness of the REIT's portfolio and achieve increased rents; and
- Continue to increase the REIT's financial strength and flexibility through robust balance sheet management.

The REIT's internal growth strategy includes the following:

- Maintaining strong tenant relationships and ensuring tenant retention: Slate expects to continue to nurture its many longstanding relationships with existing tenants by anticipating and adapting to their changing needs and being proactive with lease renewals. Slate understands the value of maintaining existing tenancies and will engage in ongoing discussions with tenants throughout their lease term to be proactive in negotiating early renewals as leases approach their expiries. The growing size of the REIT's portfolio will help strengthen its longstanding relationships with existing tenants and allow Slate to offer leasing opportunities across multiple properties. This strategy will promote organic growth by minimizing marketing, leasing and tenant improvement costs and avoiding interruptions in rental income generation.
- Maximizing rental income through leasing initiatives: Slate expects to maintain the current high level of occupancy in the REIT's properties by leveraging Slate's established leasing platform. Slate intends to continue to implement active strategies that take into consideration prevailing economic conditions, the nature of the property, its local positioning, as well as existing and prospective tenants. Many of the REIT's properties are located in areas with low vacancy rates and minimal new competitive supply, which should minimize leasing costs and allow the REIT to replace in-place rents with increased market rents as leases expire. Slate also seeks to continue to include contractual rent escalators in leases to further facilitate growth in rental income.
- Repositioning current properties: Slate believes that in a number of situations there exists the opportunity to reposition properties currently held by the REIT through modest and targeted capital projects and/or operational improvements.
- Acting creatively and opportunistically to drive incremental value through monetization of the REIT's land and assets by densification, leasing of rooftops, parking lots and other elements of the REIT's properties.

The REIT will continue to focus on acquiring diversified revenue producing commercial real estate properties with a focus on grocery-anchored properties. The REIT's external growth strategy includes the following:

- Opportunity to benefit from its relationship with Slate: The REIT anticipates that its continuing relationship with Slate provides opportunities to acquire additional properties. Slate has a strong track record of closing acquisitions and believes that it can grow the asset base of the REIT on an accretive basis in the near to medium term.
- Identify undervalued properties: Slate's extensive relationships with a network of U.S.-based commercial real estate brokers allows it to identify undervalued properties, many of which may be "off-market" or not widely marketed for sale. With over 40,000 grocery stores in the U.S., there are significant opportunities for the REIT to continue its strategy of acquiring attractive, revenue-producing grocery-anchored properties. Slate's familiarity with the REIT's properties allows it to identify complementary acquisition opportunities that are aligned with the REIT's investment criteria and accretive to cash flow. The REIT seeks to acquire properties that are: (i) located in major metropolitan areas in the U.S. that demonstrate favourable population and employment growth dynamics; (ii) located in well-developed sub-markets with limited risk of new development; and (iii) anchored by market dominant grocers and other essential tenants who fulfill the last mile of logistics and have a proven track record of strong sales and profitability. Slate will continue to target major metropolitan areas in the U.S. outside of gateway markets where there is typically more competition and less favourable pricing for quality assets.
- Apply Slate's hands-on asset management philosophy: Even though Slate targets assets that are stable, income producing properties, Slate will continue to assess each property to determine how to optimally refurbish, reposition and re-tenant the property. Slate will continue to work closely with contractors to reduce operating costs and will oversee capital expenditure projects to ensure they are on budget and completed on time. In addition, Slate will continue to: (i) focus on rebuilding and strengthening tenant relationships with a view to gaining incremental business and extending stable tenant leases; and (ii) outsource property management and other real estate property functions to lower the operating costs borne by the tenants. This cost reduction further improves tenant relationships and will increase the net operating income of the REIT's properties.

The REIT has established itself as both a leading and differentiated owner and operator of grocery-anchored properties in the U.S. The REIT's critical real estate infrastructure and strong credit tenants provide unitholders with durable cash flows and the potential for capital appreciation over the longer term.

## NON-IFRS FINANCIAL MEASURES

We disclose a number of financial measures in this MD&A that are not measures determined in accordance with IFRS, including NOI, same-property NOI, FFO, FFO payout ratio, AFFO, AFFO payout ratio, adjusted earnings before interest, tax, depreciation and amortization ("Adjusted EBITDA") and the interest coverage ratio, in addition to certain measures on a per unit basis. 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 this MD&A. 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. Reconciliations of these non-IFRS measures to the most directly comparable financial measures calculated and presented in accordance with IFRS are included within this MD&A.

The definition of non-IFRS financial measures are as follows:

- 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 joint venture investments. 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. NOI margin is defined as NOI divided by revenue, prior to straight-line rent.
- 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 income, adjustments for joint venture investments 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.
- Proportionate interest represents financial information adjusted to reflect the REIT's equity accounted joint ventures on a proportionately consolidated basis at the REIT's ownership percentage of the related investment.



## ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

At Slate, we believe the responsibility of a fiduciary is not limited to generating investment returns – it is about treating people, our partners and our environment with respect and setting an example for others through our conduct. In November 2021, Slate hired Bozena Jankowska as Global Head of Environmental, Social and Corporate Governance, who is responsible for implementing and advancing environmental, social, and corporate governance ("ESG") practices and thought leadership across Slate and its investment activities in line with Slate's ESG policy.

The policy provides a detailed framework for Slate's commitment across key areas (i) climate change, (ii) resource efficiency, (iii) social impact, and (iv) ethical business conduct. Management believes that a rigorous approach to ESG will further enhance the value we provide to our investors, tenants, communities, and employees by reducing our environmental impact, creating sustainable spaces where tenants and communities thrive, and creating a superior culture and work environment for our team members. Slate is committed to integrating ESG into its investment process, by identifying and managing issues that are material to each investment during its lifecycle. The consideration of ESG factors can be summarized as follows:

### Environmental

Slate recognizes that climate change is the most pressing challenge facing the world today and that it has a role to play in delivering the change needed to reduce carbon emissions arising from its properties. Slate believes that managing climate change risks and opportunities brings key benefits which include managing regulatory and reputational risk, sharing costs and savings with tenants, reducing risk of stranded assets and enhanced asset value and desirability. By consistently managing environmental impacts and achieving efficiency gains, Slate believes there is an opportunity to own efficient and resilient buildings that serve our tenants, local communities, and the environment. For example, white roofs aid in the reduction of global warming by lowering energy consumption, greenhouse gas emissions and heat buildup in cities. As of today, approximately 7.6 million of GLA or 56% of the REIT's properties have been modified to white roofs. In addition, to further compliment the REIT's ongoing initiative to reduce energy and emissions, Slate continues to move forward with its plan to convert a minimum of five properties annually to LED lighting.

### Social

Slate believes that by fostering strong relationships and collaboration with tenants and stakeholders at the property level, supports the creation of resilient, safe, and sustainable communities. In addition to our investment activities, as manager of the REIT, Slate is committed to integrating ESG throughout its own corporate operations by focusing on factors that are important to our employees and communities. This includes fostering a diverse and inclusive work environment, investing in the health, safety, and well-being of our teams, and engaging and supporting individual growth, professional development, and mentorship.

### Governance

Good governance drives everything that Slate does. Integrity, accountability, and trust are at the core of Slate's culture. Slate believes that integrating ESG practices into its management practices, processes and systems is key to the long-term success of its business and is aligned with its commitment to good business conduct and ethics.

To learn more about our ESG initiatives please visit our website: [www.slategroceryreit.com](http://www.slategroceryreit.com).

## RISKS AND UNCERTAINTIES

In addition to the risks and uncertainties included herein, the REIT's business is subject to a number of risks and uncertainties which are described in its most recently filed Annual Information Form for the year ended December 31, 2021, available on SEDAR at [www.sedar.com](http://www.sedar.com). Additional risks and uncertainties not presently known to the REIT or that the REIT currently considers immaterial also may impair its business and operations and cause the price of the REIT's units to decline in value. If any of the noted risks actually occur, the REIT's business may be harmed and the financial condition and results of operations may suffer significantly. In that event, the trading price of the units could decline, and unitholders may lose all or part of their investment.

## RECENT DEVELOPMENTS

The following is a summary of the key financial and operational highlights and recent developments for the REIT for the three month period ended March 31, 2022:

- Completed 410,624 square feet of leasing in the quarter, including 91,346 square feet of new leasing at a 38.3% spread and renewals totaling 319,278 square feet at an 8.9% rental spread. Occupancy remains stable at 93.2%.
- Rental revenue for the first quarter was \$39.0 million, which represents a \$6.5 million increase over the same period in the prior year. The increase is primarily driven by the acquisition of 27 grocery-anchored properties, increases in rental rates from re-leasing, and new leasing typically above in-place rent from March 31, 2021.
- NOI was \$32.2 million for the first quarter, which represents an increase of \$0.3 million from the fourth quarter of 2021. The increase is due to a positive impact from new leasing in the 2021 year, and improved operating recoveries.
- Same-property NOI for the first quarter (comprised of 65 properties) increased by 0.1% over the comparative period due to the aforementioned leasing activity and improved rental spreads, partially offset by temporary vacancies. Same-property NOI for the trailing twelve month period ended March 31, 2022 (comprised of 56 properties) increased by 0.7% over the same period in the prior year. Including the impact of completed redevelopments, same-property NOI for the three month period ended March 31, 2022 increased by \$0.2 million or 0.8%, and same-property NOI for the trailing twelve month period ended March 31, 2022 increased by \$2.0 million or 2.7%, over the respective comparative periods.

- The REIT recognized net income of \$27.4 million for the three month period ended March 31, 2022, which is a \$33.4 million decrease compared to the same period in the prior year. The decrease is attributed to non-cash impacts, including changes in fair value of properties and change in fair value of financial instruments, partially offset by the aforementioned increases in NOI.
- FFO was \$16.2 million, which represents a \$4.7 million increase from the comparative period, mainly due to increases in NOI, partially offset by increases in cash interest paid.
- AFFO increased by \$3.8 million to \$13.3 million from the comparative period. The increase is primarily due to increases in FFO, partially offset by an increase in capital expenditures.
- On March 30, 2022, the REIT established an at the market equity program ("ATM program") that allows the REIT to issue, at its discretion, up to an aggregate of \$150.0 million of class U units of the REIT to the public over a 25-month period. The REIT may distribute units from time to time through its agent in accordance with the terms of the distribution agreement. Subsequent to the period ended March 31, 2022, the REIT issued a total of 1.4 million class U units of the REIT under the ATM program at an average share price of C\$16.95 (USD\$13.59) for proceeds, net of costs of \$18.6 million.

## PART II – LEASING AND PROPERTY PORTFOLIO

### LEASING

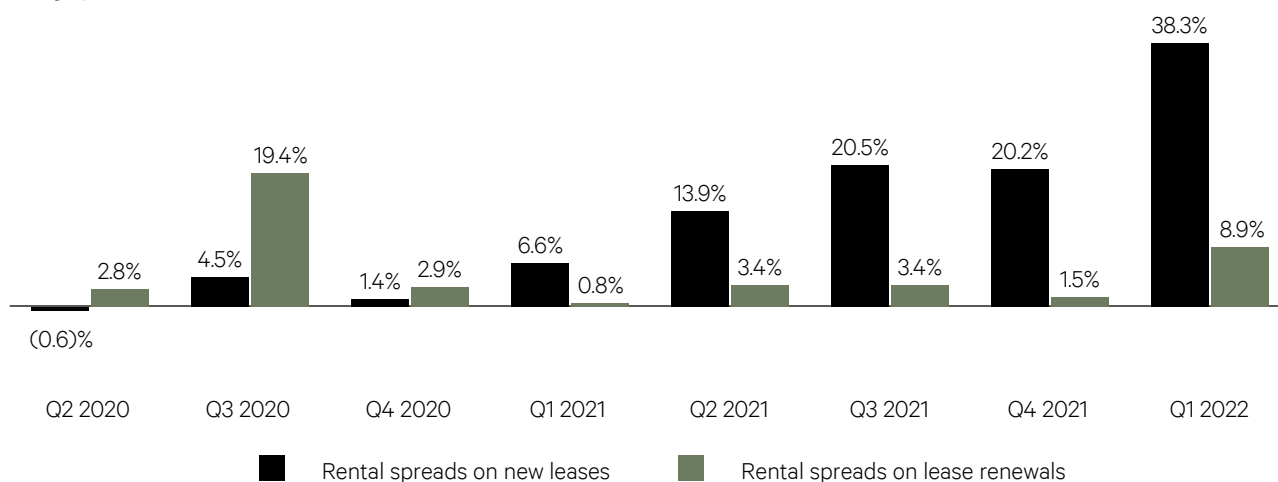
The REIT strives to ensure that its properties are well occupied with tenants who have space that allow them to meet their own business objectives. Accordingly, the REIT proactively monitors its tenant base with the objective to renew in advance of lease maturities, backfill tenant vacancies in instances where a tenant will not renew, or if there is an opportunity to place a stronger or more suitable tenant in the REIT's properties, management endeavors to find a suitable solution.

The following table summarizes the REIT's leasing activity for the four most recent quarters:

Square feet	Deal type		Q1 2022	Q4 2021	Q3 2021	Q2 2021
Less than 10,000	Renewal	Leases signed	57	36	43	29
		Total square feet	127,387	82,743	101,996	77,489
		Average base rent	\$ 20.26	\$ 19.24	\$ 16.57	\$ 16.94
		Rental spread	13.1%	5.4%	5.4%	5.3%
Greater than 10,000	Renewal	Leases signed	9	5	4	4
		Total square feet	191,891	181,288	94,535	44,999
		Average base rent	\$ 10.68	\$ 9.25	\$ 11.47	\$ 13.50
		Rental spread	4.0%	(2.0%)	0.6%	(0.5%)
<b>Total renewals (square feet)</b>			<b>319,278</b>	<b>264,031</b>	<b>196,531</b>	<b>122,488</b>
Less than 10,000	New lease	Leases signed	14	20	8	16
		Total square feet	31,073	39,776	15,940	28,960
		Average base rent	\$ 21.11	\$ 18.70	\$ 16.83	\$ 17.31
		Rental spread	19.5%	23.3%	23.8%	10.9%
Greater than 10,000	New lease	Leases signed	1	1	6	1
		Total square feet	60,273	10,845	213,350	20,010
		Average base rent	\$ 18.76	\$ 13.00	\$ 8.63	\$ 7.50
		Rental spread	52.2%	5.9%	20.0%	25.0%
<b>Total new leases (square feet)</b>			<b>91,346</b>	<b>50,621</b>	<b>229,290</b>	<b>48,970</b>
<b>Total leasing activity (square feet)<sup>1</sup></b>			<b>410,624</b>	<b>314,652</b>	<b>425,821</b>	<b>171,458</b>

<sup>1</sup>Includes the REIT's share of joint venture investments.

#### Leasing Spreads



During the first quarter, management completed 319,278 square feet of lease renewals and 91,346 square feet of new leasing. The weighted average rental rate increase on renewals completed for leases less than 10,000 square feet was \$2.35 per square foot or 13.1% higher than expiring rent. The weighted average base rent on renewals completed for leases greater than 10,000 square feet was \$0.41 per square foot or 4.0% higher than expiring rent.



The weighted average base rent on all new leases completed greater than 10,000 square feet was \$18.76 per square foot, which is \$6.44 per square foot or 52.2% higher than the weighted average in-place rent for comparable space across the portfolio. The weighted average base rent on all new leases completed less than 10,000 square feet was \$21.11, which is \$3.45 per square foot or 19.5% higher than average in-place rent.

#### Lease maturities

The REIT generally enters into leases with initial terms to maturity between 5 and 10 years with our grocery-anchor tenants. The initial terms to maturity for non-anchor space tend to be of a shorter duration between 3 and 5 years. The weighted average remaining term to maturity of the REIT's grocery-anchor and non-grocery-anchor tenants as at March 31, 2022 was 5.2 years and 4.1 years, respectively, not including tenants on month-to-month leases. On a portfolio basis, the weighted average remaining term to maturity is 4.7 years.

The following table summarizes the composition of the remaining term to maturity of the REIT's leases at March 31, 2022:

	Weighted average term to maturity	GLA <sup>1</sup>	GLA %
Grocery-anchor	5.2	6,235,281	47.3%
Non-anchor	4.1	5,717,840	43.4%
<b>Total</b>	<b>4.7</b>	<b>11,953,121</b>	<b>90.7%</b>
Month-to-month		336,281	2.6%
Vacant		892,703	6.7%
<b>Total GLA</b>		<b>13,182,105</b>	<b>100.0%</b>

<sup>1</sup>Includes the REIT's share of joint venture investments.

Occupancy is determined based on lease commencement. The following table shows the change in occupancy during the three month period ended March 31, 2022:

	Total GLA <sup>1</sup>	Occupied GLA <sup>1,2</sup>	Occupancy
December 31, 2021	13,174,121	12,329,624	93.6%
Leasing changes	7,984	(40,222)	(0.4%)
<b>March 31, 2022</b>	<b>13,182,105</b>	<b>12,289,402</b>	<b>93.2%</b>

<sup>1</sup>Includes the REIT's share of joint venture investments.

<sup>2</sup>Leasing changes include new leases, lease buyouts, expirations, and terminations.

Occupancy has decreased 0.4% to 93.2% from December 31, 2021, primarily due to shop space vacancies and one junior anchor vacancy, partially offset by 31,081 square feet of new leasing. New leasing comprised of O'Reilly Auto Parts at Pine Creek Shopping Center, Hope Fitness at Gainsborough Square, and Evolve Chiropractic at North Lake Commons.

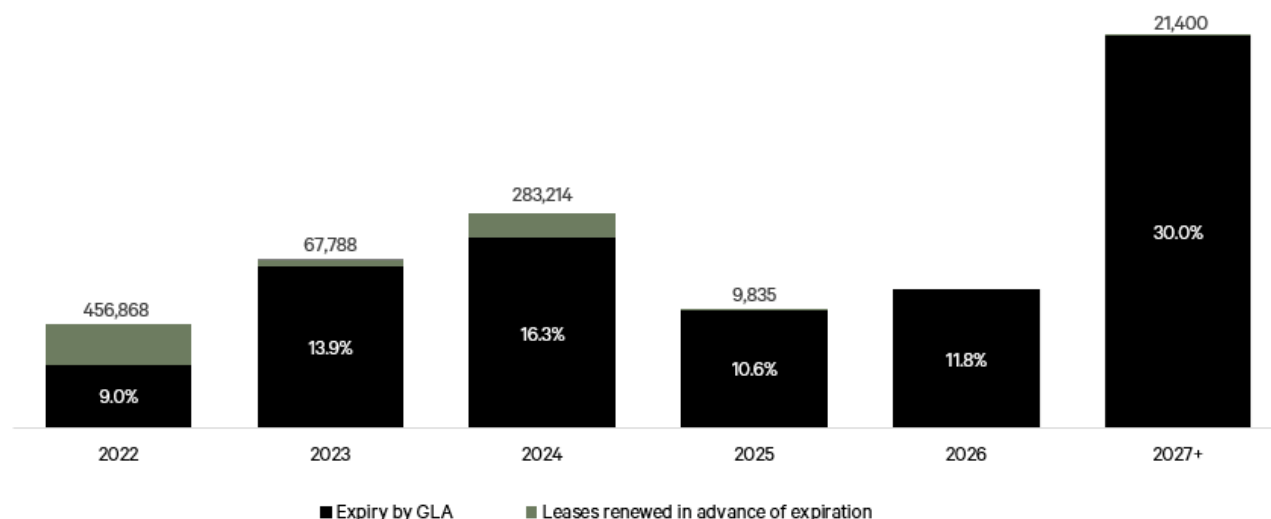
The following is a profile of the REIT's leases excluding the impact of tenant extension options:

GLA expiration	Grocery-anchor			Non-anchor			Total		
	GLA	Percentage of portfolio	Average in-place rent	GLA	Percentage of portfolio	Average in-place rent	GLA	Percentage of portfolio	Average in-place rent
Month-to-month	—	—%	\$ —	336,281	2.6%	\$ 13.97	336,281	2.6%	\$ 13.97
2022	237,888	1.8%	6.80	463,803	3.5%	13.96	701,691	5.3%	11.53
2023	823,349	6.2%	7.20	999,248	7.6%	15.11	1,822,597	13.8%	11.54
2024	1,282,494	9.7%	8.57	855,396	6.5%	16.11	2,137,890	16.2%	11.59
2025	564,738	4.3%	8.34	764,278	5.8%	14.29	1,329,017	10.1%	11.76
2026	917,848	7.0%	9.26	640,566	4.9%	15.48	1,558,415	11.8%	11.82
2027 and later	2,408,964	18.3%	9.88	1,994,549	15.0%	13.57	4,403,511	33.4%	11.55
Vacant	—	—%	N/A	892,703	6.8%	N/A	892,703	6.8%	N/A
<b>Total / weighted average <sup>1</sup></b>	<b>6,235,281</b>	<b>47.3%</b>	<b>\$ 8.91</b>	<b>6,946,824</b>	<b>52.7%</b>	<b>\$ 14.53</b>	<b>13,182,105</b>	<b>100.0%</b>	<b>\$ 11.68</b>

<sup>1</sup>Includes the REIT's share of joint venture investments.

The REIT endeavors to proactively lease upcoming expiries in advance of maturity to de-risk the portfolio, maintain high occupancy levels, ensure a proper mix of tenants at each property and certainty in cash flows. The following is a table of lease expiries at March 31, 2022 and pre-existing future maturities that were leased in advance during 2022:

#### Lease Expiries and Pre-existing Future Maturities



The following table summarizes remaining expiries:

GLA Expiration	March 31, 2022		December 31, 2021		September 30, 2021		June 30, 2021	
	Number of tenants	GLA	Number of tenants	GLA	Number of tenants	GLA	Number of tenants	GLA
Anchors	3	237,888	6	388,314	—	—	—	—
Non-anchors	239	463,803	286	797,372	48	155,667	81	225,909
<b>Remaining expiries<sup>1</sup></b>	<b>242</b>	<b>701,691</b>	<b>292</b>	<b>1,185,686</b>	<b>48</b>	<b>155,667</b>	<b>81</b>	<b>225,909</b>
<b>Percentage of occupied portfolio<sup>1</sup></b>		<b>5.7%</b>		<b>9.6%</b>		<b>1.3%</b>		<b>2.5%</b>

<sup>1</sup>Includes the REIT's share of joint venture investments.

At March 31, 2022, remaining 2022 expiries represents 5.7% of the portfolio's occupied GLA, with 463,803 square feet related to non-anchor tenants. Comparatively, at December 31, 2021 remaining 2021 expiries totaled 1,185,686 or 9.6% of the occupied gross leasable area for the portfolio. At September 30, 2021 remaining 2021 expiries totaled 155,667 equating to 1.3% of the occupied portfolio. At June 30, 2021, remaining 2021 expiries totaled 225,909 equating to 2.5% of the occupied portfolio.

#### Retention rates

The asset management team strives to maintain strong relationships with all tenants, especially the REIT's grocery-anchor tenants. In certain cases, management has not sought renewals with larger tenants, including in cases where a better user is available, or a redevelopment opportunity exists. Management believes that this success is a result of the strong relationships maintained with tenants and the REIT's underwriting which, in part, considers the relative strength of grocery-anchors in the respective market, recent capital investment by grocers and, where possible, the profitability of the store. Management expects a lower retention rate for our non-grocery-anchor tenants as a result of the dynamics and natural turnover of certain businesses over time which gives us opportunity to re-lease space, potentially at higher rates, and improve overall credit and tenant mix.

The following are the REIT's retention rates for the three month period ended March 31, 2022, and the year ended December 31, 2021 for both grocery-anchor and non-grocery-anchor tenants:

Retention rate <sup>1</sup>	Three months ended March 31, 2022	Year ended December 31, 2021
Grocery-anchor	100.0%	99.4%
Non-grocery-anchor	87.1%	87.8%
<b>Net total / weighted average<sup>2</sup></b>	<b>93.2%</b>	<b>93.5%</b>

<sup>1</sup>Retention rate excludes instances where management has not sought a renewal, primarily related to redevelopment or property portfolio management opportunities.

<sup>2</sup>Includes the REIT's share of joint venture investments.

The following are the REIT's incremental change in base rent for the four most recent quarters:

	For the three months ended,			
	March 31, 2022	December 31, 2021	September 30, 2021	June 30, 2021
<b>Renewals</b>				
Square feet	319,278	264,031	196,531	122,488
Expiring rent per square foot <sup>1</sup>	\$ 13.32	\$ 12.20	\$ 13.65	\$ 15.16
Rent spread per square foot <sup>1</sup>	1.18	0.18	0.47	0.51
<b>Vacated</b>				
Square feet <sup>2</sup>	91,602	33,658	54,650	32,336
Expiring rent per square foot <sup>1</sup>	\$ 14.07	\$ 16.08	\$ 12.67	\$ 15.90
<b>New</b>				
Square feet	91,346	50,621	229,290	48,970
New rent per square foot <sup>1</sup>	\$ 19.56	\$ 17.48	\$ 9.20	\$ 13.30
<b>Total base rent retained <sup>3</sup></b>	<b>\$ 2,964</b>	<b>\$ 2,680</b>	<b>\$ 1,990</b>	<b>\$ 1,343</b>
<b>Incremental base rent <sup>3</sup></b>	<b>\$ 2,163</b>	<b>\$ 932</b>	<b>\$ 2,202</b>	<b>\$ 714</b>

<sup>1</sup> Calculated on a weighted average basis.

<sup>2</sup> Adjusted for lease buyouts and vacancies due to redevelopment.

<sup>3</sup> Includes the REIT's share of joint venture investments.

#### In-place and market rents

The REIT's leasing activity during the three month period ended March 31, 2022 is as follows:

	GLA	Number of tenants	Weighted average expiring rent	Weighted average new rent
Renewed leases	319,278	66	\$ 13.32	\$ 14.50
New leases	91,346	15	n/a	19.56
<b>Total / weighted average</b>	<b>410,624</b>	<b>81</b>	<b>\$ 13.32</b>	<b>\$ 15.63</b>
Less, leases not renewed / vacated during term <sup>1</sup>	(91,602)	(22)	\$ 14.07	N/A
<b>Net total / weighted average <sup>2</sup></b>	<b>319,022</b>	<b>59</b>	<b>N/A</b>	<b>\$ 15.63</b>

<sup>1</sup> Adjusted for lease buyouts and vacancies due to redevelopment.

<sup>2</sup> Includes the REIT's share of joint venture investments.

#### Net rental rates

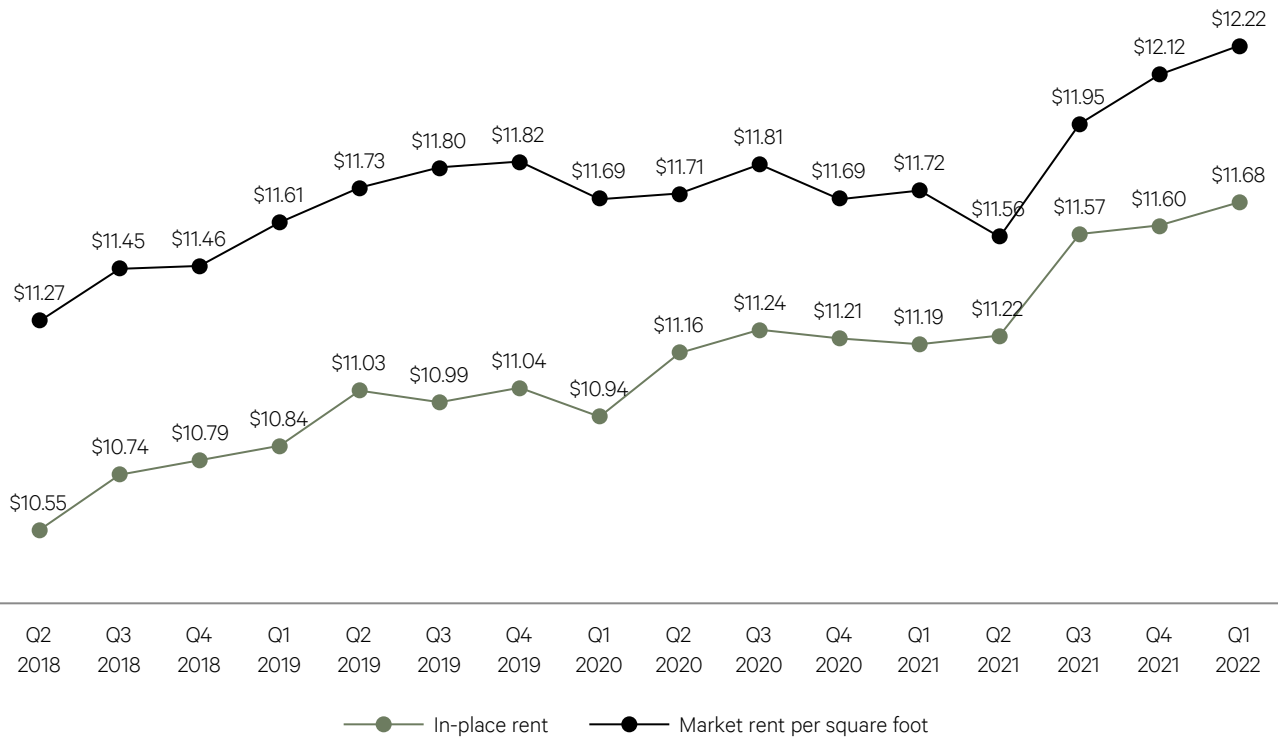
The following table is a summary of in-place rent for the eight most recent financial quarters of the REIT:

	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Grocery rent	\$ 8.91	\$ 8.84	\$ 8.81	\$ 8.39	\$ 8.39	\$ 8.38	\$ 8.35	\$ 8.28
Shop space rent	14.53	14.42	14.39	14.25	14.18	14.27	14.33	14.17
<b>Total <sup>1</sup></b>	<b>\$ 11.68</b>	<b>\$ 11.60</b>	<b>\$ 11.57</b>	<b>\$ 11.22</b>	<b>\$ 11.19</b>	<b>\$ 11.21</b>	<b>\$ 11.24</b>	<b>\$ 11.16</b>
<b>Market rent <sup>2</sup></b>	<b>\$ 12.22</b>	<b>\$ 12.12</b>	<b>\$ 11.95</b>	<b>\$ 11.56</b>	<b>\$ 11.72</b>	<b>\$ 11.69</b>	<b>\$ 11.81</b>	<b>\$ 11.71</b>

<sup>1</sup> Includes the REIT's share of joint venture investments.

<sup>2</sup> Market rent represents the REIT's estimate of market rents for its properties on a weighted average basis. Market rents are determined based, in part, on broker feedback, market transactions and completed deals.

### In-place Rent Versus Estimated Market Rent



The REIT leases to high-quality tenants in well located centres typically below the average market rent for U.S. strip centres, allowing for increased value in the portfolio through rental rate growth.

### PROPERTY PROFILE

#### Professional management

Through professional management of the portfolio, the REIT intends to ensure its properties portray an image that will continue to attract consumers as well as provide preferred locations for its tenants. Well-managed properties enhance the shopping experience and ensure customers continue to visit the centres. Professional management of the portfolio has enabled the REIT to maintain a high occupancy level, currently 93.2% at March 31, 2022 (December 31, 2021 – 93.6%, September 30, 2021 – 93.5%, June 30, 2021 – 93.2%, March 31, 2021 – 93.1%).

Occupancy has decreased by 0.4% to 93.2% from December 31, 2021, primarily due to shop space vacancies and one junior anchor vacancy, partially offset by 31,081 square feet of new leasing. New leasing comprised of O'Reilly Auto Parts at Pine Creek Shopping Center, Hope Fitness at Gainsborough Square, and Evolve Chiropractic at North Lake Commons.

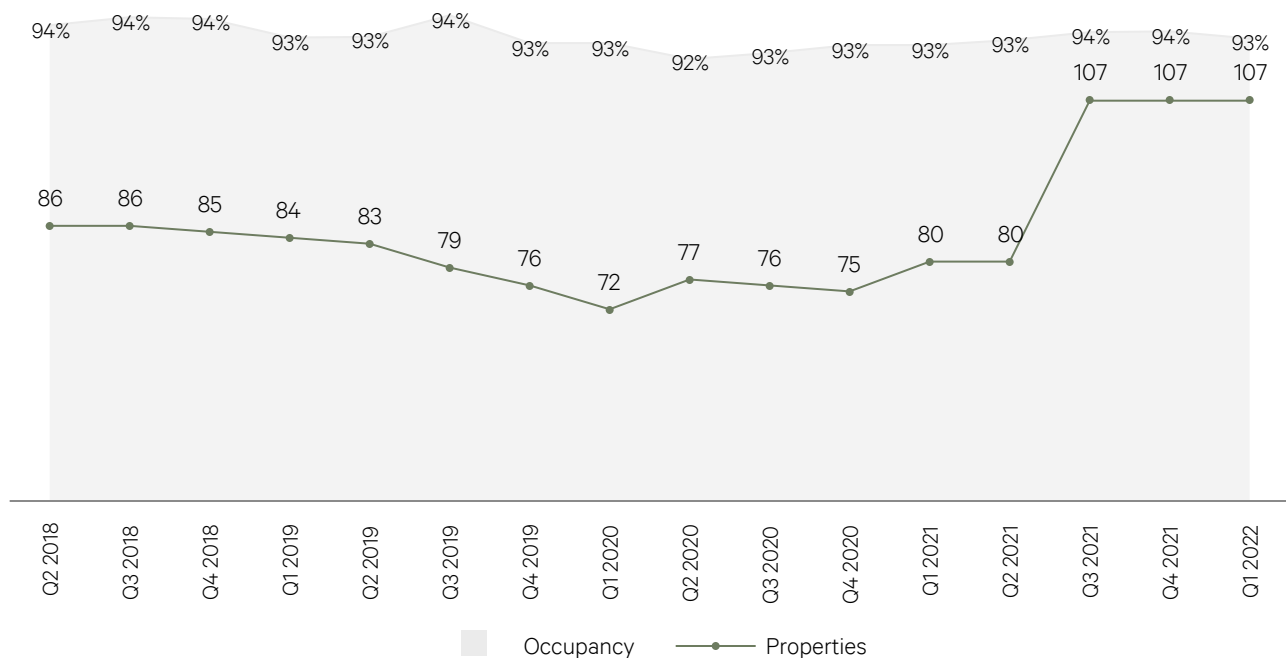


The following table shows the occupancy rate of the REIT's portfolio:

	2018			2019				2020				2021				2022
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Properties <sup>1</sup>	86	86	85	84	83	79	76	72	77	76	75	80	80	107	107	107
Occupancy <sup>1</sup>	93.9%	94.3%	94.2%	93.3%	93.3%	94.4%	93.0%	92.8%	92.2%	92.5%	92.9%	93.1%	93.2%	93.5%	93.6%	93.2%

<sup>1</sup>Includes the REIT's share of joint venture investments.

### Historical Occupancy Rates



### Geographic overview

The REIT's portfolio is geographically diversified. As of March 31, 2022, the REIT's 107 properties were located in 23 states with a presence in 47 MSAs. The REIT has 54 properties, or 50.5% of the total portfolio, located in the U.S. sunbelt region. Markets within this region benefit from strong underlying demographic trends, above average employment, and population growth. This provides the REIT opportunities to progressively drive operational efficiencies and sustainable growth.

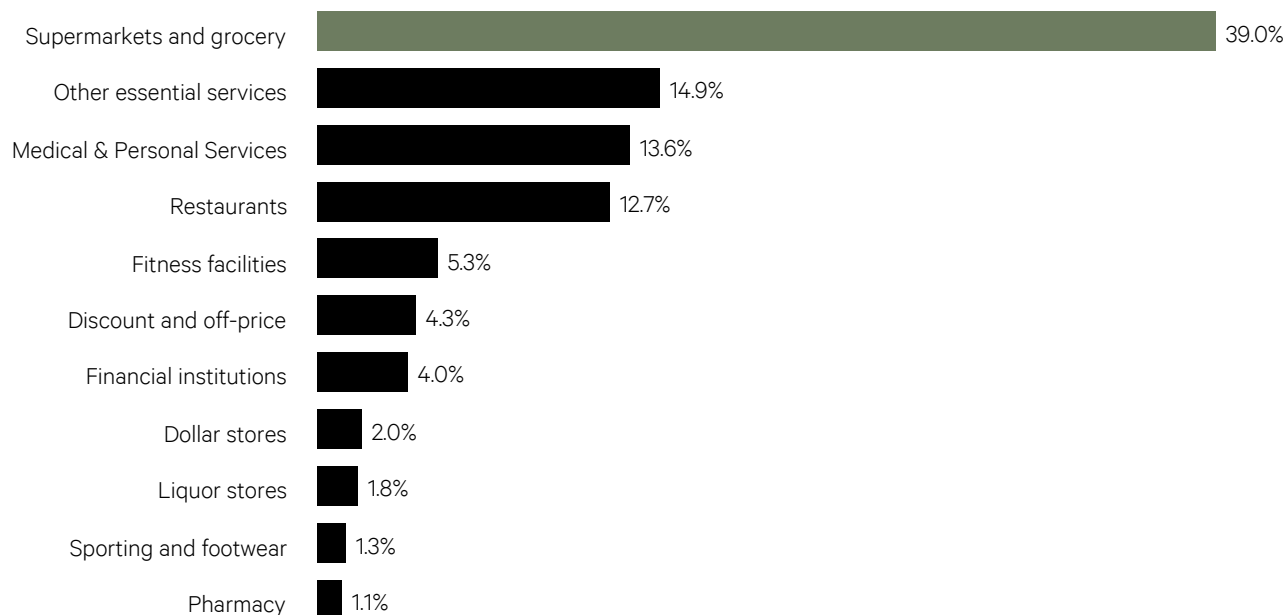
The following is a summary of the geographic location and relative dispersion of the REIT's property portfolio:

State	Number of assets	Total SF	Occupied SF	Percentage of revenue	Occupancy
New York	12	1,688,940	1,471,554	13.9%	87.1%
Florida	13	1,541,206	1,466,631	13.2%	95.2%
North Carolina	14	1,517,133	1,431,899	11.5%	94.4%
Pennsylvania	6	1,024,017	964,733	7.1%	94.2%
Texas	9	832,038	778,812	6.7%	93.6%
South Carolina	5	845,283	813,900	6.1%	96.3%
Georgia	8	831,316	797,613	5.9%	95.9%
Minnesota	5	570,929	542,235	4.3%	95.0%
Virginia	5	479,835	464,385	4.2%	96.8%
Michigan	5	603,413	568,270	3.9%	94.2%
Tennessee	5	526,641	520,403	3.0%	98.8%
Illinois	4	408,776	353,736	3.0%	86.5%
Ohio	3	540,377	506,645	3.0%	93.8%
North Dakota	2	261,578	224,110	2.5%	85.7%
West Virginia	2	387,162	375,102	2.3%	96.9%
Indiana	2	233,993	197,343	1.6%	84.3%
California	1	194,872	178,592	1.7%	91.6%
Maryland	1	112,274	104,514	1.3%	93.1%
New Hampshire	1	151,946	139,636	1.2%	91.9%
Wisconsin	1	123,028	96,349	0.9%	78.3%
Utah	1	127,507	126,044	1.0%	98.9%
Colorado	1	98,975	93,279	1.0%	94.2%
Kentucky	1	80,866	73,617	0.7%	91.0%
<b>Total<sup>1</sup></b>	<b>107</b>	<b>13,182,105</b>	<b>12,289,402</b>	<b>100.0%</b>	<b>93.2%</b>

<sup>1</sup>Includes the REIT's share of joint venture investments.

## Tenant categories

As of March 31, 2022, the REIT has the following tenant categories within the portfolio, allocated by base rent:



The REIT's portfolio of tenants is a diversified mix of leading grocers, national brands and strong regional performers complemented by local operators providing needed services and goods to their local communities. These retailers provide significant non-discretionary e-commerce defensive goods. The REIT's properties, which are located in well-established neighborhoods, allow grocery-anchored property real estate and economics of last mile delivery to be viable.

## Anchor tenants

The REIT endeavors to own properties with anchors who are dominant in their respective regions in terms of operational scale and sales. Accordingly, the REIT's anchor tenants are often either the first or second dominant store in their respective area in terms of market share. The following table identifies the REIT's largest anchor tenants including their annual minimum rent, the number of stores, GLA as a percentage of the total portfolio and the percentage of base rent. The Kroger Co. represents the REIT's largest tenant by base rent with a total of 26 stores and 8.0% of base rent.

The largest 15 tenants account for 46.7% of total GLA and 38.2% of base rent as follows:

Parent company	Store brands	Grocery	Stores	% GLA	Base rent	% Base rent
The Kroger Co.	Kroger, Pick 'n Save, Harris Teeter, Mariano's	Y	26	11.3%	\$ 11,636	8.0 %
Walmart, Inc.	Wal-Mart, Sam's Club	Y	9	10.1%	8,918	6.2 %
Koninklijke Ahold Delhaize N.V.	Stop & Shop, GIANT, Food Lion, Hannaford	Y	10	3.7%	6,486	4.5 %
Albertsons Companies, Inc	Jewel Osco, Acme, Tom Thumb	Y	9	4.1%	4,571	3.2 %
Tops Friendly Markets	Tops Markets	Y	8	3.4%	4,495	3.2 %
Publix Super Markets, Inc.	Publix	Y	11	3.8%	4,537	3.1 %
United Natural Foods, Inc.	Cub Foods, Shop n' Save, County Market	Y	4	1.6%	2,084	1.4 %
Dollar Tree, Inc.	Dollar Tree, Family Dollar	N	20	1.5%	2,078	1.4 %
Coborn `s Inc.	Cash Wise	Y	2	0.9%	2,038	1.4 %
Southeastern Grocers	Winn Dixie	Y	5	1.9%	2,247	1.6 %
TJX Companies	Marshalls, T.J. Maxx, HomeGoods	N	5	1%	1,230	0.8 %
Beall's, Inc.	Beall's, Burke's	Y	5	1.3%	1,342	0.9 %
Alex Lee Inc.	Lowe's Foods	Y	2	0.7%	1,250	0.9 %
Weis Markets, Inc.	Weis	Y	2	0.9%	1,223	0.8 %
Golub Corporation	Market 32	Y	1	0.5%	1,180	0.8 %
<b>Total <sup>1</sup></b>			<b>119</b>	<b>46.7%</b>	<b>\$ 55,315</b>	<b>38.2%</b>

<sup>1</sup> Includes the REIT's share of joint venture investments.

## Development

The REIT's redevelopment program is focused on growing income and unlocking value by revitalizing tenant uses and creating a better customer experience at select properties. Redevelopment is generally considered to begin when activities that change the condition of the property commence. Redevelopment ceases when the asset is in the condition and has the capability of operating in the manner intended, which is generally at cessation of construction and tenancing. For purposes of reporting same-property NOI, redevelopment assets are excluded from the same-property portfolio in the period in which they are re-classified as a redevelopment property and are excluded until they are operating as intended in all of both the current and comparative periods. The carrying value of redevelopment properties includes the acquisition cost of property and direct redevelopment costs attributed to the project. The REIT does not capitalize interest for its projects under development. Interest expense is recognized as incurred in income which is not comparable to other REITs or other corporations that capitalize interest.

The REIT has classified the following properties as redevelopment properties:

Property	Nature of redevelopment	Expected completion	Estimated incremental NOI <sup>1</sup>	Estimated yield on cost ("YOC")	Pre-leased percentage	Estimated investment		
						Incurred	Remaining	Total
Stonefield Square	Anchor repositioning	Q2 2022	\$ 452	27.0%	100.0%	\$ 854	\$ 822	\$ 1,676
Cordova Commons	Junior anchor repositioning	Q2 2022	452	28.6%	100.0%	6	1,577	1,583
Eastpointe Shopping Center	Anchor repositioning	Q3 2022	584	10.8%	100.0%	4,231	1,176	5,407
Wedgewood Commons	Anchor repositioning	Q4 2022	784	5.8%	100.0%	9,533	3,967	13,500
Alta Mesa Plaza	Junior anchor repositioning	Q1 2023	693	14.4%	100.0%	112	4,711	4,823
Bloomington Plaza	Anchor repositioning	Q1 2023	507	50.5%	100.0%	134	870	1,004
Flower Mound Crossing <sup>2</sup>	Anchor repositioning	Q1 2023	432	17.3%	100.0%	—	2,498	2,498
Southgate Crossing	Junior anchor repositioning	Q4 2023	217	5.8%	78.4%	201	3,569	3,770
<b>Total</b>			<b>\$ 4,121</b>	<b>12.0%</b>		<b>\$ 15,071</b>	<b>\$ 19,190</b>	<b>\$ 34,261</b>

<sup>1</sup> Calculated on a trailing twelve month basis as of March 31, 2022.

<sup>2</sup> Amount at the REIT's share of its joint venture investment.

Redevelopment capital spent during the three month period ended is as follows:

	Three months ended March 31, 2022
Wedgewood Commons <sup>1</sup>	\$ 965
Stonefield Square	486
Eastpointe Shopping Center	140
Bloomington Plaza	134
Other redevelopment costs <sup>1,2</sup>	269
<b>Total redevelopment</b>	<b>\$ 1,994</b>

<sup>1</sup> Relates to new outparcel development as well as work completed in the planning stages for redevelopment projects.

<sup>2</sup> Amount at the REIT's share of its joint venture investment.

Stonefield Square is an 80,000 square foot shopping centre formerly anchored by The Fresh Market. The centre is located in a dominant retail trade area on the east side of Louisville, Kentucky with close proximity to downtown and surrounded by dense residential communities. This asset is centrally located along Shelbyville Road, the primary retail and commercial artery in Middletown, where average household income is approaching \$0.1 million. The Fresh Market vacated a 20,000 square foot box at the end of their lease term in December 2019, presenting an opportunity for the REIT to backfill the space at higher rental rates with a longer weighted average lease term. In August 2021, the REIT signed a 10-year lease with Crunch Fitness, a full-service gym operator, for 26,000 square feet at a double digit rental rate spread. In addition to the former Fresh Market box, Crunch Fitness is leasing four incremental units, two of which were previously vacant. In connection with backfilling the centre's anchor tenant, the REIT is investing significant capital to upgrade the building and common area facilities including improved signage, parking lot, landscaping, and LED lighting upgrades.

Cordova Commons is a 164,000 square foot centre located in Pensacola, Florida, anchored by a 21,000 square foot Fresh Market. The centre is located at one of the busiest intersections in the city, with a population of 138 thousand within a 5-mile radius. The previous junior anchor, Stein Mart, filed for bankruptcy and vacated October 31, 2020. In 2021, the REIT completed both a new 10-year lease with Total Wine at an 18% rent spread above expiring rent and renewed Fresh Market for a 10 year term. The property is now 100% occupied with Total Wine expected to open in the second quarter of 2022.

Eastpointe Shopping Center is a regional shopping destination in Clarksburg, West Virginia anchored by Kroger which includes a former K-mart box and in line shop tenants. The centre is located in the area's most prominent retail node at the junction of two major state highways. Kroger has executed a 25-year lease to relocate from their 55,000 square foot box and build a brand new 83,000 square foot store in the former K-Mart premises with rent commencement in the fourth quarter of 2020. Construction commenced in the first quarter of 2020 and was completed in the first quarter of 2021. In the third quarter of 2020 the REIT executed a 10-year term lease with Hobby Lobby to occupy the prior 55,000 square foot Kroger box. Hobby Lobby construction and rent commencement is expected in the second quarter of 2022. In addition to the construction of Kroger and Hobby Lobby, the REIT completed common area refurbishments to include the façade, parking lot, landscaping, and LED lighting upgrades, as required by the anchor leases. The REIT expects to invest \$5.4 million in capital to complete the tenant build outs and common area refurbishments. Kroger's new store opened to the public on January 20, 2021, and is now the largest Kroger in the state of West Virginia.

Wedgewood Commons is a 153,000 square foot shopping centre anchored by a Publix supermarket. The shopping centre is strategically located on U.S. Route 1 Highway at Indian Road, in Stuart, Florida. Key tenants in the development include Beall's Outlet, Dollar Tree, and Harbor Freight Tools. The REIT has finalized a 20-year term lease to construct a new 47,000 square foot flagship Publix grocery store. To coincide with the new Publix grocery store, the REIT has secured a 10-year lease extension to relocate and expand the Beall's Outlet to 30,000 square feet which will include a Beall's Home Centric concept store. Furthermore, the REIT is negotiating with several junior anchor prospects to lease the remaining vacancy within the shopping centre. The net result will increase GLA to approximately 166,000 square feet and the weighted average lease term from 3.7 years to 10.8 years. In addition to the construction of Publix, Beall's Outlet and Home Centric, the REIT will complete an extensive common area refurbishment. The REIT expects to invest \$13.5 million in redevelopment, with Publix opening and completion of the overall project by the end of the 2022 year.

Alta Mesa Plaza is a 168,000 square foot shopping centre located in Fort Worth, Texas. A 53,000 square foot Kroger anchors the centre, with L.A. Fitness as the junior anchor which occupies 60,000 square feet. L.A. Fitness vacated the centre in August 2021, in advance of their lease expiry in March 2022. The REIT backfilled the space at \$17.00 per square foot or 38.0% above expiring rent, securing a 15-year lease with EoS Fitness, a regional large format gym operator with approximately 60 locations in six states. EoS Fitness is expected to open by the first quarter of 2023.

Bloomington Plaza is an 83,000 square foot shopping centre located in Brandon, Florida. A 47,000 square foot Winn Dixie previously anchored the center. Winn Dixie vacated the center in February 2020. The REIT has since backfilled the entire space at \$7.90 per square foot or 43.6% above expiring rent, securing a 10-year lease with Urban Air Trampoline and Adventure Park, a national large format indoor adventure park with approximately 230 locations Nationwide. Urban Air is expected to open in the third quarter of 2022.

Flower Mound Crossing is an 84,000 square foot shopping centre located in Flower Mound, Texas that was previously anchored by Tom Thumb, a 59,000 square foot Albertson's banner grocer. The REIT backfilled the space at \$9.50 per square foot or 35.7% above expiring rent, securing a 10-year lease with Club 4 Fitness, a regional large format gym operator with approximately 20 locations in Texas and the southeast. Club 4 Fitness rent will commence in the first quarter of 2023.

Southgate Crossing is a 160,000 square foot shopping centre located in Minot, North Dakota and is anchored by the market-leading Cash Wise Foods. Gordman's, which is an off-price department chain owned by Stage Stores, formerly occupied the 51,000 square foot junior anchor box until the third quarter of 2020. Management backfilled 16,000 square feet at higher rental rates and improved tenant quality in the first quarter of 2021, securing a 10-year lease with Harbor Freight Tools, a national discount tool and equipment retailer. Harbor Freight opened in June of 2021 with rent commencing in the third quarter of 2021. The REIT is in active discussions with national tenants to occupy the remaining 34,000 square feet.

## IFRS FAIR VALUE

The REIT's property portfolio at March 31, 2022 had an estimated IFRS fair value of \$1.6 billion, with a weighted average capitalization rate of 6.98% and on a proportionate basis, the fair value is \$1.9 billion. Overall, the average estimated proportionate value per square foot of the REIT's portfolio is \$145.

The following table presents a summary of the capitalization rates used to estimate the fair value of the REIT's properties:

Direct capitalization rates	March 31, 2022	December 31, 2021
Minimum <sup>1</sup>	5.75%	5.75%
Maximum <sup>1</sup>	8.75%	13.00%
Weighted average <sup>1</sup>	6.98%	7.10%

<sup>1</sup> Includes the REIT's share of joint venture investments.

The March 31, 2022 weighted average capitalization rate decreased to 6.98% from 7.10% at December 31, 2021. The decrease in the weighted average capitalization rate is driven primarily by increased buyer demand for grocery-anchored strip centres and value-add asset management activities which includes anchor tenant renewals and repositionings, tenant credit enhancement through strategic leasing, capital investments and improvements.

The fair value of properties is measured individually without consideration to their aggregate value on a portfolio basis. No consideration is given to diversification benefits related to single property tenant risk and geography, the value of assembling a portfolio or to the utilization of a common management platform, amongst other benefits. As a result, the fair value of the REIT's properties taken in aggregate may differ from the fair value of properties measured individually in the REIT's consolidated statements of financial position. Depending on the duration and impacts of the COVID-19 pandemic, certain aspects of the REIT's operations could be affected, including rental and occupancy rates, demand for retail space, capitalization rates, and the resulting value of the REIT's properties. Based on the REIT's operations to date, property valuations have not been materially impacted by the COVID-19 pandemic. The REIT believes property valuations are appropriate as at March 31, 2022.



The change in properties is as follows:

	Three months ended March 31,	
	2022	2021
Beginning of the period	\$ 1,608,655	\$ 1,277,180
Acquisitions	—	55,041
Capital expenditures	1,625	788
Leasing costs	326	365
Tenant improvements	797	761
Development and expansion capital <sup>1</sup>	1,994	5,437
Straight-line rent	(126)	165
IFRIC 21 property tax adjustment	(16,439)	(12,397)
Change in fair value <sup>2</sup>	36,356	78,749
<b>End of the period <sup>1</sup></b>	<b>\$ 1,633,188</b>	<b>\$ 1,406,089</b>
Joint venture investment properties	300,700	10,898
<b>End of the period, including joint venture investments <sup>1</sup></b>	<b>\$ 1,933,888</b>	<b>\$ 1,416,987</b>

<sup>1</sup> The fair value of the REIT's properties under redevelopment for the three month period ended March 31, 2022 is \$161.9 million (three month period ended March 31, 2021 – \$125.8 million).

<sup>2</sup> Change in fair value includes impacts due to valuation parameters, cash flows and accounting adjustments for IFRIC 21 property tax and straight-line rent.

The following table is a reconciliation of the fair value of the REIT's properties using a non-GAAP measure. The non-GAAP measure includes figures that are recorded as an equity investment, information that is not explicitly disclosed or presented in the consolidated financial statements for the three month period ended.

	Three months ended March 31, 2022			Three months ended March 31, 2021		
	Consolidated	Joint venture investments	Proportionate Share (Non-GAAP)	Consolidated	Joint venture investments	Proportionate Share (Non-GAAP)
Beginning of the period	\$ 1,608,655	\$ 293,400	\$ 1,902,055	\$ 1,277,180	\$ 10,845	\$ 1,288,025
Acquisitions	—	—	—	55,041	—	55,041
Capital expenditures	1,625	129	1,754	788	—	788
Leasing costs	326	139	465	365	—	365
Tenant improvements	797	(68)	729	761	—	761
Development and expansion capital <sup>1</sup>	1,994	186	2,180	5,437	160	5,597
Straight-line rent	(126)	116	(10)	165	—	165
IFRIC 21 property tax adjustment	(16,439)	(3,987)	(20,426)	(12,397)	(68)	(12,465)
Change in fair value <sup>2</sup>	36,356	10,785	47,141	78,749	(39)	78,710
<b>End of the period <sup>1</sup></b>	<b>\$ 1,633,188</b>	<b>\$ 300,700</b>	<b>\$ 1,933,888</b>	<b>\$ 1,406,089</b>	<b>\$ 10,898</b>	<b>\$ 1,416,987</b>

<sup>1</sup> The fair value of the REIT's properties under redevelopment for the three month period ended March 31, 2022 is \$161.9 million (three month period ended March 31, 2021 – \$125.8 million).

<sup>2</sup> Change in fair value includes impacts due to valuation parameters, cash flows and accounting adjustments for IFRIC 21 property tax and straight-line rent.

Capital, leasing, and tenant improvement costs for the three month period ended was \$2.7 million. Such costs are generally expended for purposes of tenancing and renewing existing leases, which maintain and create value at the REIT's properties and the portfolio as a whole by increasing contractual cash flow through new and extended leases. The REIT will continue to capitalize on opportunities to revitalize, undertake space improvements and generally maintain the high quality of the properties and tenants. These expenditures can vary from period to period, at times significantly, depending upon the timing of lease expires, re-leasing and management's capital plan for the period.

### Fair value adjustments on properties

For the three month period ended March 31, 2022, the fair value decreased by \$42.4 million from the comparative period. This is mainly due to changes in valuation parameters and cash flows, partially offset by IFRIC 21 property tax adjustments.

The following table presents the impact of certain accounting adjustments on the fair value gain recorded versus management's estimate of future cash flows and valuation assumptions:

	Three months ended March 31,	
	2022	2021
Valuation parameters and cash flows	\$ 19,791	\$ 67,373
Transaction costs capitalized	—	(856)
IFRIC 21 property tax adjustment	16,439	12,397
Adjusted for straight-line rent	126	(165)
<b>Total</b>	<b>\$ 36,356</b>	<b>\$ 78,749</b>

The fair value change of properties is impacted by IFRIC 21 property tax adjustments recorded on the REIT's portfolio. For acquisition purposes the REIT determines the obligating event for property taxes is ownership of the property on the first of January of the fiscal year. As a result, the annual property tax liability and expense has been recognized on the properties owned on the first of January of each year, with a corresponding increase to the fair value of properties that is reversed as the liability is settled through property tax installments.

The change in fair value of properties recorded in income excludes the impact of tenanting and leasing costs, landlord work, and development and expansion capital, not all of which are additive to value but are directly capitalized to the property.

## PART III – RESULTS OF OPERATIONS

### SUMMARY OF SELECTED QUARTERLY INFORMATION

The selected quarterly information highlights performance over the most recently completed eight quarters and is reflective of the timing of acquisitions, leasing, and maintenance expenditures. Similarly, debt reflects financing activities related to acquisitions which serve to increase AFFO in the future, as well as ongoing financing activities for the existing portfolio. Accordingly, rental revenue, NOI, NAV, FFO and AFFO are reflective of changes in the underlying income-producing asset base and changing leverage.

Quarter ended	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Rental revenue	\$ 38,966	\$ 38,348	\$ 34,079	\$ 33,377	\$ 32,471	\$ 31,872	\$ 31,961	\$ 30,255
Property operating expenses <sup>1</sup>	(28,590)	(6,128)	(4,809)	(4,920)	(21,560)	(3,512)	(4,649)	(3,972)
Straight-line rent revenue	126	104	(8)	(276)	(165)	(375)	(530)	(237)
IFRIC 21 property tax adjustment <sup>1</sup>	16,439	(5,418)	(4,227)	(4,278)	12,397	(5,568)	(4,115)	(3,994)
Adjustments for joint venture investments	5,238	4,979	612	134	142	166	431	100
NOI <sup>2,3</sup>	\$ 32,179	\$ 31,885	\$ 25,647	\$ 24,037	\$ 23,285	\$ 22,583	\$ 23,098	\$ 22,152
Class U units outstanding	60,070	60,060	60,050	48,620	48,611	48,597	42,226	42,217
WA units	60,064	60,054	49,742	48,615	48,597	43,752	42,222	42,208
Net income (loss) <sup>3</sup>	\$ 27,425	\$ 20,191	\$ 9,603	\$ (3,141)	\$ 60,775	\$ 21,268	\$ 7,630	\$ 6,888
Net income (loss) per WA unit <sup>3</sup>	\$ 0.46	\$ 0.34	\$ 0.19	\$ (0.06)	\$ 1.25	\$ 0.49	\$ 0.18	\$ 0.16
NAV <sup>2,3,4</sup>	\$782,054	\$738,091	\$717,822	\$609,946	\$605,994	\$531,891	\$449,858	\$445,189
NAV per unit <sup>2,3,4</sup>	\$ 13.02	\$ 12.29	\$ 11.95	\$ 12.55	\$ 12.47	\$ 10.94	\$ 10.65	\$ 10.55
Distributions declared	\$ 12,927	\$ 12,927	\$ 11,283	\$ 10,460	\$ 10,460	\$ 9,545	\$ 9,087	\$ 9,087
Distributions per unit	\$ 0.2160	\$ 0.2160	\$ 0.2160	\$ 0.2160	\$ 0.2160	\$ 0.2160	\$ 0.2160	\$ 0.2160
FFO <sup>2,3,5</sup>	\$ 16,209	\$ 15,684	\$ 13,686	\$ 12,545	\$ 11,529	\$ 11,684	\$ 11,487	\$ 11,115
FFO per WA units <sup>2,3,5,6</sup>	\$ 0.27	\$ 0.26	\$ 0.28	\$ 0.26	\$ 0.24	\$ 0.27	\$ 0.27	\$ 0.26
AFFO <sup>2,3,5</sup>	\$ 13,257	\$ 13,266	\$ 11,478	\$ 10,398	\$ 9,450	\$ 9,651	\$ 8,954	\$ 9,046
AFFO per WA units <sup>2,3,5,6</sup>	\$ 0.22	\$ 0.22	\$ 0.23	\$ 0.21	\$ 0.19	\$ 0.22	\$ 0.21	\$ 0.21
Total assets (IFRS)	\$1,775,504	\$1,737,162	\$1,715,471	\$1,552,511	\$1,539,994	\$1,323,554	\$1,302,849	\$1,300,866
Debt	\$ 937,721	\$ 937,744	\$ 928,122	\$ 766,997	\$ 766,616	\$ 726,373	\$ 777,526	\$ 781,002
Debt / GBV <sup>7</sup>	52.8%	54.0%	54.1%	53.0%	53.5%	54.9%	59.7%	60.0%
Number of properties <sup>3</sup>	107	107	107	80	80	75	76	77
Leased (%) <sup>3</sup>	93.2%	93.6%	93.5%	93.2%	93.1%	92.9%	92.5%	92.2%
GLA <sup>3</sup>	13,182,105	13,174,121	13,174,145	9,916,435	9,959,075	9,554,679	9,728,179	9,832,109
Grocery-anchored GLA <sup>3</sup>	6,230,582	6,230,582	6,230,582	4,775,292	4,738,479	4,614,178	4,724,183	4,785,050

<sup>1</sup> In accordance with IFRIC 21, the REIT recognizes the annual property tax liability and expense on its existing properties on January 1<sup>st</sup>, rather than progressively, i.e. ratably, throughout the year.

<sup>2</sup> Refer to non-IFRS financial measures on page 16.

<sup>3</sup> Includes the REIT's share of joint venture investments.

<sup>4</sup> The first and second quarters of 2021 are adjusted to exclude the impact of the REIT's bought deal public offering of 11.4 million subscription receipts for gross proceeds of \$133.0 million.

<sup>5</sup> Adjusting to exclude the impact of \$169.0 million debt refinancing in the first quarter of 2021, FFO and FFO per unit would be \$11.8 million and \$0.24, respectively and AFFO and AFFO per unit would be \$9.8 million and \$0.20, respectively.

<sup>6</sup> Adjusting for September 2021 distribution in respect of the 11.4 million units issued for the acquisition in the third quarter of 2021, the REIT's FFO and AFFO payout ratio would be 76.5% and 91.2%, respectively.

<sup>7</sup> Excludes subscription receipt funds in escrow for first and second quarter of 2021.

## NON-IFRS RECONCILIATIONS AND FINANCIAL MEASURES

The following table provides a reconciliation of the REIT's statement of financial position, as presented in its consolidated financial statements, to its proportionate interest:

	March 31, 2022			December 31, 2021		
	Statement of Financial Position	Joint Venture Investments	Proportionate Share (Non-GAAP)	Statement of Financial Position	Joint Venture Investments	Proportionate Share (Non-GAAP)
<b>ASSETS</b>						
Non-current assets						
Properties	\$ 1,633,188	\$ 300,700	\$ 1,933,888	\$ 1,608,655	\$ 293,400	\$ 1,902,055
Joint venture investments	97,405	(97,405)	—	87,304	(87,304)	—
Interest rate swaps	—	121	121	—	—	—
Other assets	1,222	—	1,222	1,446	—	1,446
	<b>\$ 1,731,815</b>	<b>\$ 203,416</b>	<b>\$ 1,935,231</b>	<b>\$ 1,697,405</b>	<b>\$ 206,096</b>	<b>\$ 1,903,501</b>
Current assets						
Other assets	3,359	3,811	7,170	3,435	3,747	7,182
Prepays	4,368	1,680	6,048	4,711	1,244	5,955
Accounts receivable	18,535	3,885	22,420	17,573	3,324	20,897
Cash	17,427	4,708	22,135	14,038	3,499	17,537
	<b>\$ 43,689</b>	<b>\$ 14,084</b>	<b>\$ 57,773</b>	<b>\$ 39,757</b>	<b>\$ 11,814</b>	<b>\$ 51,571</b>
<b>Total assets</b>	<b>\$ 1,775,504</b>	<b>\$ 217,500</b>	<b>\$ 1,993,004</b>	<b>\$ 1,737,162</b>	<b>\$ 217,910</b>	<b>\$ 1,955,072</b>
<b>LIABILITIES</b>						
Non-current liabilities						
Debt	\$ 929,110	\$ 171,605	\$ 1,100,715	\$ 929,218	\$ 172,633	\$ 1,101,851
Interest rate swaps	997	—	997	9,369	717	10,086
Other liabilities	3,238	524	3,762	3,142	511	3,653
Exchangeable units of subsidiaries	12,405	—	12,405	12,302	—	12,302
Deferred income taxes	124,327	2	124,329	106,769	2	106,771
	<b>\$ 1,070,077</b>	<b>\$ 172,131</b>	<b>\$ 1,242,208</b>	<b>\$ 1,060,800</b>	<b>\$ 173,863</b>	<b>\$ 1,234,663</b>
Current liabilities						
Debt	8,611	39,515	48,126	8,526	39,272	47,798
Interest rate swaps	4,301	—	4,301	9,567	—	9,567
Accounts payable and accrued liabilities	37,897	5,854	43,751	30,039	4,775	34,814
Distributions payable	4,309	—	4,309	4,309	—	4,309
	<b>\$ 55,118</b>	<b>\$ 45,369</b>	<b>\$ 100,487</b>	<b>\$ 52,441</b>	<b>\$ 44,047</b>	<b>\$ 96,488</b>
<b>Total liabilities</b>	<b>\$ 1,125,195</b>	<b>\$ 217,500</b>	<b>\$ 1,342,695</b>	<b>\$ 1,113,241</b>	<b>\$ 217,910</b>	<b>\$ 1,331,151</b>
<b>UNITHOLDERS' EQUITY</b>						
Unitholders' equity	\$ 645,322	\$ —	\$ 645,322	\$ 619,020	\$ —	\$ 619,020
Non-controlling interest	4,987	—	4,987	4,901	—	4,901
<b>Total equity</b>	<b>\$ 650,309</b>	<b>\$ —</b>	<b>\$ 650,309</b>	<b>\$ 623,921</b>	<b>\$ —</b>	<b>\$ 623,921</b>
<b>Total liabilities and unitholders' equity</b>	<b>\$ 1,775,504</b>	<b>\$ 217,500</b>	<b>\$ 1,993,004</b>	<b>\$ 1,737,162</b>	<b>\$ 217,910</b>	<b>\$ 1,955,072</b>

The following table provides a reconciliation of the REIT's statement of income, as presented in its consolidated financial statements, to its proportionate interest for the three month period ended March 31, 2022 and 2021:

	Three months ended March 31, 2022			Three months ended March 31, 2021		
	Statement of Income	Joint Venture Investments	Proportionate Share (Non-GAAP)	Statement of Income	Joint Venture Investments	Proportionate Share (Non-GAAP)
Rental revenue	\$ 38,966	\$ 8,037	\$ 47,003	\$ 32,471	\$ 249	\$ 32,720
Property operating expenses <sup>1</sup>	(28,590)	(6,615)	(35,205)	(21,560)	(175)	(21,735)
General and administrative expenses	(3,613)	(279)	(3,892)	(2,215)	(1)	(2,216)
Interest and finance costs	(10,105)	(1,442)	(11,547)	(8,956)	(64)	(9,020)
Share of income (loss) in joint venture investments	11,324	(11,324)	—	(30)	30	—
Change in fair value of financial instruments	—	838	838	3,018	—	3,018
Change in fair value of properties	36,356	10,785	47,141	78,749	(39)	78,710
<b>Net income before income taxes and unit expense</b>	<b>\$ 44,338</b>	<b>\$ —</b>	<b>\$ 44,338</b>	<b>\$ 81,477</b>	<b>\$ —</b>	<b>\$ 81,477</b>
Deferred income tax expense	(13,768)	—	(13,768)	(19,448)	—	(19,448)
Current income tax expense	(212)	—	(212)	(685)	—	(685)
Unit expense	(2,933)	—	(2,933)	(569)	—	(569)
<b>Net income</b>	<b>\$ 27,425</b>	<b>\$ —</b>	<b>\$ 27,425</b>	<b>\$ 60,775</b>	<b>\$ —</b>	<b>\$ 60,775</b>
<b>Net income attributable to</b>						
Unitholders	\$ 27,109	\$ —	\$ 27,109	\$ 60,775	\$ —	\$ 60,775
Non-controlling interest	316	—	316	—	—	—
<b>Net Income</b>	<b>\$ 27,425</b>	<b>\$ —</b>	<b>\$ 27,425</b>	<b>\$ 60,775</b>	<b>\$ —</b>	<b>\$ 60,775</b>

<sup>1</sup> In accordance with IFRIC 21, the REIT recognizes the annual property tax liability and expense on its existing properties on January 1<sup>st</sup>, rather than progressively, i.e. ratably, throughout the year.



## REVENUE

Revenue from properties includes base rent from tenants, straight-line rental income, property tax and operating cost recoveries and other incidental income.

Rental revenue for the three month period ended March 31, 2022 increased by \$6.5 million compared to the same period in the prior year. The increase is primarily driven by the acquisition of 27 grocery-anchored properties, new leasing typically above in-place rent, and increases in rental rates from re-leasing.

## PROPERTY OPERATING EXPENSES

Property operating expenses consist of property taxes, property management fees and general and administrative expenses including common area costs, utilities, and insurance. The majority of the REIT's operating expenses are recoverable from tenants in accordance with the terms of their respective lease agreements. Operating expenses fluctuate with changes in occupancy and levels of repairs and maintenance.

Property operating expenses for the three month period ended March 31, 2022 increased by \$7.0 million to \$28.6 million over the prior year due to the aforementioned grocery-anchored acquisitions since March 31, 2021.

In accordance with IFRIC 21, the REIT recognizes the annual property tax liability and expense on its existing properties as at January 1<sup>st</sup> of each year, rather than progressively, i.e., ratably, throughout the year. The recognition of property taxes as a result of IFRIC 21 has no impact on NOI, FFO or AFFO.

## GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses include fees for asset management, legal, trustee services, tax compliance, reporting, marketing, bad debt expenses and franchise and business taxes. Franchise and business taxes are typically billed in the following calendar year to which they relate.

	Three months ended March 31,		
	2022	2021	Variance
Asset management fees	\$ 1,912	\$ 1,314	\$ 598
Professional fees and other	1,274	665	609
Bad debt expense	194	171	23
Franchise and business taxes	233	65	168
<b>Total</b>	<b>\$ 3,613</b>	<b>\$ 2,215</b>	<b>\$ 1,398</b>
<b>% of total assets</b>	<b>0.2%</b>	<b>0.1%</b>	<b>0.1%</b>
<b>% of total revenue</b>	<b>9.3%</b>	<b>6.8%</b>	<b>2.5%</b>

General and administrative expenses for the three month period ended March 31, 2022 was \$3.6 million, an increase of \$1.4 million compared to the same period in the prior year mainly due to increases in professional fees and other and asset management fees.

## INTEREST AND FINANCE COSTS

	Three months ended March 31,		
	2022	2021	Variance
Interest on debt and finance charges	\$ 7,007	\$ 5,432	\$ 1,575
Interest rate swaps, net settlement <sup>1</sup>	2,708	2,983	(275)
Interest income	(5)	(13)	8
Amortization of finance charges <sup>1</sup>	472	580	(108)
Amortization of mark-to-market	(55)	(4)	(51)
Amortization of deferred gain on TIF notes	(22)	(22)	—
<b>Total</b>	<b>\$ 10,105</b>	<b>\$ 8,956</b>	<b>\$ 1,149</b>

<sup>1</sup> In the first quarter of 2021, the REIT refinanced \$169.0 million of its debt, resulting in a charge to income totaling \$0.2 million.

The following shows the change in interest on debt and finance charges, net of interest rate swaps for the three month period ended March 31, 2022 compared to the same period in the prior year:

Interest on debt and finance charges, net of interest rate swaps, March 31, 2021 <sup>1</sup>	\$ 8,415
Change in interest rates, net of interest rate hedges and debt levels <sup>2</sup>	347
Change in debt spreads	51
Increase in fixed rate debt	1,214
Decrease in standby fee	(312)
<b>Interest on debt and finance charges, net of interest rate swaps, March 31, 2022</b>	<b>\$ 9,715</b>
<b>Year-over-year change - \$</b>	<b>\$ 1,300</b>
<b>Year-over-year change - %</b>	<b>15.4%</b>

<sup>1</sup>Excludes a charge of \$0.2 million related to the REIT's \$169.0 million debt refinancing completed in the first quarter of 2021.

<sup>2</sup>The weighted average interest rate cost of the REIT's floating rate debt, net of interest rate swaps for the three month period ended March 31, 2022 is 4.13% (March 31, 2021 – 4.25%).

Interest expense and other finance costs, net consists of interest paid on the revolving credit facility ("revolver"), term loans, mortgages, and interest rate swap contracts, as well as standby fees paid on the REIT's revolver.

Interest on debt, net of interest rate swaps increased by \$1.3 million for the three month period ended March 31, 2022 compared to the same period in 2021, primarily due to increases in fixed rate debt. The REIT's revolver is redrawn from time-to-time to fund operating and investing activities.

The REIT's pay-fixed, receive-float interest rate swaps hedge the cash flow risk associated with one-month U.S. LIBOR based interest payments, with 94.5% of the REIT's debt subject to fixed rates at March 31, 2022. The weighted average fixed rate of the REIT's interest rate swaps was 2.6% compared to the one-month U.S. LIBOR at 0.32% at March 31, 2022, with a weighted average term to maturity of 2.0 years. Under this arrangement, the REIT has paid \$2.7 million of net interest payments in the current quarter and comparative period, respectively.

In conjunction with the REIT's \$169.0 million mortgage closed on January 14, 2021, the REIT terminated its \$150.0 million interest rate swap with a maturity date of February 26, 2021. This resulted in an increase to the weighted average pay-fixed rate of the REIT's swap portfolio to 2.57%.

The REIT does not capitalize interest for its projects under development. Interest expense is recognized as incurred in income which is not comparable to other REITs or other corporations that capitalize interest.

## FAIR VALUE ADJUSTMENTS ON REIT UNITS AND EXCHANGEABLE UNITS OF SUBSIDIARIES

Class B units of Slate Grocery One L.P. ("LP1") and Slate Grocery Two L.P. ("LP2"), and exchangeable limited partnership units of GAR B all of which are issued by subsidiaries of the REIT (collectively, the "exchangeable units of subsidiaries") are classified as financial liabilities under IFRS and are measured at fair value with any changes in fair value recognized in unit expense in the consolidated statements of income. The fair value is re-measured at the end of each reporting period. An unrealized gain represents a decrease in the fair value per unit whereas an unrealized loss represents an increase in the fair value per unit. The fair value per unit on March 31, 2022 was \$13.67 (March 31, 2021 – \$9.26). Changes in fair value of exchangeable units of subsidiaries are non-cash in nature and are required to be recorded in income under IFRS.

For the three month period ended March 31, 2022, the REIT recognized an unrealized fair value loss of \$2.2 million on the exchangeable units of subsidiaries as a result of the change in fair value per unit over the comparative period.

## NET INCOME

For the three month period ended March 31, 2022, net income decreased by \$33.4 million compared to the same period in the prior year. The decrease is attributed to a \$42.4 million change in fair value of property and a \$1.3 million increase in cash interest paid, partially offset by an \$11.4 million increase in contributions from joint venture investments and the aforementioned increases in revenue.

## NOI

NOI is a non-IFRS measure and is defined by the REIT as property rental revenue, excluding non-cash straight-line rent, less property operating expenses after adjusting for the impact of IFRIC 21 property tax accounting adjustments. Rental revenue excludes revenue recorded as a result of recording rent on a straight-line basis for IFRS which management believes reflects the cash generation activity of the REIT's properties. NOI is an important measure of the income generated from the REIT's properties and is used by the REIT in evaluating the performance of its properties. NOI may not be comparable with similar measures presented by other entities and is not to be construed as an alternative to net income or cash flow from operating activities determined in accordance with IFRS.

The following is a calculation of NOI:

	Three months ended March 31,		
	2022	2021	Variance
Rental revenue	\$ 38,966	\$ 32,471	\$ 6,495
Straight-line rent revenue	126	(165)	291
Property operating expenses	(28,590)	(21,560)	(7,030)
IFRIC 21 property tax adjustment	16,439	12,397	4,042
Contribution from joint venture investments	5,238	142	5,096
<b>NOI</b>	<b>\$ 32,179</b>	<b>\$ 23,285</b>	<b>\$ 8,894</b>

The following shows the change in NOI for the three month period ended March 31, 2022 compared to the same period in the prior year:

NOI, March 31, 2021	\$ 23,285
Change in same-property NOI	19
Increased contribution from redeveloped properties <sup>1</sup>	147
Increase in contribution from properties under redevelopment	33
Contribution from acquisitions <sup>1</sup>	8,919
Loss of contribution from dispositions, including outparcel sales	(224)
<b>NOI, March 31, 2022</b>	<b>\$ 32,179</b>
<b>Year-over-year change - \$</b>	<b>\$ 8,894</b>
<b>Year-over-year change - %</b>	<b>38.2%</b>

<sup>1</sup>Includes the REIT's share of joint venture investments.

NOI for the three month period ended March 31, 2022 was \$32.2 million, which represents an increase of \$8.9 million from the same period in 2021. The increase is primarily due to a full quarter of NOI from accretive acquisitions, partially offset by the loss of contribution from dispositions over the prior year.

The following shows the change in NOI for the three month period ended March 31, 2022 compared to the immediately preceding quarter:

NOI, December 31, 2021	\$ 31,885
Change in same-property NOI <sup>1</sup>	480
Loss of contribution from properties under redevelopment	(186)
<b>NOI, March 31, 2022</b>	<b>\$ 32,179</b>
<b>Quarter-over-quarter change - \$</b>	<b>\$ 294</b>
<b>Quarter-over-quarter change - %</b>	<b>0.9%</b>

<sup>1</sup>Includes the REIT's share of joint venture investments.

NOI for the current quarter increased by \$0.3 million from the fourth quarter of 2021 to \$32.2 million due to increases in same-property NOI, partially offset by the loss of contribution from properties under redevelopment.

## SAME-PROPERTY NOI

Same-property NOI is a non-IFRS measure and is defined by the REIT as rental revenue, excluding non-cash straight-line rent, less property operating cost expenses after adjusting for the impact of IFRIC 21 property tax accounting adjustments for those properties owned by the REIT for the entirety of each of the current period and the relevant comparative period excluding those properties under redevelopment. For the three month period ended March 31, 2022, the same-property portfolio is comprised of a portfolio of 65 properties owned and in operation for each of the entire three month periods ended March 31, 2022 and 2021.

Same-property NOI is an important measure of the income generated from the REIT's properties period-over-period, but without consideration of acquisition and disposition activity, and is used by the REIT in evaluating the performance of its properties. The REIT seeks to increase or maintain same-property NOI through high-occupancy, increasing rents on renewal to market rents and by signing leases with embedded rent increases throughout the term of the lease.

The following is a summary of same-property NOI and the related occupancy rates for the three month period ended March 31, 2022 as compared to the same period in the prior year, reconciled to total NOI:

	Number of properties	Three months ended March 31,			
		2022	2021	Variance	Change (%)
<b>Same-property NOI</b>	<b>65</b>	<b>\$ 20,062</b>	<b>\$ 20,043</b>	<b>\$ 19</b>	<b>0.1%</b>
NOI attributable to redeveloped properties <sup>1</sup>	3	618	471	147	
NOI attributable to properties under redevelopment	8	1,979	1,946	33	
NOI attributable to acquisitions <sup>1</sup>	31	9,520	601	8,919	
NOI attributable to dispositions, including outparcel sales	1	—	224	(224)	
<b>Total NOI<sup>1</sup></b>		<b>\$ 32,179</b>	<b>\$ 23,285</b>	<b>\$ 8,894</b>	<b>38.2%</b>
<b>Occupancy, same-property</b>	<b>65</b>	<b>94.6%</b>	<b>94.5%</b>	<b>0.1%</b>	
Occupancy, redeveloped properties <sup>1</sup>	3	92.2%	90.8%	1.4%	
Occupancy, properties under redevelopment	8	90.7%	79.6%	11.1%	
Occupancy, acquisitions <sup>1</sup>	31	90.9%	—%	90.9%	
Occupancy, dispositions, including outparcel sales	1	—%	100.0%	(100.0%)	
<b>Occupancy, portfolio<sup>1</sup></b>		<b>93.2%</b>	<b>92.5%</b>	<b>0.7%</b>	

<sup>1</sup>Includes the REIT's share of joint venture investments.

Same-property NOI for the current quarter increased by 0.1% to \$20.1 million over the comparative period. The increase was primarily attributed to new leasing above market rental rates and increases in rental rates from re-leasing above average in-place rent of the properties, partially offset by temporary vacancies in the period. Including the impact of completed redevelopments, same-property NOI increased by \$0.2 million or 0.8% over the comparative period.

The following is a summary of same-property NOI and the related occupancy rates for the trailing twelve month period ended March 31, 2022, as compared to the same period in the prior year, reconciled to total NOI:

	Number of properties	Trailing twelve months, March 31,			
		2022	2021	Variance	Change (%)
<b>Same-property NOI</b>	<b>56</b>	<b>\$ 70,448</b>	<b>\$ 69,980</b>	<b>\$ 468</b>	<b>0.7%</b>
NOI attributable to redeveloped properties <sup>1</sup>	5	5,140	3,646	1,494	
NOI attributable to properties under redevelopment	8	8,211	8,383	(172)	
NOI attributable to acquisitions <sup>1</sup>	38	29,949	7,399	22,550	
NOI attributable to dispositions, including outparcel sales	13	—	1,710	(1,710)	
<b>Total NOI<sup>1</sup></b>		<b>\$ 113,748</b>	<b>\$ 91,118</b>	<b>\$ 22,630</b>	<b>24.8%</b>
<b>Occupancy, same-property</b>	<b>56</b>	<b>94.6%</b>	<b>94.7%</b>	<b>(0.1%)</b>	
Occupancy, redeveloped properties <sup>1</sup>	5	93.9%	93.2%	0.7%	
Occupancy, properties under redevelopment	8	90.7%	80.7%	10.0%	
Occupancy, acquisitions <sup>1</sup>	38	91.4%	94.5%	(3.1%)	
Occupancy, dispositions, including outparcel sales	13	—%	94.1%	(94.1%)	
<b>Occupancy, portfolio<sup>1</sup></b>		<b>93.2%</b>	<b>92.2%</b>	<b>1.0%</b>	

<sup>1</sup>Includes the REIT's share of joint venture investments.

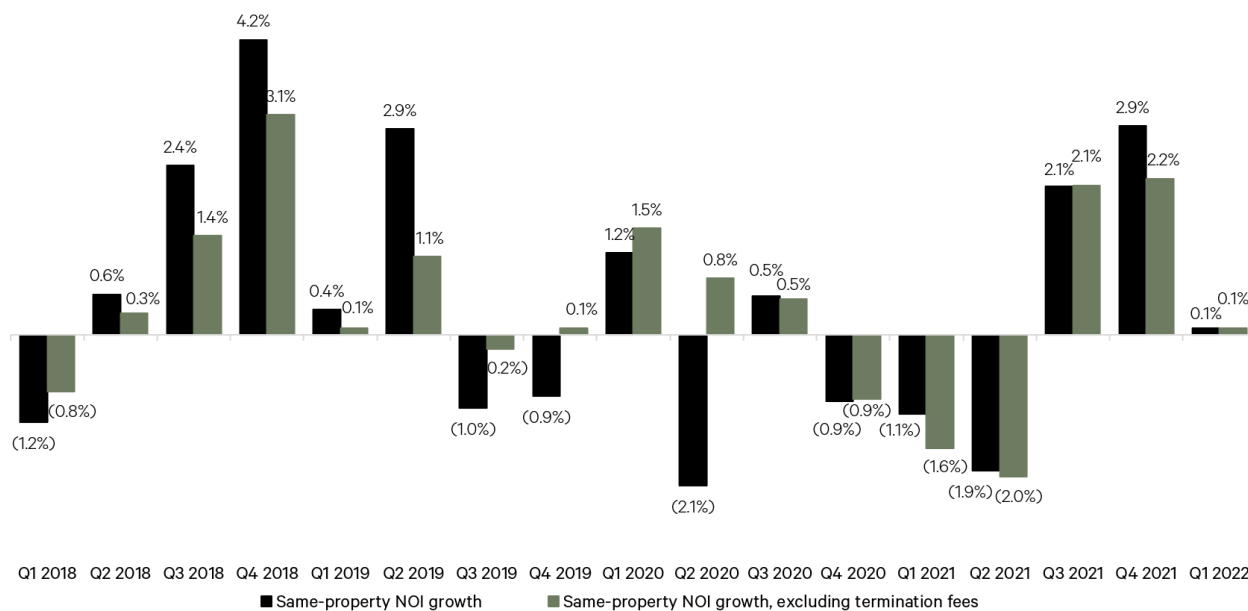
Same-property NOI for the trailing twelve month period ended March 31, 2022 increased by 0.7% from the same period in the prior year. This increase was primarily attributed to increases in rental rates from re-leasing above average in-place rent and new leasing above comparable market rental rates, partially offset by temporary vacancies. Including the impact of completed redevelopments, same-property NOI increased by \$2.0 million or 2.7% over the comparative period.

Same-property NOI by quarter and percentage change over the relevant comparative period for the respective quarter is as follows:

	Number of properties	Same-property NOI	Same-property change (%)	Same-property change (%), excluding termination fees
Q1 2018	62	16,555	(1.2%)	(0.8%)
Q2 2018	64	17,403	0.6%	0.3%
Q3 2018	65	18,226	2.4%	1.4%
Q4 2018	77	22,691	4.2%	3.1%
Q1 2019	76	22,908	0.4%	0.1%
Q2 2019	75	23,816	2.9%	1.1%
Q3 2019	72	22,246	(1.0%)	(0.2%)
Q4 2019	68	21,511	(0.9%)	0.1%
Q1 2020	64	20,180	1.2%	1.5%
Q2 2020	63	19,985	(2.1%)	0.8%
Q3 2020	62	19,565	0.5%	0.5%
Q4 2020	61	18,961	(0.9%)	(0.9%)
Q1 2021	59	18,455	(1.1%)	(1.6%)
Q2 2021	62	18,424	(1.9%)	(2.0%)
Q3 2021	67	21,100	2.1%	2.1%
Q4 2021	69	21,443	2.9%	2.2%
Q1 2022	65	20,062	0.1%	0.1%

Termination income is included in the REIT's definition of same-property NOI, however, can be substantial and does not occur frequently. The following is a table summarizing same-property NOI growth excluding the impact of termination fees:

#### Same-property NOI Growth, Year-over-Year



## NET ASSET VALUE

Net asset value is a non-IFRS measure and is defined by the REIT as the aggregate of the carrying value of the REIT's equity, exchangeable units of subsidiaries and deferred tax liability. Management believes that this measure reflects the residual value of the REIT to equity holders and is used by management on both an aggregate and per unit basis to evaluate the net asset value attributable to unitholders and changes thereon based on the execution of the REIT's strategy.



The following is the calculation of net asset value on a total and per unit basis to the REIT's consolidated financial statements:

	March 31, 2022	December 31, 2021
Total unitholders' equity	\$ 650,309	\$ 623,921
Less: non-controlling interest	(4,987)	(4,901)
Adjusted unitholders' equity	\$ 645,322	\$ 619,020
Deferred income taxes	124,327	106,769
Exchangeable units	12,405	12,302
<b>NAV</b>	<b>\$ 782,054</b>	<b>\$ 738,091</b>
Class U units outstanding	60,070	60,060
<b>NAV per unit</b>	<b>\$ 13.02</b>	<b>\$ 12.29</b>

NAV per unit has increased by \$0.73 as a result of improved valuations of the portfolio, driven by increased buyer demand for grocery-anchored strip centres and value-add asset management activities which includes anchor tenant renewals and repositionings, tenant credit enhancement through strategic leasing, capital investments and improvements.

	March 31, 2022	December 31, 2021
Properties	\$ 1,633,188	\$ 1,608,655
Working capital	91,574	72,081
Debt	(937,721)	(937,744)
Non-controlling interest	(4,987)	(4,901)
<b>NAV</b>	<b>\$ 782,054</b>	<b>\$ 738,091</b>
Class U units outstanding	60,070	60,060
<b>NAV per unit</b>	<b>\$ 13.02</b>	<b>\$ 12.29</b>

## FFO

FFO is a non-IFRS measure and real estate industry standard for evaluating operating performance. The REIT calculates FFO in accordance with the definition provided by REALPAC in its White Paper on FFO and AFFO for IFRS, as revised in February 2019. FFO is an important measure of the operating performance of REITs and is used by the REIT in evaluating the combined performance of its operations and the impact of its capital structure.

In calculating FFO, the REIT makes adjustments to the change in the fair value of properties, change in fair value of interest rate hedges recognized in income, deferred income tax expense, unit expense and IFRIC 21 accounting related adjustments.

The following is a reconciliation of net income to FFO:

	Three months ended March 31,		
	2022	2021	Variance
<b>Net income</b>	<b>\$ 27,425</b>	<b>\$ 60,775</b>	<b>\$ (33,350)</b>
Change in fair value of financial instruments	—	(3,018)	3,018
Change in fair value of properties	(36,356)	(78,749)	42,393
Deferred income tax expense	13,768	19,448	(5,680)
Unit expense	2,933	569	2,364
Adjustments for joint venture investments	(7,807)	107	(7,914)
Non-controlling interest	(193)	—	(193)
IFRIC 21 property tax adjustment	16,439	12,397	4,042
<b>FFO<sup>1</sup></b>	<b>\$ 16,209</b>	<b>\$ 11,529</b>	<b>\$ 4,680</b>
<b>FFO per WA unit<sup>1</sup></b>	<b>\$ 0.27</b>	<b>\$ 0.24</b>	<b>\$ 0.03</b>
<b>WA number of units outstanding</b>	<b>60,064</b>	<b>48,597</b>	<b>11,467</b>

<sup>1</sup> Adjusting to exclude the impact of \$169.0 million debt refinancing in the first quarter of 2021, FFO and FFO per unit for the three month period ended March 31, 2021 would be \$11.8 million and \$0.24, respectively.

The following is a calculation of FFO from NOI:

	Three months ended March 31,		
	2022	2021	Variance
<b>NOI</b>	<b>\$ 32,179</b>	<b>\$ 23,285</b>	<b>\$ 8,894</b>
Straight-line rent revenue	(126)	165	(291)
General and administrative expenses	(3,613)	(2,215)	(1,398)
Cash interest, net <sup>1</sup>	(9,688)	(8,380)	(1,308)
Finance charge and mark-to-market adjustments	(417)	(576)	159
Adjustments for joint venture investments	(1,721)	(65)	(1,656)
Non-controlling interest	(193)	—	(193)
Current income tax expense	(212)	(685)	473
<b>FFO<sup>2</sup></b>	<b>\$ 16,209</b>	<b>\$ 11,529</b>	<b>\$ 4,680</b>

<sup>1</sup> Cash interest, net is comprised of total interest expense less amortization of finance charges and mark-to-market adjustments.

<sup>2</sup> Adjusting to exclude the impact of \$169.0 million debt refinancing in the first quarter of 2021, FFO for the three month period ended March 31, 2021 would be \$11.8 million.

FFO for the three month period ended March 31, 2022 increased by \$4.7 million over the comparative period. This increase is primarily due to the aforementioned increases to NOI, partially offset by increases in cash interest paid, general and administrative expenses, and adjustments for joint venture investments.

## AFFO

AFFO is a non-IFRS measure that is used by management of the REIT, certain of the real estate industry and investors to measure recurring cash flows, including certain capital costs, leasing costs, tenant improvements and the impact of non-cash revenue. As described above, the REIT calculates AFFO as FFO adjusted for capital expenditures, leasing costs, tenant improvements and straight-line rent. The REIT's calculation is consistent with AFFO as calculated by REALPAC in its White Paper on FFO and AFFO for IFRS, as revised in February 2019. However, the REIT uses AFFO as a cash flow measure and considers it a meaningful measure used to evaluate the cash available for distribution to unitholders, while REALPAC considers AFFO as a recurring economic earnings measure. Accordingly, the REIT's use and calculation of AFFO may be different than the use or as disclosed by other businesses, and as a result, may not be comparable to similar measures presented by others.

The following is a reconciliation of cash flow from operations as included in the REIT's consolidated cash flow statement to AFFO:

	Three months ended March 31,		
	2022	2021	Variance
<b>Cash flow from operations</b>	\$ 20,271	\$ 15,714	\$ 4,557
Changes in non-cash working capital items	(6,870)	(3,795)	(3,075)
Finance charge and mark-to-market adjustments	(417)	(576)	159
Interest, net and TIF note adjustments	27	35	(8)
Adjustments for joint venture investments	3,186	77	3,109
Non-controlling interest	(192)	—	(192)
Change in fair value of subscription receipt funds in escrow	—	(91)	91
Capital expenditures	(1,625)	(788)	(837)
Leasing costs	(326)	(365)	39
Tenant improvements	(797)	(761)	(36)
<b>AFFO<sup>1</sup></b>	<b>\$ 13,257</b>	<b>\$ 9,450</b>	<b>\$ 3,807</b>

<sup>1</sup> Adjusting to exclude the impact of \$169.0 million debt refinancing in the first quarter of 2021, AFFO for the three month period ended March 31, 2021 would be \$9.8 million.

In calculating AFFO, the REIT makes adjustments to FFO for certain items including capital, leasing costs, tenant improvements and straight-line rental revenue.

The following is a reconciliation of FFO to AFFO:

	Three months ended March 31,		
	2022	2021	Variance
FFO	\$ 16,209	\$ 11,529	\$ 4,680
Straight-line rental revenue	126	(165)	291
Capital expenditures	(1,625)	(788)	(837)
Leasing costs	(326)	(365)	39
Tenant improvements	(797)	(761)	(36)
Adjustments for joint venture investments	(331)	—	(331)
Non-controlling interest	1	—	1
<b>AFFO<sup>1</sup></b>	<b>\$ 13,257</b>	<b>\$ 9,450</b>	<b>\$ 3,807</b>
<b>AFFO per WA unit<sup>1</sup></b>	<b>\$ 0.22</b>	<b>\$ 0.19</b>	<b>\$ 0.03</b>
<b>WA number of units outstanding</b>	<b>60,064</b>	<b>48,597</b>	<b>11,467</b>

<sup>1</sup> Adjusting to exclude the impact of \$169.0 million debt refinancing in the first quarter of 2021, AFFO and AFFO per unit for the three month period ended March 31, 2021 would be \$9.8 million and \$0.20, respectively.

The following is a reconciliation of net income to AFFO:

	Three months ended March 31,		
	2022	2021	Variance
<b>Net income</b>	<b>\$ 27,425</b>	<b>\$ 60,775</b>	<b>\$ (33,350)</b>
Change in fair value of financial instruments	—	(3,018)	3,018
Change in fair value of properties	(36,356)	(78,749)	42,393
Deferred income tax expense	13,768	19,448	(5,680)
Unit expense	2,933	569	2,364
Adjustments for joint venture investments	(7,807)	107	(7,914)
Non-controlling interest	(193)	—	(193)
IFRIC 21 property tax adjustment	16,439	12,397	4,042
<b>FFO<sup>1</sup></b>	<b>\$ 16,209</b>	<b>\$ 11,529</b>	<b>\$ 4,680</b>
Straight-line rental revenue	126	(165)	291
Capital expenditures	(1,625)	(788)	(837)
Leasing costs	(326)	(365)	39
Tenant improvements	(797)	(761)	(36)
Adjustments for joint venture investments	(331)	—	(331)
Non-controlling interest	1	—	1
<b>AFFO<sup>1</sup></b>	<b>\$ 13,257</b>	<b>\$ 9,450</b>	<b>\$ 3,807</b>

<sup>1</sup> Adjusting to exclude the impact of \$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.

The following is a calculation of AFFO from NOI:

	Three months ended March 31,		
	2022	2021	Variance
NOI	\$ 32,179	\$ 23,285	\$ 8,894
General and administrative expenses	(3,613)	(2,215)	(1,398)
Cash interest, net <sup>1</sup>	(9,688)	(8,380)	(1,308)
Finance charge and mark-to-market adjustments	(417)	(576)	159
Current income tax expense	(212)	(685)	473
Adjustments for joint venture investments	(2,052)	(65)	(1,987)
Non-controlling interest	(192)	—	(192)
Capital expenditures	(1,625)	(788)	(837)
Leasing costs	(326)	(365)	39
Tenant improvements	(797)	(761)	(36)
<b>AFFO<sup>2</sup></b>	<b>\$ 13,257</b>	<b>\$ 9,450</b>	<b>\$ 3,807</b>

<sup>1</sup> Cash interest, net is comprised of total interest expense less amortization of finance charges and mark-to-market adjustments.

<sup>2</sup> Adjusting to exclude the impact of \$169.0 million debt refinancing in the first quarter of 2021, AFFO for the three month period ended March 31, 2021 would be \$9.8 million.

AFFO for the three month period ended March 31, 2022 was \$13.3 million, which represents a \$3.8 million increase from the comparative period. The increase is primarily due to the aforementioned increases to FFO, partially offset by increased capital expenditures.

Capital improvements may include, but are not limited to, items such as parking lot resurfacing and roof replacements. These items are recorded as part of properties. Tenant improvements, leasing commissions, landlord work and maintenance capital expenditures can vary from period to period, at times significantly, depending upon the timing of lease expiries, re-leasing and management's capital plan for the period. Such costs are generally expended for purposes of tenancing and extending existing leases, which create value at the REIT's properties and the portfolio as a whole by increasing contractual cash flow through new and extended leases. The REIT will continue to capitalize on value-add opportunities to revitalize, undertake space improvements and generally maintain the high quality of the properties and tenants. As a result of the natural variability of such costs, the REIT's calculation of AFFO will be variable when comparing current period results to prior periods.

#### Capital, leasing costs and tenant improvements

During the first quarter capital improvements were completed across the portfolio. The majority of capital improvements were completed concurrent to leasing at the REIT's properties with the remainder as minor improvements. The remaining leasing costs were generally related to the high volume of new and renewal activity, totaling 81 leases executed in the current quarter. Leasing costs were well spread out across each deal with no one deal representing a large percentage of the total expenditure. Leasing costs to secure new tenants are generally higher than the costs to renew in-place tenants. In addition to property reinvestment, the leasing capital was comprised of fees related to tenant improvement allowances and other direct leasing costs, such as broker commissions and legal costs. To date the REIT has funded capital and leasing costs using cash flows from operations.

The following is a reconciliation of net income to AFFO using a proportionate share (non-GAAP) measure. With the exception of net income, the table includes figures that are recorded as an equity investment, information that is not explicitly disclosed or presented in the consolidated financial statements.

	Three months ended March 31, 2022			Three months ended March 31, 2021		
	Consolidated	Joint venture investments	Proportionate Share (Non-GAAP)	Consolidated	Joint venture investments	Proportionate Share (Non-GAAP)
Rental revenue	\$ 38,966	\$ 8,037	\$ 47,003	\$ 32,471	\$ 497	\$ 32,968
Property operating expenses <sup>1</sup>	(28,590)	(6,615)	(35,205)	(21,560)	(359)	(21,919)
General and administrative expenses	(3,613)	(279)	(3,892)	(2,215)	(1)	(2,216)
Interest and finance costs	(10,105)	(1,442)	(11,547)	(8,956)	(128)	(9,084)
Share of income (loss) in joint venture investments	11,324	(11,324)	—	(30)	30	—
Change in fair value of financial instruments	—	838	838	3,018	—	3,018
Change in fair value of properties	36,356	10,785	47,141	78,749	(39)	78,710
Deferred income tax expense	(13,768)	—	(13,768)	(19,448)	—	(19,448)
Current income tax expense	(212)	—	(212)	(685)	—	(685)
Unit expense	(2,933)	—	(2,933)	(569)	—	(569)
<b>Net income</b>	<b>\$ 27,425</b>	<b>\$ —</b>	<b>\$ 27,425</b>	<b>\$ 60,775</b>	<b>\$ —</b>	<b>\$ 60,775</b>
Change in fair value of financial instruments	—	(838)	(838)	(3,018)	—	(3,018)
Change in fair value of properties	(36,356)	(10,785)	(47,141)	(78,749)	39	(78,710)
Deferred income tax expense	13,768	—	13,768	19,448	—	19,448
Unit expense	2,933	—	2,933	569	—	569
Adjustments for joint venture investments	(7,807)	7,807	—	107	(107)	—
Non-controlling interest	(193)	—	(193)	—	—	—
IFRIC 21 property tax adjustment	16,439	3,816	20,255	12,397	68	12,465
<b>FFO<sup>2</sup></b>	<b>\$ 16,209</b>	<b>\$ —</b>	<b>\$ 16,209</b>	<b>\$ 11,529</b>	<b>\$ —</b>	<b>\$ 11,529</b>
Straight-line rental revenue	126	(131)	(5)	(165)	—	(165)
Capital expenditures	(1,625)	(129)	(1,754)	(788)	—	(788)
Leasing costs	(326)	(71)	(397)	(365)	—	(365)
Tenant improvements	(797)	—	(797)	(761)	—	(761)
Adjustments for joint venture investments	(331)	331	—	—	—	—
Non-controlling interest	1	—	1	—	—	—
<b>AFFO<sup>2</sup></b>	<b>\$ 13,257</b>	<b>\$ —</b>	<b>\$ 13,257</b>	<b>\$ 9,450</b>	<b>\$ —</b>	<b>\$ 9,450</b>

<sup>1</sup> In accordance with IFRIC 21, the REIT recognizes the annual property tax liability and expense on its existing properties on January 1<sup>st</sup>, rather than progressively, i.e. ratably, throughout the year.

<sup>2</sup> Adjusting to exclude the impact of \$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.

## DISTRIBUTIONS

Pursuant to the Declaration of Trust, the income of the REIT is distributed on dates and in amounts as determined by the board of trustees. The REIT's current monthly distribution to unitholders is \$0.072 per class U unit or \$0.864 per class U unit on an annualized basis. Distributions increased by \$2.5 million to \$12.9 million over the comparative period due to the issuance of 11.4 million units from the REIT's equity raise completed on September 22, 2021.

The following table summarizes the REIT's distributions and reconciliation to distributions paid or settled:

	Three months ended March 31,		
	2022	2021	Variance
<b>Declared</b>			
REIT units distributions	\$ 12,706	\$ 10,227	\$ 2,479
Exchangeable units of subsidiaries distributions	221	233	(12)
	<b>\$ 12,927</b>	<b>\$ 10,460</b>	<b>\$ 2,467</b>
Add: Distributions payable, beginning of period	4,309	3,487	822
Less: Distributions payable, end of period	(4,309)	(3,487)	(822)
<b>Distributions paid or settled</b>	<b>\$ 12,927</b>	<b>\$ 10,460</b>	<b>\$ 2,467</b>

### Taxation of distributions

The REIT qualifies as a "mutual fund trust" under the Income Tax Act (Canada). For taxable Canadian resident REIT unitholders, the REIT's distributions were treated as follows for tax purposes for the three most recent years:

Taxation year, on a per dollar of distribution	Return of capital	Capital gains	Other income	Foreign tax paid
2021	58.9%	12.3%	30.8%	(2.0%)
2020	33.9%	12.3%	59.3%	(5.5%)
2019	35.2%	11.6%	53.2%	—%
2018	78.0%	—	22.0%	—%
2017	44.0%	—	56.0%	—%
2016	35.0%	—	65.0%	—%
2015 (January to May) <sup>1</sup>	45.0%	—	55.0%	—%
2015 (June to December) <sup>1</sup>	39.0%	—	61.0%	—%

<sup>1</sup> The change in return of capital and other income in the 2015 year is due to a deemed year end resulting from the acquisition of net assets of Slate U.S. Opportunity (No. 3) Realty Trust.

### FFO payout ratio

The FFO payout ratio is a non-IFRS measure that provides a representation of the distributions generated by the REIT compared to FFO. Management uses this measure on a total and per unit basis to evaluate the REIT's ability to sustain its distributions. The FFO payout ratio is calculated by dividing aggregate distributions made in respect of REIT units and exchangeable units of subsidiaries by FFO during the period of measurement.

The FFO payout ratio was 79.8% for the three month period ended March 31, 2022, which represents a decrease of 10.9% over the comparative period. The decrease is due to the aforementioned increases to FFO, partially offset by an increase in distributions declared from the increase in units issued in 2021.

The table below illustrates the REIT's cash flow capacity, based on FFO, in comparison to its declared distributions:

	Three months ended March 31,	
	2022	2021
FFO	\$ 16,209	\$ 11,529
Distributions declared <sup>1</sup>	(12,927)	(10,460)
<b>Excess of FFO over distributions declared</b>	<b>\$ 3,282</b>	<b>\$ 1,069</b>
<b>FFO payout ratio<sup>2</sup></b>	<b>79.8%</b>	<b>90.7%</b>

<sup>1</sup> Distributions declared represent distributions on REIT units and exchangeable units of subsidiaries.

<sup>2</sup> Adjusting to exclude the impact of \$169.0 million debt refinancing in the first quarter of 2021, the FFO payout ratio for the three month period ended March 31, 2021 would be 88.3%.



## AFFO payout ratio

The AFFO payout ratio is a non-IFRS measure that provides a representation of the distributions generated by the REIT compared to AFFO. Management uses this measure on a total and per unit basis to evaluate the REIT's ability to sustain its distributions. The AFFO payout ratio is calculated by dividing aggregate distributions made in respect of REIT units and exchangeable units of subsidiaries by AFFO during the period of measurement.

As described above, the REIT's determination of AFFO includes actual capital, leasing costs and tenant improvements, which can vary from period to period, at times significantly, depending upon the timing of lease expiries, re-leasing, and management's capital plan for the period. As a result of the natural variability of such costs, the REIT's calculation of its AFFO payout ratio will be variable when comparing current period results to prior periods, and accordingly, inherently more volatile than the REIT's FFO payout ratio which does not include such costs. The actual ratio may from time-to-time be outside of this range.

The REIT strives to maintain an AFFO payout ratio that provides steady and reliable distributions to unitholders. As a result, the REIT is focused on maintaining a policy that provides a high level of certainty that the distribution will be maintained over time. The REIT's monthly distribution to unitholders was \$0.072 per class U unit or \$0.864 on an annualized basis.

The AFFO payout ratio for the three month period ended March 31, 2022 decreased by 13.2% from the comparative period to 97.5%.

The table below illustrates the REIT's cash flow capacity, based on AFFO, in comparison to its cash distributions:

	Three months ended March 31,	
	2022	2021
AFFO	\$ 13,257	\$ 9,450
Distributions declared <sup>1</sup>	(12,927)	(10,460)
<b>Excess of AFFO over distributions declared</b>	<b>\$ 330</b>	<b>\$ (1,010)</b>
<b>AFFO payout ratio <sup>2</sup></b>	<b>97.5%</b>	<b>110.7%</b>

<sup>1</sup> Distributions declared represent distributions on REIT units and exchangeable units of subsidiaries.

<sup>2</sup> Adjusting to exclude the impact of \$169.0 million debt refinancing in the first quarter of 2021, the AFFO payout ratio for the three month period ended March 31, 2021 would be 107.1%.

## Impact of interest rate changes

The REIT strives to maintain a conservative AFFO payout ratio in order to continue to provide steady and reliable distributions to unitholders. The actual ratio may from time-to-time be outside of this range as a result of operational results, including changes in interest rates, and the timing of capital and leasing costs. Management expects there will be normal deviations from this rate due to timing and natural volatility in the operations of the business. Management evaluates various factors in determining the appropriate distribution policy including estimates of future NOI, near-term grocery-anchor lease turnover, future capital requirements and interest rate changes.

In order to mitigate interest rate risk, the REIT has entered into notional amount pay-fixed receive-float interest rate swap contracts to hedge the cash flow risk associated with monthly U.S. LIBOR based interest payments on a portion of the REIT's floating rate debt. As a result of the interest rate swaps, 94.5% of the REIT's debt is now subject to fixed rates. The weighted average fixed rate of the REIT's interest rate swaps was 2.6% in comparison to one-month U.S. LIBOR at 0.32% at March 31, 2022 with a weighted average term to maturity of 2.0 years.

In conjunction with the REIT's \$169.0 million mortgage closed on January 14, 2021, the REIT terminated its \$150.0 million interest rate swap with a maturity date of February 26, 2021. This resulted in an increase to the weighted average pay-fixed rate of the REIT's swap portfolio to 2.57%.

The terms of the interest rate swaps are as follows:

				<b>Total/ Weighted average</b>
Pay-fixed rate	1.411%	2.884%	2.925%	<b>2.573%</b>
Notional amount	\$ 100,000	\$ 175,000	\$ 175,000	<b>\$ 450,000</b>
Receive-floating rate	One-month LIBOR	One-month LIBOR	One-month LIBOR	
Maturity date	September 22, 2022	August 22, 2023	August 22, 2025	
Remaining term (years)	0.5	1.4	3.4	<b>2.0</b>

## INCOME TAX

The REIT's operations and the associated net income occur within partially owned, flow through entities such as partnerships. Any tax liability on taxable income attributable to the Slate Grocery exchangeable unitholders is incurred directly by the unitholders as opposed to Slate Grocery Investment L.P., the REIT's most senior taxable subsidiary. Accordingly, although the REIT's consolidated net income includes income attributable to Slate Grocery exchangeable unitholders, the consolidated tax provision includes only the REIT's proportionate share of the applicable taxes.

For the three month period ended March 31, 2022, the deferred income tax expense was \$13.8 million (three month period ended March 31, 2021 – \$19.4 million). The REIT's deferred income tax expense relates mainly to changes in the differences between the fair value of the REIT's properties and the corresponding undepreciated value for income tax purposes.

## RELATED PARTY TRANSACTIONS

Pursuant to the terms of a management agreement as amended on October 1, 2021, the Manager provides all management services to the REIT. The Manager agreed to provide certain services in connection with the business of the REIT, including: the structuring of the REIT, liaising with legal and tax counsel; identifying properties for acquisition; maintaining ongoing relationships with the lenders in respect of the mortgage loans for the Properties; conducting continuous analysis of market conditions; and advising with respect to the disposition of the Properties. In return for its service, the Manager receives the following fees:

- i. an asset management fee calculated as a percentage of GBV of the REIT (the "rate"). A rate of 0.40% is applicable to a GBV of up to \$2.0 billion and reduced based on certain GBV increases; and
- ii. an acquisition fee in an amount equal to 0.75% of the gross purchase price of each property (or interest in a property), including the price, due diligence costs, closing costs, legal fees, and additional capital costs for all properties indirectly acquired by the REIT.

	Three months ended March 31,	
	2022	2021
Asset management	\$ 1,912	\$ 1,314
Acquisition	—	410
<b>Total</b>	<b>\$ 1,912</b>	<b>\$ 1,724</b>

Related party transactions incurred and payable to the Manager for the three month period ended March 31, 2022 was \$1.9 million (2021 – \$1.7 million). These transactions are in the normal course of operations and are in accordance with the management agreement and are measured at the exchange amount. The exchange amount is the consideration established under contract and as approved by the REIT's board of trustees. The Manager is a significant unitholder in the REIT, with an approximate 5.6% interest.

## MAJOR CASH FLOW COMPONENTS

The REIT is able to meet all of its obligations as they become due and have sufficient liquidity from the following sources: (i) cash flow from operating activities and (ii) financing availability through the REIT's revolving credit facility and conventional mortgage debt secured by income-producing properties.

	Three months ended March 31,	
	2022	2021
Operating activities	\$ 20,271	\$ 15,714
Investing activities	(2,910)	(146,598)
Financing activities	(13,972)	134,855
<b>Increase in cash</b>	<b>\$ 3,389</b>	<b>\$ 3,971</b>

Cash flows from operating activities relate to the collection of rent and payment of property operating expenses. Cash flows from operating activities, net of interest expense are able to satisfy the REIT's distribution requirements and will be used to fund on-going operations and expenditures for leasing capital and property capital.

Cash flows used in investing activities primarily relate to additions to the properties through capital and leasing expenditures, partially offset by distributions from joint venture investments.

Cash flows from financing activities relate to the repayment of mortgage and distributions paid to unitholders, partially offset by revolver advances.

## PART IV – FINANCIAL CONDITION

### DEBT

The REIT's overall borrowing strategy is to obtain financing with terms to maturity that are appropriate having regard to the lease maturity profiles of the underlying properties and which allows the REIT to (i) stagger debt maturities that reduce its exposure to interest rate fluctuations and re-financing risk in any particular period, (ii) minimize financing costs, and (iii) maintain flexibility with respect to property operations. The success of this strategy is dependent upon debt market parameters existing at the time of borrowing, as well as the particular features and quality of the underlying assets being financed. If this strategy is unsuccessful, mortgage principal repayments would be funded by operating cash flows, additional draws under the REIT's revolver, financing of income-producing properties or by issuances of equity.

The REIT's revolver, term loan and term loan 2 provide the required flexibility to support the REIT's acquisition pipeline. The credit facility and term loan 2 represents a significant component of the REIT's funding, which allows the REIT to maintain flexibility in its portfolio by avoiding debt that constricts portfolio capital recycling and redevelopment while minimizing unused cash positions. In addition to the credit facility and term loan 2, the REIT has ready access to alternative funding sources, including financial institutions for financing arrangements and investors at competitive rates. Management continues to monitor interest rate risk of the REIT's debt portfolio. As a result of the interest rate swap, 94.5% of the REIT's debt is now subject to fixed rates.

Debt held by the REIT is as follows:

						March 31, 2022	December 31, 2021
	Maturity	Term to maturity (years)	Effective rate	Principal	Mark-to-market adjustments and costs	Carrying amount	Carrying amount
Revolver <sup>1 2 3 4 5</sup>	March 21, 2024	2.0	2.08%	\$ 193,513	\$ (920)	\$ 192,593	\$ 190,822
Term loan <sup>1 2 4</sup>	March 21, 2025	3.0	2.20%	225,000	(836)	224,164	224,098
Term loan 2 <sup>1 2 4</sup>	February 9, 2023	0.9	2.20%	83,000	(387)	82,613	82,504
Mortgage	December 6, 2024	2.7	4.03%	103,950	477	104,427	104,537
Mortgage	January 1, 2025	2.8	3.80%	40,968	(469)	40,499	40,736
Mortgage	July 1, 2025	3.3	4.14%	37,821	(278)	37,543	37,993
Mortgage	August 1, 2025	3.3	4.43%	7,700	72	7,772	7,711
Mortgage	March 18, 2030	8.0	3.48%	80,128	(1,296)	78,832	79,219
Mortgage	January 1, 2031	8.8	5.50%	6,342	106	6,448	6,588
Mortgage	May 1, 2031	9.1	3.75%	165,595	(2,765)	162,830	163,536
<b>Total / weighted average</b>		<b>3.9<sup>5 6</sup></b>	<b>4.13%<sup>6</sup></b>	<b>\$ 944,017</b>	<b>\$ (6,296)</b>	<b>\$ 937,721</b>	<b>\$ 937,744</b>
<b>Share of joint venture investments' debt</b>						<b>211,120</b>	<b>211,905</b>
<b>Total debt, proportionate basis</b>						<b>\$ 1,148,841</b>	<b>\$ 1,149,649</b>

<sup>1</sup> The weighted average interest rate has been calculated using the March 31, 2022 U.S. LIBOR rate for purposes of the revolver, term loan and term loan 2.

<sup>2</sup> Debt available to be drawn is subject to certain covenants as provided in the REIT's lending agreements, including generally, a maximum of 65% consolidated leverage ratio. The applicable spread for the revolver where the consolidated leverage ratio is: (i) less than or equal to 45% is 135 bps; (ii) greater than 45% but less than or equal to 50% is 145 bps; (iii) greater than 50% but less than or equal to 55% is 160 bps (iv) greater than 55% but less than or equal to 60% is 185 bps; and (v) greater than 60% is 205 bps. The applicable spread for the term loan and term loan 2 where the consolidated leverage ratio is: (i) less than or equal to 45% is 125 bps; (ii) greater than 45% but less than or equal to 50% is 140 bps; (iii) greater than 50% but less than or equal to 55% is 150 bps (iv) greater than 55% but less than or equal to 60% is 175 bps; and (v) greater than 60% is 195 bps.

<sup>3</sup> The revolver requires a stand-by fee to be paid in an amount equal to 0.25% of the unused portion of the revolver where the unused portion is greater than or equal to 50% of the maximum amount available and 0.15% of the unused portion of the revolver where the unused portion is less than 50% of the maximum amount available, calculated daily.

<sup>4</sup> The revolver, term loan and term loan 2 are secured by a general pledge of equity of certain subsidiaries of the REIT. Collectively, those subsidiaries hold an interest in 45 of the REIT's properties.

<sup>5</sup> Excludes a two-six month extension options exercisable at the REIT's option. With the two six-month extension options the weighted average debt maturity of the REIT's debt portfolio is 4.1 years.

<sup>6</sup> Includes the REIT's share of debt held in its joint ventures.

On September 22, 2021, as a part of the acquisition of the Tops Portfolio, the REIT assumed a \$104.5 million five-year mortgage, bearing interest at 4.03%, as well as a \$7.7 million six-year mortgage, bearing interest at 4.43%.

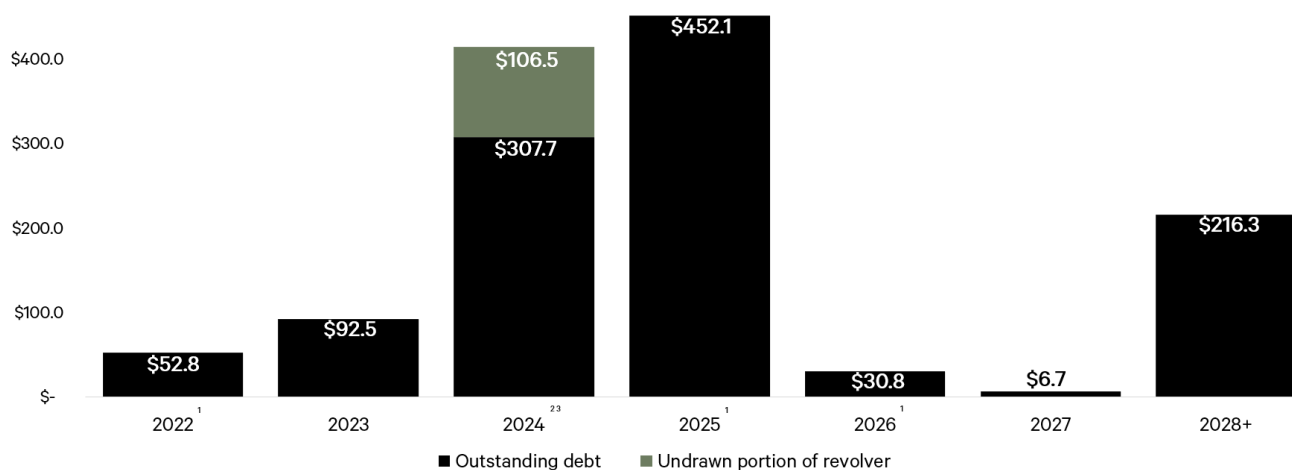
On January 14, 2021, the REIT entered into a \$169.0 million 10-year mortgage, bearing interest of 3.75%. The net proceeds from the loan were used to reduce the REIT's term loan to \$83.0 million

The carrying amount of debt was \$937.7 million at March 31, 2022, which is consistent with December 31, 2021. Decreases in total debt were primarily due to repayments on debt from cash received from operations, partially offset by draws on the REIT's revolver.

The weighted-average term of the REIT's debt is 3.9 years at a weighted average cost of 4.13%.

### Debt Maturity Profile

(in \$US millions)



<sup>1</sup> Includes the REIT's share of debt held in its joint ventures.

<sup>2</sup> Debt available to be drawn is subject to certain covenants as provided in the REIT's lending agreements, including generally, a maximum of 65% Consolidated Total Indebtedness to Gross Asset Value (the "consolidated leverage ratio"). The term loan and term loan 2 provide for different spreads over one-month U.S. LIBOR depending on the ratio of the consolidated leverage ratio. The applicable spread for the revolver where the consolidated leverage ratio is: (i) less than or equal to 45% is 135 bps; (ii) greater than 45% but less than or equal to 50% is 145 bps; (iii) greater than 50% but less than or equal to 55% is 160 bps (iv) greater than 55% but less than or equal to 60% is 185 bps; and (v) greater than 60% is 205 bps. The applicable spread for the term loan and term loan 2 where the consolidated leverage ratio is: (i) less than or equal to 45% is 125 bps; (ii) greater than 45% but less than or equal to 50% is 140 bps; (iii) greater than 50% but less than or equal to 55% is 150 bps (iv) greater than 55% but less than or equal to 60% is 175 bps; and (v) greater than 60% is 195 bps.

<sup>3</sup> Excludes two six-month extension options exercisable at the REIT's option for the revolver. With the two six-month extension options the weighted average debt maturity of the REIT's debt portfolio is 4.1 years

### DEBT TO GROSS BOOK VALUE

The REIT's Declaration of Trust provides for restrictions as to the maximum aggregate amount of leverage that may be undertaken. Specifically, the Declaration of Trust provides that the REIT is not permitted to exceed financial leverage in excess of 65% of gross book value, as defined by the Declaration of Trust. A calculation of debt to gross book value ratio is as follows:

	March 31, 2022	December 31, 2021
GBV	\$ 1,775,504	\$ 1,737,162
Debt	937,721	937,744
<b>Leverage ratio</b>	<b>52.8%</b>	<b>54.0%</b>

The REIT's leverage ratio is 52.8%, which is a 1.2% decrease from December 31, 2021. The decrease is due to an increase in valuation of the REIT's portfolio.

Additional investment and operating guidelines are provided for by the Declaration of Trust. The REIT is in compliance with these guidelines.

The REIT's revolver, term loan and term loan 2 are subject to financial and other covenants. The following are the primary financial covenants, with all terms defined by the lending agreement:

	Threshold	March 31, 2022	December 31, 2021
Maximum leverage ratio: consolidated total indebtedness shall not exceed 65% of gross asset value	< 65%	61.1%	61.8%
Minimum fixed charge coverage ratio: adjusted EBITDA to consolidated fixed charges shall not be less than 1.50x <sup>1</sup>	> 1.50x	2.15x	1.94x

<sup>1</sup> Adjusted EBITDA is defined as earnings before interest, tax, depreciation, and amortization, as defined by the Amended and Restated Credit Agreement for the revolver and term loan, and the Credit Agreement for term loan 2.

### ADJUSTED EBITDA

Adjusted EBITDA is a non-IFRS measure and is used by the REIT to monitor the REIT's ability to satisfy and service its debt as well as monitor requirements imposed by the REIT's lenders. Specifically, adjusted EBITDA is used to monitor the REIT's leverage ratio and interest coverage ratio, which the REIT uses to measure its debt profile and assess its ability to satisfy its obligations, including servicing its debt. Management views adjusted EBITDA as a proxy for operating cash flow prior to interest costs.

The following is a reconciliation from net income to adjusted EBITDA:

	Three months ended March 31,		
	2022	2021	Variance
<b>Net income</b>	<b>\$ 27,425</b>	<b>\$ 60,775</b>	<b>\$ (33,350)</b>
Interest and finance costs	10,105	8,956	1,149
Change in fair value of financial instruments	—	(3,018)	3,018
Change in fair value of properties	(36,356)	(78,749)	42,393
Deferred income tax expense	13,768	19,448	(5,680)
Current income tax expense	212	685	(473)
Unit expense	2,933	569	2,364
Adjustments for joint venture investment	(6,086)	172	(6,258)
Straight-line rent revenue	126	(165)	291
IFRIC 21 property tax adjustment	16,439	12,397	4,042
<b>Adjusted EBITDA</b>	<b>\$ 28,566</b>	<b>\$ 21,070</b>	<b>\$ 7,496</b>

	Three months ended March 31,		
	2022	2021	Variance
Rental revenue	\$ 38,966	\$ 32,471	\$ 6,495
Property operating expenses	(28,590)	(21,560)	(7,030)
General and administrative expenses	(3,613)	(2,215)	(1,398)
Adjustments for joint venture investment	5,238	142	5,096
Straight-line rent revenue	126	(165)	291
IFRIC 21 property tax adjustment	16,439	12,397	4,042
<b>Adjusted EBITDA</b>	<b>\$ 28,566</b>	<b>\$ 21,070</b>	<b>\$ 7,496</b>

## INTEREST COVERAGE RATIO

In addition to the REIT's level of indebtedness calculated in accordance with the REIT's Declaration of Trust, management also monitors the REIT's interest coverage ratio, which is a non-IFRS measure. The interest coverage ratio is useful in determining the REIT's ability to service the interest requirements of its outstanding debt. The interest coverage ratio is calculated by dividing Adjusted EBITDA by the REIT's interest obligations for the period. Management utilizes this ratio to measure and monitor leverage. Additionally, Adjusted EBITDA is also a non-IFRS measure and is used by the REIT to monitor its interest coverage ratio as well as monitor requirements imposed by the REIT's lenders. Management views Adjusted EBITDA as a proxy for operating cash flow prior to interest costs.

The following is a calculation of Adjusted EBITDA and the REIT's interest coverage ratio:

	Three months ended March 31,	
	2022	2021
NOI	\$ 32,179	\$ 23,285
General and administrative expenses	(3,613)	(2,215)
<b>Adjusted EBITDA</b>	<b>\$ 28,566</b>	<b>\$ 21,070</b>
Cash interest paid	(9,715)	(8,415)
<b>Interest coverage ratio</b>	<b>2.94x</b>	<b>2.50x</b>

The interest coverage ratio increased from 2.50x to 2.94x for the three month period ended March 31, 2022. The increase is due to the aforementioned increases to NOI, partially offset by increases in general and administrative expenses and cash interest paid.

## LIQUIDITY AND CAPITAL RESOURCES

The principal liquidity needs of the REIT arise from: (i) working capital requirements, (ii) debt servicing and repayment obligations which includes the term loans, revolver, and the mortgages, (iii) distributions to unitholders, (iv) planned funding of maintenance capital expenditures and leasing costs, and (v) future property acquisition funding requirements.

Cash flows from operating the REIT's property portfolio, available funding under the REIT's revolver, and cash on hand represent the primary sources of liquidity. Cash flows from operations are dependent upon occupancy levels, rental rates, collection of rents, recoveries of operating costs and operating costs. Working capital requirements of the REIT primarily include the payment of operating expenses, leasing costs,

maintenance capital and distributions. Working capital needs are generally funded through cash generated from operations, which has historically exceeded such requirements.

The REIT manages its cash flow from operating activities by maintaining a target debt level. The debt to gross book value, as defined in the Declaration of Trust, as at March 31, 2022 is 52.8% (December 31, 2021 – 54.0%).

#### Contractual commitments

The REIT has the following contractual commitments:

	Total contractual cash flow		2022	2023-2024	2025-2026	Thereafter
Accounts payable and accrued liabilities	\$	37,897	\$ 37,897	\$ —	\$ —	\$ —
Revolver <sup>12</sup>		193,513	—	193,513	—	—
Revolver interest payable <sup>12,3</sup>		15,253	13,141	2,112	—	—
Term loan <sup>12</sup>		225,000	—	225,000	—	—
Term loan interest payable <sup>12</sup>		27,267	14,559	12,708	—	—
Term loan 2 <sup>2,4</sup>		83,000	83,000	—	—	—
Term loan 2 interest payable <sup>2,4</sup>		2,643	2,643	—	—	—
Mortgages <sup>5</sup>		648,058	45,865	124,427	253,933	223,833
Mortgage interest payable <sup>5</sup>		126,850	24,400	46,085	24,821	31,544
Interest rate swap, net of cash outflows		5,299	4,301	574	424	—
Exchangeable units of subsidiaries		12,405	—	—	—	12,405
<b>Total<sup>5</sup></b>	<b>\$</b>	<b>1,377,185</b>	<b>\$ 225,806</b>	<b>\$ 604,419</b>	<b>\$ 279,178</b>	<b>\$ 267,782</b>

<sup>1</sup> Revolver and term loan interest payable is calculated on \$193.5 million and \$225.0 million (balance outstanding) using an estimated "all in" interest rate of 3.79% and 3.69% respectively under the "2022" column. The long-term average interest rate is based on the 30-day LIBOR forward curve plus the specified margin for the LIBOR rate option under the term loan resulting in an "all-in" interest rate of 4.62%. The total revolver and term loan interest payable is calculated until maturity of the initial term.

<sup>2</sup> Excludes the impact of the REIT's \$450.0 million pay-fixed, receive-float interest rate swaps that hedge a portion of the cash flow risk associated with one-month U.S. LIBOR based interest payments.

<sup>3</sup> Includes stand-by fee on the revolver to be paid in an amount equal to 0.25% of the unused portion of the revolver where the unused portion is greater than or equal to 50% of the maximum amount available and 0.15% of the unused portion of the revolver where the unused portion is less than 50% of the maximum amount available, calculated daily.

<sup>4</sup> Term loan 2 interest payable is calculated on \$83.0 million (balance outstanding) using an estimated "all in" interest rate of 3.69% under the "2022" column.

<sup>5</sup> Includes the REIT's share of debt held in its joint venture investments.

#### REIT UNITS AND EXCHANGEABLE UNITS OF SUBSIDIARIES

The units of the REIT are presented as equity instruments while exchangeable units of subsidiaries are presented as financial liabilities in accordance with IAS 32, *Financial Instruments: Presentation*.

The exchangeable units of subsidiaries are redeemable at the option of the holder for cash or class U units of the REIT as determined by the REIT. Distributions paid on exchangeable units of subsidiaries are recorded as unit expense in the period in which they become payable. The exchangeable units of subsidiaries are measured at fair value at each reporting period with any changes in fair value recognized in net and income.

REIT units and exchangeable units of subsidiaries outstanding for the three month period ended March 31, 2022 and their respective class U equivalent amounts if converted are as follows:

Class / type	REIT units			Exchangeable units of subsidiaries			Total class U units equivalent
	U	A	I	LP1	LP2	GAR B	
Balance, December 31, 2021	58,342	148	282	28	920	132	59,852
Exchanged	174	(1)	—	—	(173)	—	—
<b>Class U units equivalent, March 31, 2022</b>	<b>58,516</b>	<b>147</b>	<b>282</b>	<b>28</b>	<b>747</b>	<b>132</b>	<b>59,852</b>

#### At the Market Program

On March 30, 2022, the REIT established an at the market equity program ("ATM program") that allows the REIT to issue, at its discretion, up to \$150.0 million of class U units of the REIT to the public from time to time through an agent. Distributions pursuant to the ATM program will be made in accordance with the terms of an equity distribution agreement dated March 30, 2022 entered into among the REIT and the agent. The ATM program will be effective until April 28, 2024, unless terminated in accordance with the terms of the equity distribution agreement.

As at March 31, 2022, no units had been issued under the ATM program. Subsequent to the quarter, the REIT issued a total of 1.4 million class U units of the REIT under the ATM program at an average share price of C\$16.95 (USD\$13.59) for proceeds, net of costs of \$18.6 million.

## Public offerings

On March 31, 2021, the REIT completed a bought deal public offering of 11,420,000 subscription receipts of the REIT at a price of C\$11.65 per subscription receipt, for gross proceeds of C\$133.0 million. On September 22, 2021, one class U unit of the REIT was issued in exchange for each subscription receipt, without payment of additional consideration. The unit holders of the subscription receipts, on the date upon which the subscription receipts were exchanged for units of the REIT, received cash distribution equivalent payment of \$0.4268 being equal to the amount per REIT unit of any cash distributions made by the REIT for which record dates have occurred during the period from and including March 31, 2021 and September 22, 2021. The cash distribution equivalent payment of \$4.9 million has been recorded in interest and finance costs in the 2021 year.

## Normal course issuer bid

The REIT had a normal course issuer bid ("NCIB") in place between May 26, 2020 to May 26, 2021. No class U units were purchased and subsequently canceled under the NCIB.

## ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

	March 31, 2022	December 31, 2021
Accounts payable and accrued liabilities	\$ 15,453	\$ 12,776
Prepaid rent	6,640	5,236
Tenant improvements payable	6,652	5,823
Taxes payable	421	310
Other payables	8,731	5,894
<b>Total</b>	<b>\$ 37,897</b>	<b>\$ 30,039</b>

Included in accounts payable and accrued liabilities are operating expenses, property taxes, and capital and leasing expenses. Other payables include trustee fees, accrued interest payable and other non-operating items.

## ACCOUNTS RECEIVABLE

The accounts receivable balance is comprised of the following:

	March 31, 2022	December 31, 2021
Rent receivable	\$ 9,526	\$ 6,742
Allowance	(1,261)	(1,181)
Accrued recovery income	4,439	5,122
Other receivables	5,831	6,890
<b>Total</b>	<b>\$ 18,535</b>	<b>\$ 17,573</b>

Rent receivable consists of base rent and operating expense recoveries. Management has provided for \$1.3 million (December 31, 2021 – \$1.2 million) as an allowance for doubtful accounts and anticipates that the unprovided balance is collectible.

Accrued recovery income represents amounts that have not yet been billed to tenants for operating expenses, mainly real estate taxes, and are generally billed and paid in the following year. Other receivables is primarily comprised of the gross amount of consideration for property taxes paid directly by tenants.

The aging analysis of rent receivable past due but not impaired, net of allowance for doubtful accounts, is as follows:

	March 31, 2022	December 31, 2021
Current to 30 days	\$ 3,872	\$ 3,151
31 to 60 days	660	981
61 to 90 days	1,263	144
Greater than 90 days	2,470	1,285
<b>Total</b>	<b>\$ 8,265</b>	<b>\$ 5,561</b>

The net amounts aged greater than 90 days are at various stages of the collection process and are considered collectible by management.



## JOINT VENTURE INVESTMENTS

The REIT accounts for its joint venture investments using the equity method. The table below summarizes the REIT's investment in joint ventures:

Portfolio	Anchors	State	March 31, 2022		December 31, 2021	
			Number of properties	Ownership interest	Number of properties	Ownership interest
Tom Thumb Portfolio	Tom Thumb, Walmart, and Raley's	Texas, Florida, and California	10	90% – 95%	10	90% – 95%
Other Grocery Portfolio	Stop & Shop, Price Chopper, Acme Markets and Strack & Van Til	New York and Indiana	4	85%	4	85%
Kroger Portfolio	Kroger	Michigan	1	50%	1	50%

The change in the REIT's joint venture investments are as follows:

	March 31, 2022			December 31, 2021	
	Tom Thumb Portfolio	Other Grocery Portfolio	Other	Total	Total
Beginning of the period	\$ 46,708	\$ 37,712	\$ 2,884	\$ 87,304	\$ 3,474
Initial investment	—	—	—	—	56,773
Working capital contributions	—	—	—	—	10,672
<b>Net cost of equity investment</b>	<b>\$ 46,708</b>	<b>\$ 37,712</b>	<b>\$ 2,884</b>	<b>\$ 87,304</b>	<b>\$ 70,919</b>
(Distributions) contributions	(331)	(892)	—	(1,223)	(4,104)
Share of income (loss) in joint venture investments	7,011	3,806	507	11,324	20,489
<b>End of the period</b>	<b>\$ 53,388</b>	<b>\$ 40,626</b>	<b>\$ 3,391</b>	<b>\$ 97,405</b>	<b>\$ 87,304</b>

The financial position of the REIT's joint venture investments are as follows:

	March 31, 2022			December 31, 2021	
	Tom Thumb Portfolio	Other Grocery Portfolio	Other	Total	Total
<b>Assets</b>					
Property	\$ 175,410	\$ 148,941	\$ 20,400	\$ 344,751	\$ 336,450
Other non-current assets	2,928	1,380	—	4,308	4,167
Current assets	6,014	4,077	2,350	12,441	10,003
<b>Total assets</b>	<b>\$ 184,352</b>	<b>\$ 154,398</b>	<b>\$ 22,750</b>	<b>\$ 361,500</b>	<b>\$ 350,620</b>
<b>Liabilities</b>					
Debt	\$ 124,891	\$ 102,254	\$ 15,100	\$ 242,245	\$ 196,978
Other non-current liabilities	10	592	27	629	1,456
Current liabilities	2,397	3,757	841	6,995	52,095
<b>Total liabilities</b>	<b>\$ 127,298</b>	<b>\$ 106,603</b>	<b>\$ 15,968</b>	<b>\$ 249,869</b>	<b>\$ 250,529</b>
<b>Net assets at 100%</b>	<b>\$ 57,054</b>	<b>\$ 47,795</b>	<b>\$ 6,782</b>	<b>\$ 111,631</b>	<b>\$ 100,091</b>
<b>At the REIT's interest</b>	<b>\$ 53,388</b>	<b>\$ 40,626</b>	<b>\$ 3,391</b>	<b>\$ 97,405</b>	<b>\$ 87,304</b>

The following is a summary of income of the REIT's joint venture investments:

	Tom Thumb Portfolio	Other Grocery Portfolio	Other	Three months ended March 31,	
				2022	2021
Rental revenue	\$ 4,103	\$ 4,606	\$ 566	\$ 9,275	\$ 497
Property operating expenses	(3,249)	(3,900)	(528)	(7,677)	(351)
General and administrative expenses	(82)	(236)	—	(318)	(1)
Interest and finance costs	(920)	(608)	(130)	(1,658)	(128)
Change in fair value of financial instruments	—	986	—	986	—
Change in fair value of property <sup>1</sup>	7,615	3,629	1,107	12,351	(77)
<b>Net income (loss) and comprehensive income (loss) at 100%</b>	<b>\$ 7,467</b>	<b>\$ 4,477</b>	<b>\$ 1,015</b>	<b>\$ 12,959</b>	<b>\$ (60)</b>
<b>At the REIT's interest</b>	<b>\$ 7,011</b>	<b>\$ 3,806</b>	<b>\$ 507</b>	<b>\$ 11,324</b>	<b>\$ (30)</b>

#### Debt refinancing

On July 2, 2021, the REIT refinanced the first mortgage loan in relation to the Kroger Portfolio of \$15.5 million. The mortgage bears interest at 3.05% and matures on August 1, 2026.

On September 30, 2021, the REIT refinanced the mortgage loan in relation to the Other Grocery Portfolio for \$19.2 million. The mortgage bears interest at 3.75% and matures on October 1, 2026.

#### Management fees

Pursuant to the terms of the property management and leasing agreement and the development services agreement the REIT provides property, leasing and development management services for its Kroger joint venture investment located in Michigan. In return for its services, the REIT receives the following fees:

- property management fees calculated based on gross income of each tenant;
- development fees for the management of the construction in adherence with the property's development plan; and
- leasing commissions for all executed leases.

Total management fees earned by the REIT under the agreement were \$15 thousand for the three month period ended March 31, 2022 (three month period ended March 31, 2021 – \$16 thousand).

## NON-CONTROLLING INTEREST

The net assets attributable to the non-controlling interest and the REIT is as follows:

	March 31, 2022	December 31, 2021
<b>Assets</b>		
Property	\$ 162,937	\$ 157,556
Current assets	6,880	6,466
<b>Total Assets</b>	<b>\$ 169,817</b>	<b>\$ 164,022</b>
<b>Liabilities</b>		
Debt	\$ 112,199	\$ 112,248
Other non-current liabilities	4,145	—
Current liabilities	3,603	2,761
<b>Total Liabilities</b>	<b>\$ 119,947</b>	<b>\$ 115,009</b>
<b>Net Assets</b>	<b>\$ 49,870</b>	<b>\$ 49,013</b>
<b>Net assets attributable to</b>		
Unitholders of the REIT	\$ 44,883	\$ 44,112
Non-controlling interest	\$ 4,987	\$ 4,901

The income attributable to the non-controlling interest and the REIT is as follows:

	Three months ended March 31,	
	2022	2021
Rental revenue	\$ 5,143	\$ —
Property operating expenses	(5,222)	—
General and administrative expenses	(88)	—
Interest and finance costs	(1,081)	—
Change in fair value of property	8,568	—
Deferred income tax expense	(4,145)	—
Current income tax expense	(17)	—
<b>Net income</b>	<b>\$ 3,158</b>	<b>\$ —</b>
<b>Net income attributable to</b>		
Unitholders of the REIT	\$ 2,842	\$ —
Non-controlling interest	\$ 316	\$ —

The cash flows attributable to the non-controlling interest and the REIT is as follows:

	March 31, 2022	December 31, 2021
<b>Cash flows from</b>		
Operating activities	\$ 316	\$ 523
Investing activities	—	—
Financing activities	(230)	(171)
<b>Increase in cash</b>	<b>\$ 86</b>	<b>\$ 352</b>
<b>Cash, beginning of the period</b>	<b>2,818</b>	<b>2,466</b>
<b>Cash, end of the period</b>	<b>\$ 2,904</b>	<b>\$ 2,818</b>

## SUBSEQUENT EVENTS

- i. On April 18, 2022, the REIT declared monthly distributions of \$0.072 per class U unit. Holders of class A units, class I units and units of subsidiaries of the REIT were also entitled to receive an equivalent distribution.
- ii. Subsequent to the quarter, the REIT issued a total of 1.4 million class U units of the REIT under the ATM program at an average share price of C\$16.95 (USD\$13.59) for proceeds, net of costs of \$18.6 million.

## PART V – ACCOUNTING AND CONTROL

### USE OF ESTIMATES

The preparation of the REIT's consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Management's estimates are based on historical experience and other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates under different assumptions.

### CRITICAL ACCOUNTING ESTIMATES

The REIT has identified the estimate of the fair value of its properties as a critical accounting estimate due to the significance of the estimate to the REIT's financial position and impact of changes on fair value to net income. Estimating the fair value of real property is characterized by uncertainty, both in terms of differences between different methods of valuation but also in the selection of assumptions to reflect the property being valued, certain of which are subjective. There is no assurance that management's, or a third-party's, estimate of fair value would be realized on sale due to the specific and unique aspects of real property, including their location, liquidity, tenants and the local demand and supply of competing properties for tenants.

The REIT determines the fair value of properties based upon the overall income capitalization rate method, the discounted cash flow method, direct comparison approach or through a combination of methods. All methods are generally accepted appraisal methodologies. If a third-party appraisal is not obtained for a property, management uses one or a combination of the overall income capitalization rate method and the discounted cash flow method. In certain circumstances, the direct comparison approach is used by comparing properties to similar properties that have sold, but adjusting for differences in the nature, location and other relevant considerations of the properties. The valuation methodology used, or combination of methodologies used, is based on the applicability and reliability of the relative approaches in the context of the subject property.

The fair values of properties are measured individually without consideration to their aggregate value on a portfolio basis. No consideration is given to diversification benefits related to single property tenant risk and geography, the value of assembling a portfolio or to the utilization of a common management platform, amongst other benefits. As a result, the fair value of the REIT's properties taken in aggregate may differ from the fair value of properties measured individually in the REIT's consolidated statements of financial position.

The following is a summary of the methodologies undertaken by management to estimate the fair value of the REIT's properties:

#### **Overall income capitalization approach**

The overall income capitalization approach evaluates a property's potential to generate cash flows and converts those cash flows into a present value. Generally, the REIT estimates a stabilized NOI and applies a capitalization rate to that income to estimate fair value. Stabilized NOI is determined as the property's potential gross income that could be generated at full capacity, less a vacancy and collection allowance. The capitalization rate used is derived from analysis of comparable sales data and the relative relationship of other properties' NOI over their sale price and industry surveys. In many cases, industry surveys are available that provide indicative ranges of capitalization rates for recently sold properties or views on value, however, certain adjustments are required to adjust for the specific nature, location and quality of properties.

#### **Direct comparison approach**

This approach involves comparing properties similar to the property for which fair value is being estimated and making adjustments to reconcile differences in size, location, nature and the quality of the property.

A summary of the significant assumptions used in the REIT's estimate of fair value as at March 31, 2022 is included on page 30 of this MD&A. Changes in these assumptions would have a significant impact on the REIT's estimate of fair value, which can be impacted by changes in demand for properties similar to those owned by the REIT, expectations of market rents, the covenant quality of tenants and the general economic environment.

The REIT determines the fair value of properties based upon the overall income capitalization rate method. Historically, estimates of fair value have in certain instances included valuations completed for transaction or lending purposes, in which case a discounted cash flow approach was also used.

### ACCOUNTING POLICIES

#### **i. Application of IFRS**

##### **Basis of consolidation**

The consolidated financial statements include the accounts of the REIT and its subsidiaries in accordance with IFRS 10, *Consolidated Financial Statements*. Intercompany transactions and balances have been eliminated on consolidation.

A subsidiary is an entity over which the REIT has control. Control exists when the REIT has power over an investee, is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power over the investee to affect its returns. The financial statements of a subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of a subsidiary are changed when necessary to align them with the policies applied by the REIT in these consolidated financial statements.

Changes in the REIT's ownership interests in subsidiaries that do not result in the REIT losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the REIT's interests and any non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the unitholders of the REIT. When the REIT loses control of a subsidiary, for example through sale or partial sale, a gain or loss is recognized and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interests.

#### Joint arrangements

A joint arrangement is a contractual arrangement in which the REIT has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the return of an arrangement. The REIT classifies joint arrangements as either joint operations or joint ventures.

A joint operation is a joint arrangement wherein the parties have rights to the assets and obligations for the liabilities. The REIT's interest in a joint operation is accounted for based on the REIT's interest in those assets, liabilities, revenues, and expenses.

A joint venture is a joint arrangement wherein the parties have rights to the net assets. The REIT's investments in joint ventures are accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the REIT's share of net assets of the joint venture since the acquisition date. The consolidated statement of income reflects the REIT's share of the results of operations of the joint venture. Any change in other comprehensive income ("OCI") of the joint venture is presented as part of the REIT's consolidated statement of comprehensive income.

#### Application of Interest Rate Benchmark Reform

In August 2020, the IASB issued IBOR Reform and the Effects on Financial Reporting – Phase II (amendments to IFRS 9, IFRS 7, IAS 39, IFRS 4 – Insurance Contracts and IFRS 16). The objective of the second phase of the IASB's project was to assist entities in providing useful information about the effects of the transition to alternative benchmark rates and support preparers in applying the requirements of the IFRS Standards when changes are made to contractual cash flows or hedging relationships as a result of the transition to an alternative benchmark interest rate. The amendments affect the basis for determining the contractual cash flows as a result of benchmark interest rate reform, hedge accounting and disclosures. The REIT has adopted the amendments on January 1, 2021. Adopting these amendments has allowed the REIT to continue hedge accounting during the period of uncertainty arising from interest rate benchmark reforms. Refer to note 21 for further details.

## CONTROL AND PROCEDURES

The REIT's management, under the supervision of its Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), is responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"), as such terms are defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109").

DC&P are those controls and other procedures that are designed to provide reasonable assurance that all material information required to be disclosed by the REIT in annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation. Furthermore, DC&P are those controls and other procedures that are designed to ensure that material information required to be disclosed by the REIT in annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the REIT's management, including its CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The REIT has applied the *Internal Control – Integrated Framework (2013)* published by the Committee of Sponsoring Organizations of the Treadway Commission for the design of its ICFR for the three month period ended March 31, 2022.

The REIT's CEO and CFO, along with the assistance of others, have designed disclosure controls and procedures to provide reasonable assurance that material information relating to the REIT is made known to the CEO and CFO, and have designed internal controls over financial reporting and disclosure to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS, as at March 31, 2022.

No changes were made in the REIT's design of ICFR during the three month period ended March 31, 2022, that have materially affected, or are reasonably likely to materially affect, the REIT's ICFR.

In designing such controls, it should be recognized that due to inherent limitations, any controls or control systems, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the control system are met. As a result of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected or prevented. These inherent limitations include, without limitation, (i) the possibility that management's assumptions and judgments may ultimately prove to be incorrect under varying conditions and circumstances; or (ii) the impact of isolated errors.

Additionally, controls may be circumvented by unauthorized acts of individuals, by collusion of two or more people, or by management override. The design of any control system is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential conditions. Projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## PART VI – PROPERTY TABLES

At March 31, 2022, the REIT owns a portfolio of 107 grocery-anchored properties. The portfolio consists of 13.2 million square feet of GLA with an occupancy rate of 93.2%.

Property	Location	Associated MSA	Area (SF)	% of Total	Occ. %	Anchor
Beach Shopping Center	Peekskill	New York–Newark–Bridgeport	204,532		87.0%	Stop & Shop
Mid-Valley Mall	Newburgh	New York–Newark–Bridgeport	207,721		79.8%	Market 32
Panorama Plaza	Penfield	Rochester–Batavia–Seneca Falls	250,804		85.2%	Tops Markets
Orchard Park	Orchard Park	Buffalo–Niagara Falls	150,990		77.2%	Tops Markets
Cheektowaga	Cheektowaga	Buffalo–Niagara Falls	136,318		86.6%	Tops Markets
Amherst	Amherst	Buffalo–Niagara Falls	128,896		91.5%	Tops Markets
Ontario	Ontario	Rochester–Batavia–Seneca Falls	69,336		93.5%	Tops Markets
LeRoy	LeRoy	Rochester–Batavia–Seneca Falls	56,472		95.0%	Tops Markets
Jamestown	Jamestown	Jamestown–Dunkirk–Fredonia	88,201		94.2%	Tops Markets
Warsaw	Warsaw	Buffalo–Niagara Falls	66,695		78.2%	Tops Markets
Culver Ridge Plaza	Irondequoit	Rochester–Batavia–Seneca Falls	202,596		91.9%	Marshalls
Mahopac Village Center	Mahopac	New York–Newark–Bridgeport	126,379		96.4%	Acme Markets
<b>Total New York</b>			<b>1,688,940</b>	<b>12.8%</b>		
98 Palms	Destin	Crestview–Fort Walton Beach–Destin	84,682		97.9%	Winn-Dixie
Bellview Plaza	Pensacola	Pensacola	82,910		96.4%	Publix
Bloomington Plaza	Brandon	Tampa–St. Petersburg	83,237		93.4%	Urban Air
Cordova Commons	Pensacola	Pensacola	164,343		100.0%	The Fresh Market
Errol Plaza	Orlando	Orlando	76,582		100.0%	Winn-Dixie
Eustis Village	Eustis	Orlando	156,927		100.0%	Publix
Good Homes Plaza	Ocoee	Orlando	165,741		95.4%	Publix
Oak Hill Village	Jacksonville	Jacksonville	78,492		93.8%	Publix
Salerno Village Square	Stuart	Port St. Lucie	77,677		94.7%	Winn-Dixie
Uptown Station	Fort Walton Beach	Pensacola	272,616		91.6%	Winn-Dixie
Wedgewood Commons	Stuart	Port St. Lucie	123,772		91.4%	Publix
Mission Hills Shopping Center	Naples	Naples	85,078		100.0%	Winn-Dixie
Barclay Square	Largo	Tampa–St. Petersburg	89,149		84.1%	Walmart
<b>Total Florida</b>			<b>1,541,206</b>	<b>11.7%</b>		
11 Galleria	Greenville	Greenville	55,608		71.2%	The Fresh Market
Battleground Village	Greensboro	Greensboro–High Point	73,207		92.2%	Aldi
Flowers Plantation	Clayton	Raleigh	53,500		100.0%	Food Lion
Fuquay Crossing	Fuquay–Varnia	Raleigh	96,638		94.0%	Harris Teeter
Independence Square	Charlotte	Charlotte	190,361		98.3%	Super Global Mart
Mooreville Consumer Square	Mooreville	Charlotte	272,860		95.2%	Walmart
Mooreville Town Square	Mooreville	Charlotte	98,262		99.0%	Lowe's Foods
Harper Hills Commons	Winston-Salem	Winston-Salem	96,914		90.8%	Harris Teeter
Renaissance Square	Davidson	Charlotte	80,467		89.2%	Harris Teeter
Alexander Pointe	Salisbury	Charlotte	57,710		100.0%	Harris Teeter
North Summit Square	Winston-Salem	Winston-Salem	224,530		95.7%	Sam's Club
Bells Fork Square	Greenville	Greenville	71,666		93.3%	Harris Teeter
Tanglewood Commons	Clemmons	Winston-Salem	78,520		91.1%	Harris Teeter
Westin Centre	Fayetteville	Fayetteville	66,890		97.9%	Food Lion
<b>Total North Carolina</b>			<b>1,517,133</b>	<b>11.5%</b>		
Lake Raystown Plaza	Huntingdon	Harrisburg	140,159		97.3%	Giant Food Store
Northland Center	State College	State College	111,718		95.9%	Giant Food Store
Norwin Town Square	North Huntingdon	Pittsburgh	141,466		93.8%	Shop n' Save
Shops at Cedar Point	Allentown	Allentown–Bethlehem–Easton	130,583		90.2%	Weis Markets
Summit Ridge	Mount Pleasant	Pittsburgh	240,884		92.6%	Walmart
West Valley Marketplace	Allentown	Allentown–Bethlehem–Easton	259,207		95.6%	Walmart
<b>Total Pennsylvania</b>			<b>1,024,017</b>	<b>7.8%</b>		

Property	Location	Associated MSA	Area (SF)	% of Total	Occ. %	Anchor
Barefoot Commons	Beach	Myrtle Beach-Conway	90,702		93.3%	Food Lion
Dill Creek Commons	Greer	Greenville-Spartanburg-Anderson	72,526		100.0%	Food Lion
Dorman Centre	Spartanburg	Greenville-Spartanburg-Anderson	388,502		97.1%	Walmart
Little River Pavilion	Beach	Myrtle Beach-Conway	63,823		95.6%	Lowe's Foods
North Augusta Plaza	North Augusta	Augusta-Richmond	229,730		95.2%	Publix
<b>Total South Carolina</b>			<b>845,283</b>	<b>6.4%</b>		
14th Street Market	Plano	Dallas-Ft Worth	75,458		100.0%	Tom Thumb
Flower Mound Crossing	Flower Mound	Dallas-Ft Worth	80,221		94.1%	Club 4 Fitness
Cross Timbers Court	Flower Mound	Dallas-Ft Worth	77,111		100.0%	Tom Thumb
Park West Plaza	Grapevine	Dallas-Ft Worth	78,828		90.3%	Tom Thumb
The Highlands	Flower Mound	Dallas-Ft Worth	86,399		89.7%	Tom Thumb
Heritage Heights	Grapevine	Dallas-Ft Worth	87,895		98.3%	Tom Thumb
Hunters Glen Crossing	Plano	Dallas-Ft Worth	92,468		98.8%	Tom Thumb
Alta Mesa Plaza	Fort Worth	Dallas-Ft Worth	167,961		83.6%	Kroger
Josey Oaks Crossing	Carrollton	Dallas-Ft Worth	85,698		98.0%	Tom Thumb
<b>Total Texas</b>			<b>832,039</b>	<b>6.3%</b>		
Abbott's Village	Alpharetta	Atlanta	109,586		98.1%	Publix
Birmingham Shoppes	Milton	Atlanta	82,905		93.2%	Publix
Duluth Station	Duluth	Atlanta	94,966		88.6%	Publix
Locust Grove	Locust Grove	Atlanta	89,567		96.9%	Publix
Merchants Crossing	Newnan	Atlanta	174,059		98.1%	Kroger
Robson Crossing	Flowery Branch	Atlanta	103,840		97.5%	Publix
Midway Plaza	Loganville	Atlanta	82,076		95.6%	Kroger
Parkway Station	Warner Robins	Atlanta	94,317		97.0%	Kroger
<b>Total Georgia</b>			<b>831,316</b>	<b>6.3%</b>		
Cambridge Crossings	Troy	Detroit	238,963		93.4%	Walmart
Canton Shopping Center	Canton	Detroit	72,631		99.0%	Aldi
City Center Plaza	Westland	Detroit	97,670		95.6%	Kroger
Stadium Center	Port Huron	Detroit-Warren-Dearborn	92,538		91.0%	Kroger
Windmill Plaza	Sterling Heights	Detroit	101,611		93.9%	Kroger
<b>Total Michigan</b>			<b>603,413</b>	<b>4.6%</b>		
East Brainerd Mall	Brainerd	Minneapolis-St Paul	191,459		95.6%	Cub Foods
Mapleridge Center	Maplewood	Minneapolis-St Paul	118,828		91.0%	Hy-Vee
North Branch Marketplace	North Branch	Minneapolis-St Paul	72,895		100.0%	County Market
Phalen Retail Center	St Paul	Minneapolis-St Paul	73,678		97.8%	Cub Foods
Plymouth Station	Plymouth	Minneapolis-St Paul	114,069		93.0%	Hy-Vee
<b>Total Minnesota</b>			<b>570,929</b>	<b>4.3%</b>		
Hocking Valley Mall	Lancaster	Columbus	181,393		96.2%	Kroger
Chillicothe Place	Chillicothe	Columbus-Marion-Zanesville	213,083		100.0%	Kroger
Mulberry Square	Milford	Cincinnati	145,901		81.6%	Kroger
<b>Total Ohio</b>			<b>540,377</b>	<b>4.1%</b>		
Highland Square	Crossville	Nashville	179,732		98.2%	Kroger
North Hixson Marketplace	Hixson	Chattanooga	64,254		95.4%	Food City
St. Elmo Central	Chattanooga	Chattanooga	74,999		100.0%	Food City
Sunset Plaza	Johnson City	Johnson City	143,752		100.0%	Kroger
Westhaven Town Center	Franklin	Nashville	63,904		100.0%	Kroger
<b>Total Tennessee</b>			<b>526,641</b>	<b>4.0%</b>		
East Little Creek	Norfolk	Virginia Beach-Norfolk-Newport News	68,770		96.1%	Kroger
Bermuda Crossroads	Chester	Richmond	122,566		96.7%	Food Lion
Gainsborough Square	Chesapeake	Virginia Beach-Norfolk-Newport News	88,862		96.4%	Food Lion
Indian Lakes Crossings	Virginia Beach	Virginia Beach-Norfolk-Newport News	64,973		100.0%	Harris Teeter
Smithfield Shopping Plaza	Smithfield	Virginia Beach-Norfolk-Newport News	134,664		95.8%	Kroger
<b>Total Virginia</b>			<b>479,835</b>	<b>3.6%</b>		



Property	Location	Associated MSA	Area (SF)	% of Total	Occ. %	Anchor
Glidden Crossing	DeKalb	Chicago-Naperville-Joliet	98,683		88.4%	Schnucks
North Lake Commons	Lake Zurich	Chicago-Naperville-Joliet	121,099		88.5%	Jewel-Osco
Prairie Point	Aurora	Chicago-Naperville-Elgin	91,535		98.3%	Mariano's
Plaza St. Clair	Fairview Heights	St. Louis	97,459		71.1%	Schnucks
<b>Total Illinois</b>			<b>408,776</b>	<b>3.1%</b>		
Charles Town Plaza	Charles Town	Washington-Baltimore	206,146		97.6%	Walmart
Eastpointe Shopping Center	Clarksburg	Morgantown	181,016		96.0%	Kroger
<b>Total West Virginia</b>			<b>387,162</b>	<b>2.9%</b>		
Southgate Crossing	Minot	Minot	159,780		78.4%	Cash Wise
Watford Plaza	Watford City	Williston	101,798		97.0%	Cash Wise
<b>Total North Dakota</b>			<b>261,578</b>	<b>2.0%</b>		
Crossroads Shopping Center	Schererville	Chicago-Naperville-Elgin	129,314		83.1%	Strack & Van Til
Glenlake Plaza	Indianapolis	Indianapolis-Carmel-Anderson	104,679		85.9%	Kroger
<b>Total Indiana</b>			<b>233,993</b>	<b>1.8%</b>		
Pine Creek Shopping Center	Grass Valley	Sacramento-Roseville	194,872		91.6%	Raley's
<b>Total California</b>			<b>194,872</b>	<b>1.5%</b>		
Derry Meadows Shoppes	Derry	Manchester-Nashua	151,946		91.9%	Hannaford Brothers
<b>Total New Hampshire</b>			<b>151,946</b>	<b>1.1%</b>		
Taylorsville Town Center	Taylorsville	Salt Lake City	127,507		98.9%	Macey's Fresh
<b>Total Utah</b>			<b>127,507</b>	<b>1.0%</b>		
Forest Plaza	Fond du Lac	Fond du Lac	123,028		78.3%	Pick 'n Save
<b>Total Wisconsin</b>			<b>123,028</b>	<b>0.9%</b>		
Stone House Square	Hagerstown	Washington-Baltimore	112,274		93.1%	Weis Markets
<b>Total Maryland</b>			<b>112,274</b>	<b>0.9%</b>		
Westminster Plaza	Westminster	Denver Aurora-Lakewood	98,975		94.2%	VASA Fitness
<b>Total Colorado</b>			<b>98,975</b>	<b>0.8%</b>		
Stonefield Square	Louisville	Louisville	80,865		91.0%	Crunch Fitness
<b>Total Kentucky</b>			<b>80,865</b>	<b>0.6%</b>		
<b>Total / WA</b>			<b>13,182,105</b>	<b>100.0%</b>	<b>93.2%</b>	

# Corporate Information

Slate Grocery REIT is an unincorporated, open-ended investment trust fund under and governed by the laws of the Province of Ontario. The REIT focuses on acquiring, owning and leasing a portfolio of grocery-anchored real estate properties. The REIT has a current portfolio that spans 13.2 million square feet of GLA and consists of 107 critical real estate properties located in the U.S.

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## Trustees

Andrea Stephen, Chairman <sup>1 2 3</sup>  
Corporate Director

Thomas Farley <sup>1 2 3</sup>  
Corporate Director

Marc Rouleau <sup>1 2</sup>  
Corporate Director

Colum Bastable, FCA (IRL) <sup>1 2 3</sup>  
Corporate Director

Patrick Flatley <sup>3</sup>  
Partner,  
Lincoln Land Services

Blair Welch <sup>3</sup>  
Partner and Co-founder,  
Slate Asset Management

Brady Welch  
Partner and Co-founder,  
Slate Asset Management

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## Independent Auditors

Deloitte LLP  
Chartered Professional Accountants  
Toronto, Canada

## Stock Exchange Listing and Symbol

The REIT's units are listed on the Toronto Stock Exchange and trade under the symbols SGR.U (quoted in US dollars) and SGR.UN (quoted in Canadian dollars)

## Registrar and Transfer Agent

TSX Trust Company  
301 - 100 Adelaide Street W  
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The REIT's website [www.slategroceryreit.com](http://www.slategroceryreit.com) provides additional information regarding the REIT's portfolio, investment strategy, management and corporate governance. Additionally, the Investor section includes news, presentations, events, regulatory filings and stock information.

<sup>1</sup> Compensation Governance and Nomination Committee

<sup>2</sup> Audit Committee

<sup>3</sup> Investment Committee



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