
Slate Grocery REIT

2022 Annual 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. \$2.4 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 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 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. 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, 2022 ("Annual Information Form"). Factors that could cause actual results to differ materially from those contemplated or implied including, but not limited to: 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 February 14, 2023 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

95.7%

Grocery-anchored properties

65.0%

Essential tenants

93.2%

Portfolio occupancy

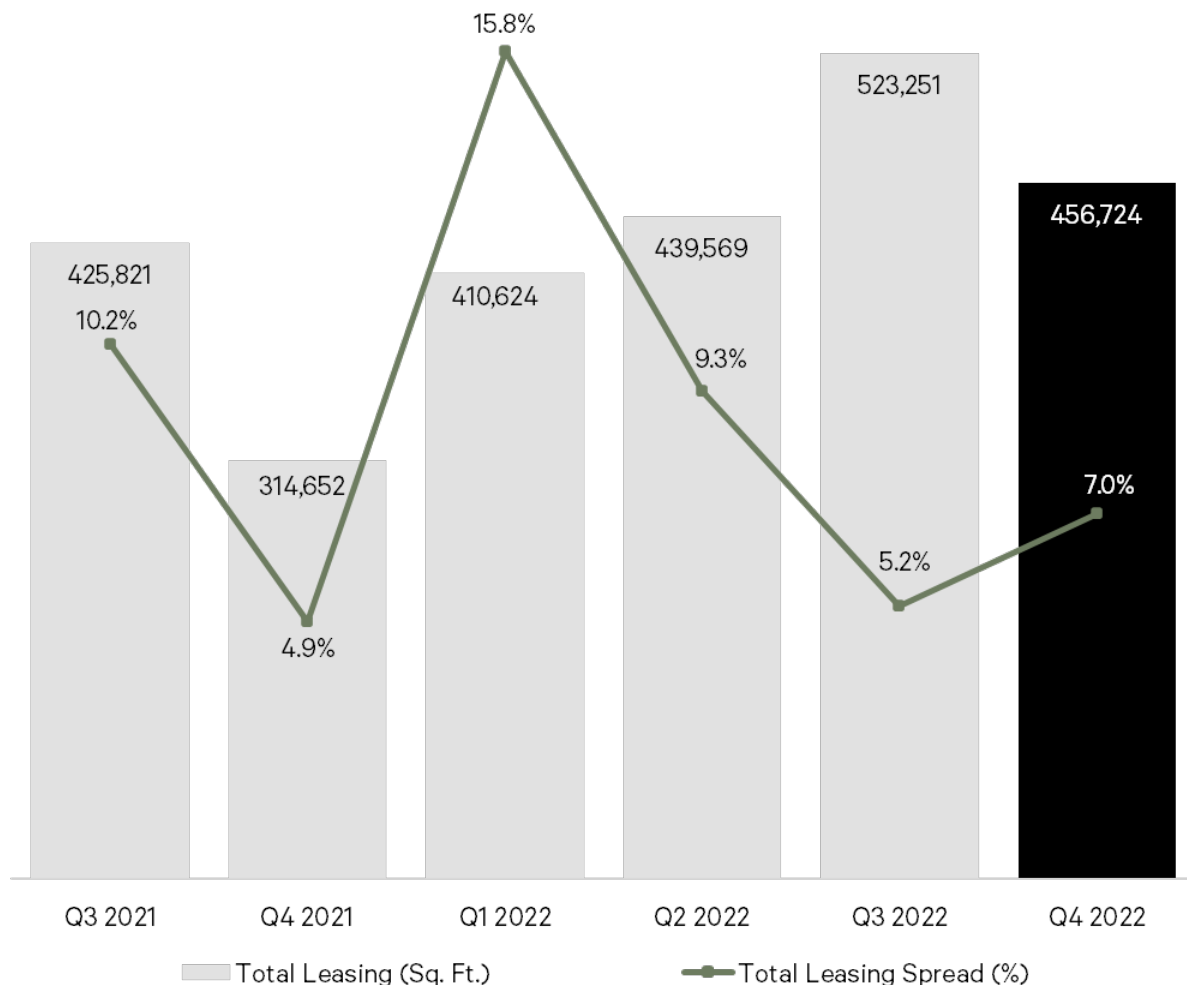
\$2.4B

Critical real estate¹

99.2%

Anchor occupancy


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



¹ On a proportionate interest basis.

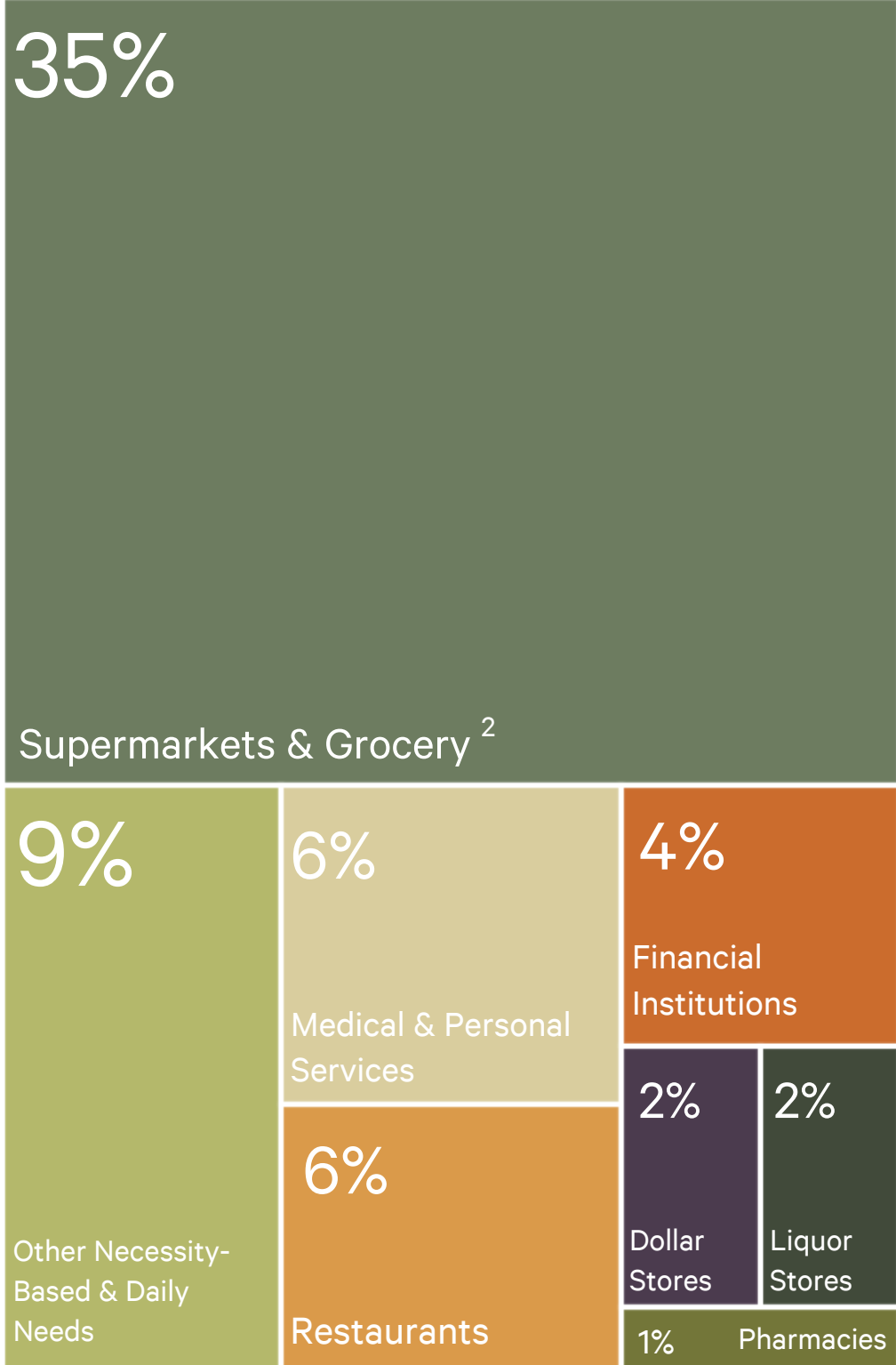
Top 5 tenants

Ranked by annual base rent

1	6.5%	
2	5.3%	
3	4.4%	
4	3.0%	
5	3.0%	

77.8% remaining tenants across 1,837 leases

Necessity Based Tenancy¹



¹ Based on the North American Industry Classification System.

² Includes Walmart.

Kroger



Assets

24

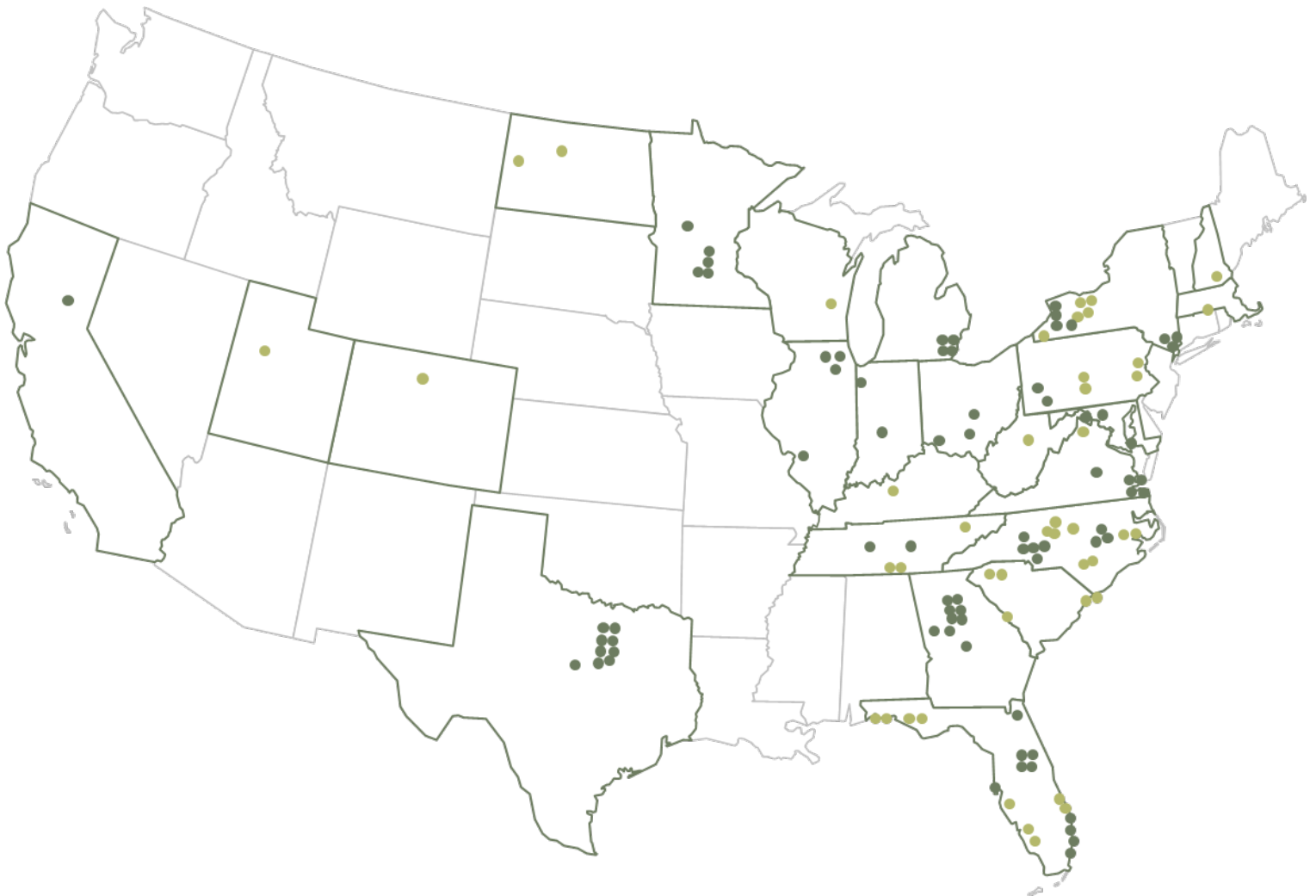
States

117

Number of properties

15.3M

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,

Slate Grocery REIT's performance throughout 2022 underscores the resiliency and defensive nature of grocery-anchored real estate. Looking ahead, the REIT's below-market rents provide significant runway for continued revenue growth and value increase.

Market fundamentals in the grocery-anchored sector are favourable, and the outlook for the REIT heading into 2023 is positive. High construction costs, retail conversions, redevelopments, and historically low sector vacancy rates are keeping inventory levels low relative to historical averages. We believe these fundamentals are creating tailwinds for the REIT. This is reflected in the robust leasing demand and high rental spreads we are seeing across our portfolio.

Importantly, at \$12.22 per square foot, Slate Grocery REIT's weighted average in-place rent for the portfolio is significantly below market rents and required new construction rents in the grocery-anchored sector. This means there is significant rental growth embedded in our portfolio.

As demand for our grocery-anchored spaces continues to increase, we believe we can unlock this embedded rental growth and meaningfully increase revenue, as well as the overall value of our real estate. Further, we believe these future rent increases can more than offset any impact on our valuations caused by rising rates.

In 2022, the REIT's asset management team achieved a record 1.8 million square feet of total leasing, completed at attractive spreads that further contributed to the REIT's revenue growth.

The REIT's total leasing in the year was completed at a positive 9.0% spread to in-place rents. New leasing totaling 0.3 million square feet was completed at 20.7% above average in-place rent. Based on our asset management team's leasing efforts over the past year, \$2.7 million of contractual base rent is coming online, two-thirds of which will occur in the first half of the 2023 year.

The REIT's occupancy remains stable at 93.2% with a grocery-anchor retention rate of 100.0% in 2022. The REIT's weighted average lease term for grocery tenants is 5.0 years. Including all grocer renewal options, the weighted average lease term of the portfolio increases to approximately 30 years.

Looking ahead, we expect grocery-anchored fundamentals and leasing demand to remain strong. The REIT is actively evaluating a deep pipeline of new leasing opportunities with strong credit national tenants vying for quality spaces, with specifically high demand from essential and service-based users.

Throughout the year, the REIT acquired opportunistically at a defensive basis, with below market in-place rents and upside on occupancy.

The REIT completed over \$424.5 million (\$173 per square foot) of acquisitions in 2022, at favourable pricing with upside potential on rents and occupancy. This provides the REIT with a significant runway for long-term organic growth and value creation. At the same time, we continued to execute on the disposition of non-strategic properties. The REIT recently sold four assets and an outparcel, and will continue to sell non-strategic properties and recycle proceeds into new, accretive opportunities.

Finally, the REIT completed \$25.3 million in redevelopment projects throughout 2022, which have provided incremental net operating income of \$3.4 million and a 13.3% return on investment. These projects provide long-term value to the REIT's portfolio through improved tenant credit, increased cash flows, and extended lease terms.

In the third quarter of 2022, the REIT completed a strategic partnership with Slate North American Essential Fund L.P. (the "NA Essential Fund") and today is well-capitalized with a strong balance sheet, allowing the REIT to be flexible and act quickly to capture attractive opportunities.

The REIT's partnership with the NA Essential Fund, which includes New Zealand Superannuation Fund, a leading global sovereign wealth fund, provides the REIT with access to nimble capital and demonstrates institutional validation of the REIT's strategy, portfolio, and management team.

“Looking ahead, we expect grocery-anchored fundamentals and leasing demand to remain strong. The REIT is actively evaluating a deep pipeline of new leasing opportunities with strong credit national tenants vying for quality spaces, with specifically high demand from essential and service-based users.”

Throughout 2022, the REIT refinanced \$608.0 million of its credit facility at improved terms, including enhanced pricing and favourable valuations that unlock liquidity. In addition to strengthening the REIT's balance sheet, these accretive refinancings indicate that grocery-anchored real estate continues to be viewed attractively by lenders. At year end, 92.9% of the REIT's debt portfolio is fixed, which will help insulate the REIT from increases in interest rates in the near-term. Subsequent to year-end, the REIT closed a \$56.0 million mortgage loan with a 2033 maturity, with net proceeds from the loan used to pay down the REIT's nearest term debt maturity in 2023. Post refinancing, the REIT has no debt maturities remaining in 2023.

Despite broader market volatility, we continue to source new investment opportunities to acquire well-located real estate anchored by high-performing grocers. We are well positioned for growth and will continue to allocate capital strategically in ways that are accretive to the REIT.

Grocery continues to be defensive in today's macroeconomic environment, with spending on food and other essentials outpacing more discretionary categories. Neighborhood grocery stores play a critical role in distributing food and other essential goods to end consumers by facilitating the last mile of food logistics. Whether consumers are shopping for their food in-store, picking up curbside, or ordering home delivery, nearly all grocery sales are fulfilled through a local store. This makes grocery-anchored real estate a defensive asset class in all market conditions.

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



Sincerely,
Blair Welch
CEO, Slate Grocery REIT
February 14, 2023



Management's Discussion and Analysis

SLATE GROCERY REIT

TSX: SGR.U and SGR.UN

December 31, 2022

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FINANCIAL AND INFORMATIONAL HIGHLIGHTS

(in thousands of United States dollars)

	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Summary of Portfolio Information						
Number of properties ¹	117	121	108	107	107	107
Gross leasable area ("GLA") ¹	15,284,265	15,632,405	13,333,653	13,182,105	13,174,121	13,174,145
GLA occupied by grocery-anchors ¹	6,679,309	6,725,836	6,293,655	6,235,281	6,230,582	6,230,582
Occupancy ¹	93.2%	93.1%	93.4%	93.2%	93.6%	93.5%
Anchor occupancy ¹	99.2%	100.0%	100.0%	100.0%	100.0%	100.0%
Non-anchor occupancy ¹	87.9%	87.8%	87.5%	87.1%	87.8%	87.8%
Grocery-anchor weighted average lease term (years) ¹	5.0	5.2	5.2	5.2	5.2	5.2
Portfolio weighted average lease term (years) ¹	4.5	4.7	4.8	4.7	4.7	4.7
Square feet ("SF") of new leasing ¹	118,159	63,068	43,923	91,346	50,621	229,290
SF of total leasing ¹	456,724	523,251	439,569	410,624	314,652	425,821
Summary of Financial Information						
Gross book value ("GBV") ²	\$2,270,400	\$ 2,321,246	\$ 1,886,288	\$ 1,775,504	\$ 1,737,162	\$ 1,715,471
GBV, Proportionate ³	2,485,131	2,537,778	2,103,939	1,993,004	1,955,072	1,931,144
Debt ³	1,131,487	1,175,041	968,140	937,721	937,744	928,122
Debt, Proportionate ³	1,341,465	1,384,846	1,178,549	1,148,841	1,149,649	1,140,774
Revenue	50,655	48,404	39,460	38,966	38,348	34,079
Net income ¹	18,506	33,553	59,389	27,425	20,191	9,603
Net operating income ("NOI") ¹³	40,599	39,455	32,925	32,179	31,885	25,647
Funds from operations ("FFO") ¹³	16,799	17,696	16,121	16,209	15,684	13,686
Adjusted funds from operations ("AFFO") ¹³	13,789	14,596	13,510	13,257	13,266	11,478
Distributions declared	\$ 13,236	\$ 13,236	\$ 13,234	\$ 12,927	\$ 12,927	\$ 11,283
Per Unit Financial Information						
Class U equivalent units outstanding ⁴	61,277	61,277	61,277	59,852	59,852	59,852
Weighted Average class U equivalent units outstanding ("WA units")	61,468	61,460	61,389	60,064	60,054	49,742
FFO per WA units ¹³	\$ 0.27	\$ 0.29	\$ 0.26	\$ 0.27	\$ 0.26	\$ 0.28
AFFO per WA units ¹³	0.22	0.24	0.22	0.22	0.22	0.23
Declared distributions per unit	\$ 0.2160	\$ 0.2160	\$ 0.2160	\$ 0.2160	\$ 0.2160	\$ 0.2160
Financial Ratios						
FFO payout ratio ^{13 5 6}	78.8%	74.8%	82.1%	79.8%	82.4%	82.4%
AFFO payout ratio ^{13 5 6}	96.0%	90.7%	98.0%	97.5%	97.4%	98.3%
Debt / GBV	49.8%	50.6%	51.3%	52.8%	54.0%	54.1%
Weighted average interest rate ⁷	4.29%	4.22%	4.15%	4.13%	4.09%	4.03%
Interest coverage ratio	2.78x	2.94x	2.93x	2.94x	2.98x	2.73x

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

¹ Includes the REIT's share of joint venture investments.

² GBV is equal to total assets.

³ Refer to non-IFRS financial measures on page 16.

⁴ 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.

⁵ 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 a 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.

⁶ FFO payout ratio and AFFO payout ratio is equal to distributions declared divided by FFO and distributions declared divided by AFFO, respectively.

⁷ 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 year ended December 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 consolidated financial statements for the year ended December 31, 2022 (the "consolidated financial statements"), which have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. 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 February 14, 2023, 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 December 31, 2022, the REIT owns 117 grocery-anchored properties located in the United States of America (the "U.S.") comprising 15.3 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 and on the REIT's website at 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 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.

Social

Slate believes that by fostering strong relationships and collaboration with tenants and other 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. During 2022, the ESG committee was formed and is represented by key personnel from Slate's various business lines. The committee is chaired by the Global Head of ESG and is responsible for implementing and monitoring the Slate ESG Policy and ESG commitments.

In 2022, the REIT undertook a climate physical risk assessment of the North American properties to determine the nature and extent of exposure under various representative concentration pathway ("RCP") scenarios. This analysis was undertaken to enable the REIT to evaluate which, if any, properties are at particular risk of future physical climate change risks and to identify any climate resilience measures that may be necessary to minimize these risks. Physical climate risks assessments are also embedded in the REIT's acquisitions ESG due diligence process which includes a broader evaluation of exposure to ESG risks including contaminated land and hazardous material checks. Over 2022, to better understand operational ESG risks across the portfolio the REIT gathered baseline energy, water, and waste data to establish the environmental operational efficiency of properties. This baseline data will form the basis for establishing focused environmental management plans for each property taking account of environmental regulations, tenant ESG requirements and industry ESG best practices. The REIT benefits from the broader Slate ESG policy, commitments, and roadmap.

To learn more about our ESG initiatives please visit our website: 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, 2022, available on SEDAR at 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 year ended December 31, 2022:

- The REIT acquired a total of 14 properties at attractive valuations, including a 13 grocery-anchored portfolio (the "Portfolio") for an aggregate purchase price of \$424.5 million (\$173 per square foot), at a weighted average capitalization of 7.8%. These acquisitions contributed 2.4 million square feet to the REIT's portfolio.

The Portfolio was funded through proceeds from a newly formed strategic joint venture established between the REIT and NA Essential Fund, a vehicle managed by Slate. The NA Essential Fund has made an initial cash investment of \$180.0 million into the REIT's assets through the purchase of partnership interest in two REIT subsidiaries.

- The REIT completed 1.8 million square feet of leasing during the year ended December 31, 2022 at a weighted average rental spread of 9.0% comprised of 1.5 million square feet of renewals and 0.3 million square feet of new leasing. Occupancy remains stable at 93.2%.
- On a year-to-date basis, the REIT has completed four property and one outparcel dispositions for \$56.0 million at a weighted average capitalization rate of 7.0% on trailing twelve-month NOI. Proceeds were used to paydown the REIT's revolver. The REIT will seek to reinvest net proceeds into accretive investment opportunities that will strengthen the quality of the REIT's portfolio and drive growth in NOI.
- The REIT entered into a \$275.0 million term loan, with a 5-year term bearing interest at 185 basis points, subject to certain covenants, over the one-month secured overnight financing rate ("SOFR"). The proceeds from the term loan were used to fund the Portfolio and reduce borrowings on the REIT's revolving credit facility. In addition, the REIT amended its existing revolving credit facility and term loans, totaling \$608.0 million. The amendments enhanced the REIT's liquidity position and financial flexibility through improved pricing terms and covenants and replaced the existing benchmark rate to one-month SOFR from one-month LIBOR.
- The REIT entered into two pay-fixed receive-float interest swap contracts to hedge the cash flow risk associated with monthly SOFR based interest payments totaling \$275.0 million. As at December 31, 2022, 92.9% of the REIT's total debt is fixed.
- Same-property NOI for the fourth quarter (comprised of 96 properties) increased by 1.0% over the comparative period due 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. Same-property NOI for the trailing twelve month period ended December 31, 2022 (comprised of 61 properties) increased by 0.3% over the same period in the prior year. Including the impact of completed redevelopments, same-property NOI for the three month period ended December 31, 2022 increased by \$1.1 million or 3.7%, and same-property NOI for the trailing twelve month period ended December 31, 2022 increased by \$2.6 million or 3.1%, over the respective comparative periods.
- Rental revenue for the fourth quarter was \$50.7 million, which represents a \$12.3 million increase over the same period in the prior year, primarily due to the acquisition of 14 properties, increases in rental rates from re-leasing, and new leasing typically above in-place rent from December 31, 2021.
- NOI was \$40.6 million for the fourth quarter, which represents an increase of \$1.1 million from the third quarter of 2022, driven by the acquisition of 13 properties over the comparative period.
- The REIT recognized net income of \$18.5 million for the three month period ended December 31, 2022, which is a \$1.7 million decrease compared to the same period in the prior year. The decrease is attributed to increases in interest and finance costs, partially offset by aforementioned increases in NOI and unrealized changes in fair value of properties.
- FFO was \$16.8 million, which represents a \$1.1 million increase from the comparative period, mainly due to increases in NOI, partially offset by increases in cash interest paid.
- AFFO increased by \$0.5 million to \$13.8 million from the comparative period. The increase is primarily due to increases in FFO, partially offset by higher capital expenditures from joint venture investments. At quarter end, the AFFO pay-out ratio is 96.0%.

PART II – LEASING AND PROPERTY PORTFOLIO

LEASING

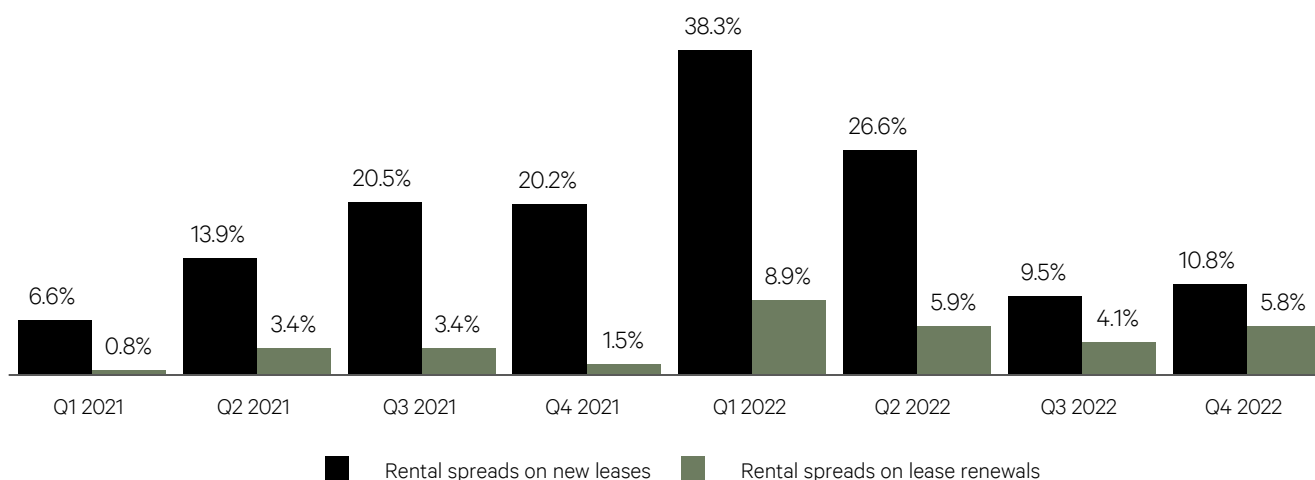
The REIT strives to ensure that its properties are well occupied with tenants who have space that allow them to meet their own business objectives. Accordingly, the REIT proactively monitors its tenant base with the objective to renew in advance of lease maturities, backfill tenant vacancies in instances 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		Q4 2022	Q3 2022	Q2 2022	Q1 2022
Less than 10,000	Renewal	Leases signed	66	48	47	57
		Total square feet	142,547	122,304	115,151	127,387
		Average base rent	\$ 23.84	\$ 17.53	\$ 19.78	\$ 20.26
		Rental spread	9.7%	6.9%	9.6%	13.1%
Greater than 10,000	Renewal	Leases signed	6	7	5	9
		Total square feet	196,018	337,879	280,495	191,891
		Average base rent	\$ 11.67	\$ 7.05	\$ 6.31	\$ 10.68
		Rental spread	0.4%	1.9%	1.5%	4.0%
Total renewals (square feet)			338,565	460,183	395,646	319,278
Less than 10,000	New lease	Leases signed	32	24	21	14
		Total square feet	96,064	63,068	43,923	31,073
		Average base rent	\$ 17.02	\$ 18.25	\$ 21.53	\$ 21.11
		Rental spread	10.8%	9.5%	26.6%	19.5%
Greater than 10,000	New lease	Leases signed	1	—	—	1
		Total square feet	22,095	—	—	60,273
		Average base rent	\$ 9.37	\$ —	\$ —	\$ 18.76
		Rental spread	10.8%	—%	—%	52.2%
Total new leases (square feet)			118,159	63,068	43,923	91,346
Total leasing activity (square feet)¹			456,724	523,251	439,569	410,624

¹Includes the REIT's share of joint venture investments.

Leasing Spreads



During the fourth quarter, management completed 338,565 square feet of lease renewals and 118,159 square feet of new leasing. The weighted average rental rate increases on renewals completed for leases less than 10,000 square feet was \$2.11 per square foot or 9.7% higher than expiring rent. The weighted average base rent on renewals completed for leases greater than 10,000 square feet was \$0.05 per square foot or 0.4% higher than expiring rent.

The weighted average base rent on all new leases completed less than 10,000 square feet was \$17.02, which was \$1.65 per square foot or 10.8% higher than average in-place rent. The weighted average base rent on new leases completed for leases greater than 10,000 square feet was \$0.91 per square foot or 10.8% higher than average in-place rents.

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 December 31, 2022 was 5.0 years and 4.0 years, respectively, not including tenants on month-to-month leases. On a portfolio basis, the weighted average remaining term to maturity is 4.5 years.

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

	Weighted average term to maturity	GLA ¹	GLA %
Grocery-anchor	5.0	6,679,309	43.7%
Non-anchor	4.0	7,276,390	47.6%
Total	4.5	13,955,699	91.3%
Month-to-month		286,304	1.9%
Vacant		1,042,262	6.8%
Total GLA		15,284,265	100.0%

¹Includes 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 December 31, 2022:

	Total GLA ¹	Occupied GLA ^{1 2}	Occupancy
September 30, 2022	15,632,405	14,549,483	93.1%
Dispositions	(381,321)	(356,841)	93.6%
Leasing changes	—	16,181	N/A
Expansions	32,865	32,865	—%
Re-measurements	316	316	—%
December 31, 2022	15,284,265	14,242,004	93.2%

¹Includes the REIT's share of joint venture investments.

²Leasing changes include new leases, lease buyouts, expirations, and terminations.

Occupancy has increased by 0.1% to 93.2% from September 30, 2022, primarily due to 118,159 square feet of new leasing, partially offset by property and outparcel dispositions at a weighted average occupancy of 93.6% and shop space vacancies.

The following table shows the change in occupancy during the year ended December 31, 2022:

	Total GLA ¹	Occupied GLA ^{1 2}	Occupancy
December 31, 2021	13,174,121	12,329,624	93.6%
Acquisitions	2,449,010	2,267,205	92.6%
Dispositions	(383,971)	(356,841)	92.9%
Leasing changes	11,508	(31,165)	N/A
Expansions	33,281	32,865	—%
Re-measurements	316	316	—%
December 31, 2022	15,284,265	14,242,004	93.2%

¹Includes the REIT's share of joint venture investments.

²Leasing changes include new leases, lease buyouts, expirations, and terminations.

Occupancy has decreased by 0.4% to 93.2% from December 31, 2021, primarily due to the acquisition of 14 properties at a weighted average occupancy of 92.6%. There are 85,013 square feet of vacancies, net of new leasing, mainly due to Ascensus at East Brainerd Mall and Rite Aid at Taylorsville Town Center, totaling 104,181 square feet. Management is in active lease negotiations to backfill these units.

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

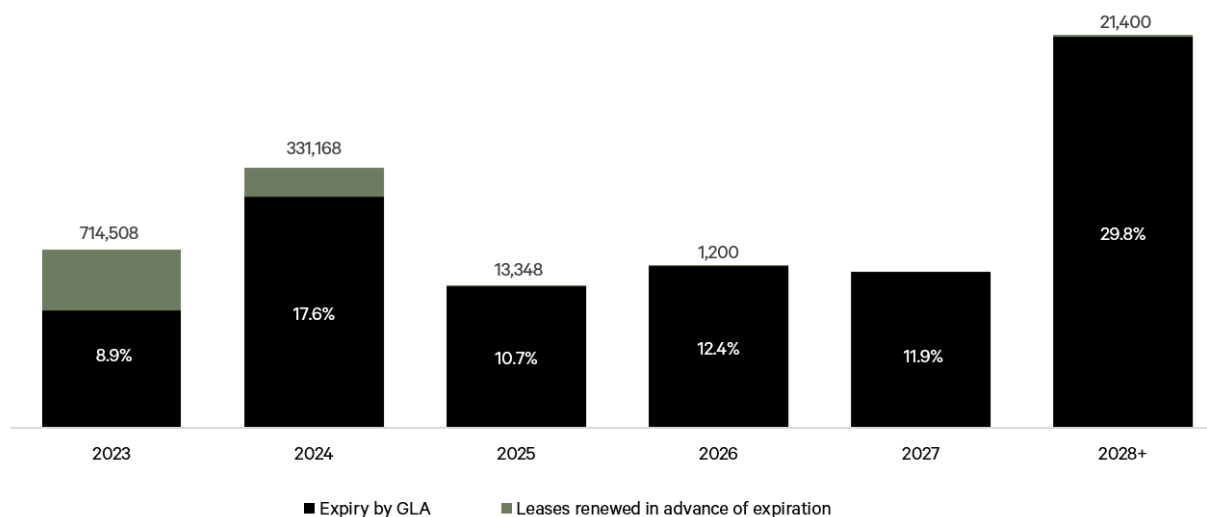
GLA expiration	Grocery-anchor			Non-anchor			Total		
	GLA	Percentage of portfolio	Average in-place rent	GLA	Percentage of portfolio	Average in-place rent	GLA	Percentage of portfolio	Average in-place rent
Month-to-month	—	—	\$ —	286,304	1.9%	\$ 15.62	286,304	1.9%	\$ 15.62
2023	459,760	3.0%	7.72	904,790	5.9%	15.82	1,364,550	8.9%	13.09
2024	1,370,836	9.0%	8.53	1,322,149	8.6%	14.77	2,692,985	17.6%	11.59
2025	677,394	4.4%	8.78	970,148	6.3%	15.17	1,647,542	10.7%	12.54
2026	972,603	6.4%	9.53	911,566	6.0%	15.88	1,884,169	12.4%	12.60
2027	744,567	4.9%	8.87	1,068,021	7.0%	14.99	1,812,588	11.9%	12.48
2028 and later	2,454,149	16.1%	9.50	2,099,716	13.7%	14.37	4,553,865	29.8%	11.75
Vacant	—	—	N/A	1,042,262	6.8%	N/A	1,042,262	6.8%	N/A
Total / weighted average¹	6,679,309	43.8%	\$ 9.04	8,604,956	56.2%	\$ 15.03	15,284,265	100.0%	\$ 12.22

¹Includes 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 December 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:



At December 31, 2022, remaining 2023 expiries represents 8.9% of the portfolio's occupied GLA, with 904,790 square feet related to non-anchor tenants. As of December 31, 2022, 714,508 square feet of leases maturing in 2023 have been renewed in advance of expiration.

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 both grocery-anchor and non-grocery-anchor tenants:

Retention rate ¹	Three months ended December 31, 2022	Year ended December 31, 2022	Year ended December 31, 2021
Grocery-anchor	100.0%	100.0%	99.4%
Non-grocery-anchor	87.9%	87.6%	87.8%
Net total / weighted average ²	93.2%	93.2%	93.5%

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

² 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,			
	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Renewals				
Square feet	338,565	460,183	395,646	319,278
Expiring rent per square foot ¹	\$ 15.88	\$ 9.45	\$ 9.66	\$ 13.32
Rent spread per square foot ¹	0.92	0.39	0.57	1.18
Vacated				
Square feet ²	86,086	133,543	90,278	91,602
Expiring rent per square foot ¹	\$ 13.40	\$ 7.79	\$ 12.73	\$ 14.07
New				
Square feet	118,159	63,068	43,923	91,346
New rent per square foot ¹	\$ 15.59	\$ 18.25	\$ 21.53	\$ 19.56
Total base rent retained ³	\$ 4,222	\$ 3,307	\$ 2,674	\$ 2,964
Incremental base rent ³	\$ 2,153	\$ 1,330	\$ 1,170	\$ 2,163

¹ Calculated on a weighted average basis.

² Adjusted for lease buyouts and vacancies due to redevelopment.

³ 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 December 31, 2022 is as follows:

	GLA	Number of tenants	Weighted average expiring rent	Weighted average new rent
Renewed leases	338,565	72	\$ 15.88	\$ 16.79
New leases	118,159	33	N/A	15.59
Total / weighted average	456,724	105	\$ 15.88	\$ 16.48
Less, leases not renewed / vacated during term ¹	(86,086)	(21)	13.40	N/A
Net total / weighted average ²	370,638	84	N/A	\$ 16.48

¹ Adjusted for lease buyouts and vacancies due to redevelopment.

² Includes the REIT's share of joint venture investments.

The REIT's leasing activity during the year ended December 31, 2022 is as follows:

	GLA	Number of tenants	Weighted average expiring rent	Weighted average new rent
Renewed leases	1,513,672	245	\$ 11.76	\$ 12.48
New leases	316,496	93	N/A	18.09
Total / weighted average	1,830,168	338	\$ 11.76	\$ 13.45
Less, leases not renewed / vacated during term ¹	(401,509)	(70)	11.54	N/A
Net total / weighted average ²	1,428,659	268	N/A	\$ 13.45

¹ Adjusted for lease buyouts and vacancies due to redevelopment.

² Includes the REIT's share of joint venture investments.

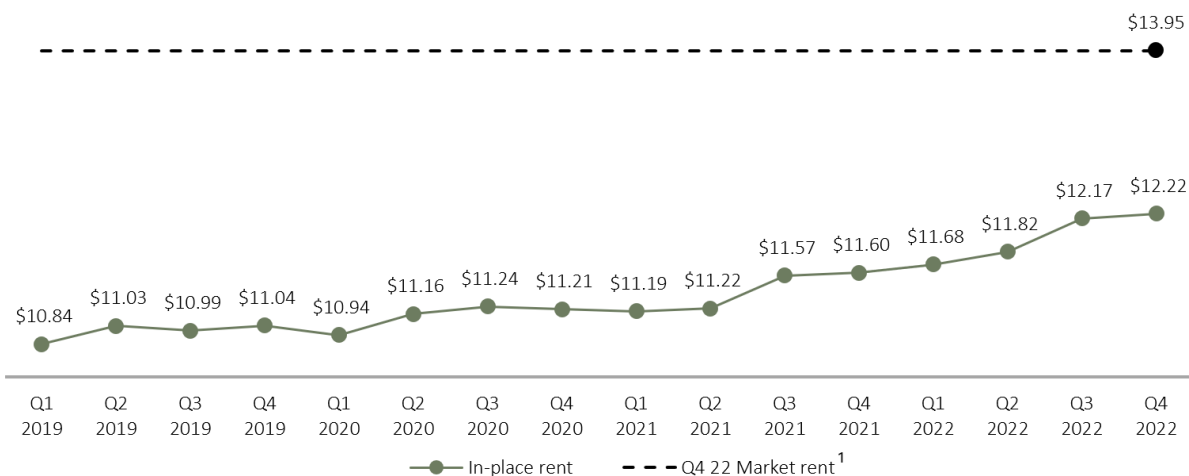
Net rental rates

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

	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Grocery rent	\$ 9.04	\$ 8.99	\$ 8.94	\$ 8.91	\$ 8.84	\$ 8.81	\$ 8.39	\$ 8.39
Shop space rent	15.03	14.91	14.76	14.53	14.42	14.39	14.25	14.18
Total¹	\$ 12.22	\$ 12.17	\$ 11.82	\$ 11.68	\$ 11.60	\$ 11.57	\$ 11.22	\$ 11.19

¹Includes the REIT's share of joint venture investments.

In-place Rent Versus Estimated Market Rent



¹ Market rent represents the REIT's estimate of market rents for its properties on a weighted average basis. Market rents are determined based on broker feedback, market transactions and completed deals.

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.

ACQUISITIONS

The REIT explores acquisition opportunities as they arise but will pursue only acquisitions that management believes are accretive to net asset value per unit in the medium-term relative to its long-term cost of capital.

During the year ended December 31, 2022, the REIT acquired the following properties:

Property	Purchase date	Location	Purchase price	SF	Price per SF	Anchor tenant
Centerplace of Greeley	June 30, 2022	Greeley, Colorado	\$ 37,550	151,548	\$ 248	Safeway
River Run	July 15, 2022	Miramar, Florida	18,719	93,643	200	Publix
Sheridan Square	July 15, 2022	Dania Beach, Florida	12,979	66,913	194	Walmart
Flamingo Falls	July 15, 2022	Pembroke Pines, Florida	32,946	108,385	304	The Fresh Market
Northlake Commons	July 15, 2022	Palm Beach, Florida	21,065	123,556	170	Ross Dress for Less
Countryside Shoppes	July 15, 2022	Naples, Florida	12,979	73,986	175	Aldi
Creekwood Crossing	July 15, 2022	Bradenton, Florida	34,942	235,459	148	Beall's
Skyview Plaza	July 15, 2022	Orlando, Florida	33,040	265,376	125	Presidente Supermarket
Riverstone Plaza	July 15, 2022	Canton, Georgia	54,410	307,661	177	Publix
Fayetteville Pavilion	July 15, 2022	Fayetteville, North Carolina	41,831	273,969	153	Food Lion
Clayton Corners	July 15, 2022	Clayton, North Carolina	23,461	125,708	187	Lowe's Foods
Apple Blossom Corners	July 15, 2022	Winchester, Virginia	36,939	242,703	152	Martin's
Hilliard Rome Commons	July 15, 2022	Columbus, Ohio	16,722	106,571	157	Burlington
Riverdale Shops	July 15, 2022	West Springfield, Massachusetts	46,923	273,532	172	Stop & Shop
Total / weighted average			\$ 424,506	2,449,010	\$ 173	

DISPOSITIONS

During the year ended December 31, 2022, the REIT disposed of four properties and one property outparcel as follows:

Property	Number of outparcels	Disposition date	Location	Anchor tenant	Sales Price
East Little Creek	1	August 29, 2022	Norfolk, Virginia	Kroger	\$ 2,000
Stadium Center	N/A	October 24, 2022	Port Huron, Michigan	Kroger	5,734
Bloomington Plaza	N/A	October 27, 2022	Brandon, Florida	Urban Air	12,677
Westminster Plaza	N/A	November 10, 2022	Westminster, Colorado	VASA Fitness	19,960
Hilliard Rome Commons	N/A	November 21, 2022	Columbus, Ohio	Burlington	15,600
Total					\$ 55,971

There are no fees incurred by the REIT to the Manager in relation to the disposition of properties or outparcels.

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 December 31, 2022.

Occupancy has increased by 0.1% to 93.2% from September 30, 2022, primarily due to 118,159 square feet of new leasing, partially offset by shop space vacancies.

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

	2019				2020				2021				2022			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Properties ¹	84	83	79	76	72	77	76	75	80	80	107	107	107	108	121	117
Occupancy ¹	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%	93.4%	93.1%	93.2%

¹Includes the REIT's share of joint venture investments.

Historical Occupancy Rates



Geographic overview

The REIT's portfolio is geographically diversified. As of December 31, 2022, the REIT's 117 properties were located in 24 states with a presence in 51 MSAs. The REIT has 63 properties, or 53.8% 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.

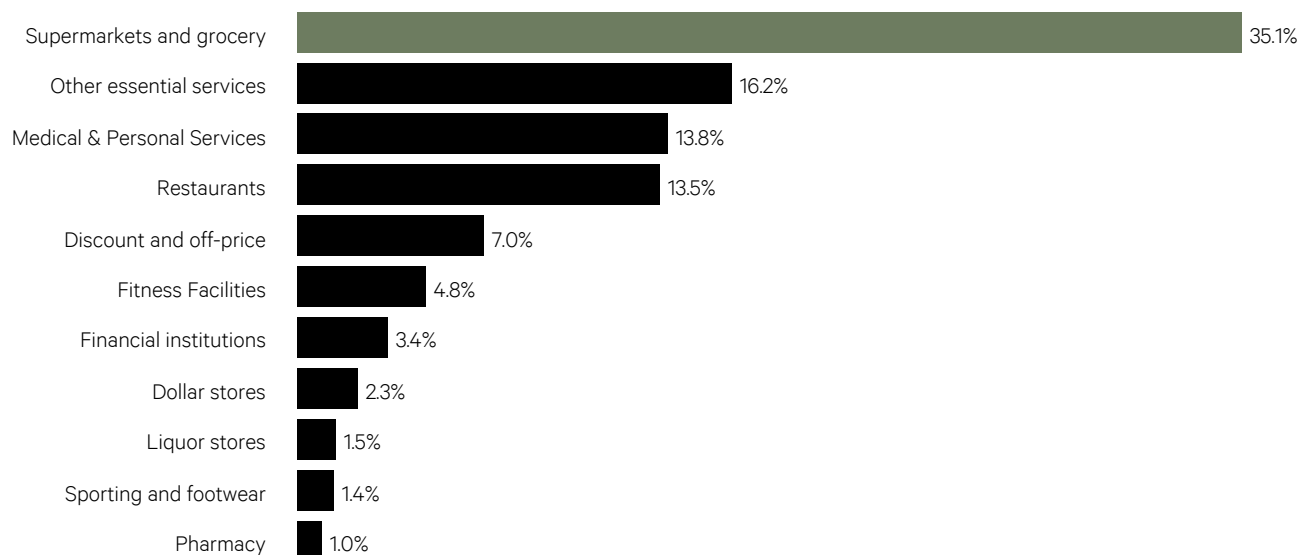
The following is a summary of the geographic location and relative dispersion of the REIT's property portfolio:

State	Number of assets	Total SF	Occupied SF	Percentage of revenue	Occupancy
Florida	19	2,455,502	2,315,878	18.1%	94.3%
North Carolina	16	1,917,638	1,842,139	12.8%	96.1%
New York	12	1,689,627	1,441,437	11.4%	85.3%
Georgia	9	1,138,977	1,083,393	7.1%	95.1%
Pennsylvania	6	1,024,017	964,579	5.9%	94.2%
Texas	9	832,038	809,662	5.8%	97.3%
South Carolina	5	845,283	819,716	5.2%	97.0%
Virginia	6	722,538	703,408	5.2%	97.4%
Minnesota	5	570,929	481,158	3.3%	84.3%
Michigan	4	510,875	491,292	3.0%	96.2%
Illinois	4	408,776	361,786	2.5%	88.5%
Tennessee	5	526,641	523,371	2.5%	99.4%
Ohio	3	540,377	504,368	2.5%	93.3%
Massachusetts	1	273,531	252,741	2.3%	92.4%
North Dakota	2	261,578	227,122	2.1%	86.8%
West Virginia	2	389,904	376,244	1.9%	96.5%
Colorado	1	151,548	151,548	1.5%	100.0%
California	1	194,872	182,372	1.5%	93.6%
Indiana	2	233,993	204,310	1.4%	87.3%
New Hampshire	1	151,946	140,140	1.0%	92.2%
Maryland	1	112,274	99,294	1.0%	88.4%
Utah	1	127,507	94,206	0.7%	73.9%
Wisconsin	1	123,028	96,349	0.7%	78.3%
Kentucky	1	80,866	75,491	0.6%	93.4%
Total¹	117	15,284,265	14,242,004	100.0%	93.2%

¹Includes the REIT's share of joint venture investments.

Tenant categories

As of December 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 tenants are typically non-discretionary goods and services that drive foot traffic at the REIT's centres. The REIT's properties, which are located in well-established neighborhoods, facilitate efficient last mile delivery.

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 25 stores and 6.5% of base rent.

The largest 15 tenants account for 45.1% of total GLA and 35.6% 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	25	9.4%	\$ 11,396	6.5 %
Walmart, Inc.	Wal-Mart, Sam's Club	Y	10	9.0%	9,234	5.3 %
Ahold Delhaize	Stop & Shop, GIANT, Food Lion, Hannaford	Y	12	3.9%	7,779	4.4 %
Publix Super Markets, Inc.	Publix	Y	13	3.9%	5,307	3.0 %
Albertsons	Jewel Osco, Acme, Tom Thumb, Safeway	Y	10	4.0%	5,174	3.0 %
Tops Friendly Markets	Tops Markets	Y	8	3.0%	4,495	2.6 %
Dollar Tree, Inc.	Dollar Tree, Family Dollar	N	24	1.5%	2,557	1.5 %
Beall's, Inc.	Beall's, Burke's	N	7	1.8%	2,331	1.3 %
Ross Stores, Inc.	Ross Dress for Less, dd's Discounts	N	8	1.5%	2,296	1.3 %
Southeastern Grocers	Winn Dixie	Y	5	1.6%	2,247	1.3 %
United Natural Foods, Inc.	Cub Foods, Shop n' Save, County Market	Y	4	1.3%	2,116	1.2 %
TJX Companies	Marshalls, T.J. Maxx, HomeGoods	N	8	1.4%	2,080	1.2 %
Coborn's Inc.	Cash Wise	Y	2	0.8%	2,038	1.2 %
Alex Lee Inc.	Lowe's Foods	Y	3	0.9%	1,684	1.0 %
Kohl's	Kohl's	N	2	1.1%	1,451	0.8 %
Total¹			141	45.1%	\$ 62,185	35.6%

¹Includes 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 ¹	Estimated yield on cost ("YOC")	Pre-leased percentage	Estimated investment		
						Incurred	Remaining	Total
Alta Mesa Plaza	Junior anchor repositioning	Q2 2023	1,262	26.2%	100.0%	\$ 921	\$ 3,905	\$ 4,826
Southgate Crossing	Junior anchor repositioning	Q3 2023	219	10.8%	78.4%	213	1,808	2,021
Total			\$ 1,481	21.6%		\$ 1,134	\$ 5,713	\$ 6,847

¹ Calculated on a trailing twelve month basis as of December 31, 2022.

Completed redevelopment projects

Property	Nature of redevelopment	Completion	Incremental NOI ¹	YOC	Leased percentage	Total Invested
Wedgewood Commons	Anchor repositioning	Q4 2022	\$ 665	4.9%	75.0%	\$ 13,635
Flower Mound Crossing ²	Anchor repositioning	Q3 2022	833	31.0%	100.0%	2,683
Eastpointe Shopping Center	Anchor repositioning	Q2 2022	749	14.3%	100.0%	5,238
Cordova Commons	Junior anchor repositioning	Q2 2022	673	31.0%	100.0%	2,174
Stonefield Square	Anchor repositioning	Q2 2022	463	28.7%	100.0%	1,616
Total			\$ 3,383	13.3%		\$ 25,346

¹ Calculated on a trailing twelve month basis as of December 31, 2022.

² Includes amounts at the REIT's share of its joint venture investment.

Redevelopment capital spent during the three and twelve month periods ended December 31, 2022 is as follows:

	Three months ended December 31, 2022	Year ended December 31, 2022
Alta Mesa Plaza	\$ 210	\$ 937
Completed redevelopment costs ^{1,2}	2,458	10,794
Other redevelopment costs ^{1,2}	89	1,446
Total redevelopment²	\$ 2,757	\$ 13,177

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

² Amount at the REIT's share of its joint venture investment.

Alta Mesa Plaza is a 168,000 square foot shopping centre located in Fort Worth, Texas. The centre is located just south of Downtown Fort Worth within a strong retail trade area. 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 second quarter of 2023. In addition, the REIT has backfilled a junior anchor space consisting of 22,100 square feet with Supreme Hair and Beauty, a regional user with multiple locations.

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, 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.

Completed redevelopment projects

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 has increased 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 has completed an extensive common area refurbishment. The final phase of the project was completed in November 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 commenced in the third quarter of 2022.

Eastpointe Shopping Center is a regional shopping destination in Clarksburg, West Virginia anchored by Kroger which includes a former Kmart 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 and has relocated from their 55,000 square foot box to a brand new 83,000 square foot store build in the former Kmart premises. 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 space. Hobby Lobby's construction was completed and rent commenced in the second quarter of 2022. 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 invested \$5.2 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 the third largest Kroger in the state of West Virginia.

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 leases with Total Wine at an 18.2% rent spread above expiring rent and has commenced operations in June of 2022. Fresh Market has been renewed for a 10-year term.

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 leased four incremental units, two of which were previously vacant. Crunch Fitness opened for business in the second quarter of 2022. In connection with backfilling the centre's anchor tenant, the REIT invested significant capital to upgrade the building and common area facilities including improved signage, parking lot, landscaping, and LED lighting upgrades.

IFRS FAIR VALUE

The REIT's property portfolio at December 31, 2022 had an estimated IFRS fair value of \$2.1 billion, with a weighted average capitalization rate of 6.80% and on a proportionate basis, the fair value is \$2.4 billion. Overall, the average estimated proportionate value per square foot of the REIT's portfolio is \$156.

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

Direct capitalization rates	December 31, 2022	December 31, 2021
Minimum ¹	5.43%	5.75%
Maximum ¹	8.50%	13.00%
Weighted average ¹	6.80%	7.10%

¹Includes the REIT's share of joint venture investments.

The December 31, 2022 weighted average capitalization rate decreased to 6.80% 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.

The change in properties is as follows:

	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Beginning of the period	\$ 2,126,998	\$ 1,608,040	\$ 1,608,655	\$ 1,277,180
Acquisitions	5	192	430,227	234,280
Capital expenditures	2,251	1,238	7,040	4,688
Leasing costs	373	494	1,358	1,563
Tenant improvements	540	700	2,200	2,175
Development and expansion capital ¹	1,569	2,703	10,348	23,708
Straight-line rent	175	(104)	238	345
Dispositions	(53,971)	—	(55,971)	(4,100)
IFRIC 21 property tax adjustment	7,278	5,418	2,618	1,526
Change in fair value ²	2,214	(10,026)	80,719	67,290
End of the period ¹	\$ 2,087,432	\$ 1,608,655	\$ 2,087,432	\$ 1,608,655
Joint venture investment properties	313,600	293,400	313,600	293,400
End of the period, including joint venture investments ¹	\$ 2,401,032	\$ 1,902,055	\$ 2,401,032	\$ 1,902,055

¹ The fair value of the REIT's properties under redevelopment for the year ended December 31, 2022 is \$44.9 million (year ended December 31, 2021 – \$111.9 million).

² 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 and twelve month periods ended December 31, 2022.

	Three months ended December 31, 2022			Three months ended December 31, 2021		
	Consolidated	Joint venture investments	Proportionate Share (Non-GAAP)	Consolidated	Joint venture investments	Proportionate Share (Non-GAAP)
Beginning of the period	\$ 2,126,998	\$ 314,700	\$ 2,441,698	\$ 1,608,040	\$ 273,802	\$ 1,881,842
Acquisitions	5	1,403	1,408	192	(1,726)	(1,534)
Capital expenditures	2,251	180	2,431	1,238	39	1,277
Leasing costs	373	(170)	203	494	100	594
Tenant improvements	540	268	808	700	(48)	652
Development and expansion capital ¹	1,569	1,188	2,757	2,703	198	2,901
Straight-line rent	175	108	283	(104)	123	19
Disposition	(53,971)	—	(53,971)	—	—	—
IFRIC 21 property tax adjustment	7,278	1,465	8,743	5,418	1,176	6,594
Change in fair value ²	2,214	(5,542)	(3,328)	(10,026)	19,736	9,710
End of the period ¹	\$ 2,087,432	\$ 313,600	\$ 2,401,032	\$ 1,608,655	\$ 293,400	\$ 1,902,055

¹ The fair value of the REIT's properties under redevelopment for the year ended December 31, 2022 is \$44.9 million (year ended December 31, 2021 – \$111.9 million).

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

	Year ended December 31, 2022			Year ended December 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	430,227	1,403	431,630	234,280	257,330	491,610
Capital expenditures	7,040	684	7,724	4,688	39	4,727
Leasing costs	1,358	308	1,666	1,563	98	1,661
Tenant improvements	2,200	833	3,033	2,175	(48)	2,127
Development and expansion capital ¹	10,348	2,829	13,177	23,708	444	24,152
Straight-line rent	238	328	566	345	138	483
Dispositions	(55,971)	(792)	(56,763)	(4,100)	—	(4,100)
IFRIC 21 property tax adjustment	2,618	—	2,618	1,526	1,306	2,832
Change in fair value ²	80,719	14,607	95,326	67,290	23,248	90,538
End of the period¹	\$ 2,087,432	\$ 313,600	\$ 2,401,032	\$ 1,608,655	\$ 293,400	\$ 1,902,055

¹ The fair value of the REIT's properties under redevelopment for the year ended December 31, 2022 is \$44.9 million (year ended December 31, 2021 – \$111.9 million).

² 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 and twelve month periods ended December 31, 2022 was \$3.4 million and \$12.4 million, respectively. 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 and twelve month periods ended December 31, 2022, change in fair value increased by \$12.2 million and \$13.4 million, respectively, due to changes in valuation parameters and cash flows, partially offset by transaction costs capitalized and IFRIC 21 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 December 31,		Year ended December 31,	
	2022	2021	2022	2021
Valuation parameters and cash flows	\$ 9,672	\$ (4,520)	\$ 89,296	\$ 73,022
Transaction costs capitalized	(5)	(192)	(5,721)	(3,861)
IFRIC 21 property tax adjustment	(7,278)	(5,418)	(2,618)	(1,526)
Adjusted for straight-line rent	(175)	104	(238)	(345)
Total	\$ 2,214	\$ (10,026)	\$ 80,719	\$ 67,290

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 tenancing 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	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Rental revenue	\$ 50,655	\$ 48,404	\$ 39,460	\$ 38,966	\$ 38,348	\$ 34,079	\$ 33,377	\$ 32,471
Property operating expenses ¹	(7,352)	(7,675)	(6,454)	(28,590)	(6,128)	(4,809)	(4,920)	(21,560)
Straight-line rent revenue	(175)	(254)	65	126	104	(8)	(276)	(165)
IFRIC 21 property tax adjustment ¹	(7,278)	(6,333)	(5,446)	16,439	(5,418)	(4,227)	(4,278)	12,397
Adjustments for joint venture investments	4,749	5,313	5,300	5,238	4,979	612	134	142
NOI ^{2,3}	\$ 40,599	\$ 39,455	\$ 32,925	\$ 32,179	\$ 31,885	\$ 25,647	\$ 24,037	\$ 23,285
Class U units outstanding	61,473	61,465	61,455	60,070	60,060	60,050	48,620	48,611
WA units	61,468	61,460	61,389	60,064	60,054	49,742	48,615	48,597
Net income (loss) ³	\$ 18,506	\$ 33,553	\$ 59,389	\$ 27,425	\$ 20,191	\$ 9,603	\$ (3,141)	\$ 60,775
Net income (loss) per WA unit ³	\$ 0.30	\$ 0.55	\$ 0.97	\$ 0.46	\$ 0.34	\$ 0.19	\$ (0.06)	\$ 1.25
NAV ^{2,3,4}	\$900,700	\$ 894,871	\$ 866,879	\$ 782,054	\$ 738,091	\$ 717,822	\$ 609,946	\$ 605,994
NAV per unit ^{2,3,4}	\$ 14.65	\$ 14.56	\$ 14.11	\$ 13.02	\$ 12.29	\$ 11.95	\$ 12.55	\$ 12.47
Distributions declared	\$ 13,236	\$ 13,236	\$ 13,234	\$ 12,927	\$ 12,927	\$ 11,283	\$ 10,460	\$ 10,460
Distributions per unit	\$ 0.2160	\$ 0.2160	\$ 0.2160	\$ 0.2160	\$ 0.2160	\$ 0.2160	\$ 0.2160	\$ 0.2160
FFO ^{2,3,5}	\$ 16,799	\$ 17,696	\$ 16,121	\$ 16,209	\$ 15,684	\$ 13,686	\$ 12,545	\$ 11,529
FFO per WA units ^{2,3,5,6}	\$ 0.27	\$ 0.29	\$ 0.26	\$ 0.27	\$ 0.26	\$ 0.28	\$ 0.26	\$ 0.24
AFFO ^{2,3,5}	\$ 13,789	\$ 14,596	\$ 13,510	\$ 13,257	\$ 13,266	\$ 11,478	\$ 10,398	\$ 9,450
AFFO per WA units ^{2,3,5,6}	\$ 0.22	\$ 0.24	\$ 0.22	\$ 0.22	\$ 0.22	\$ 0.23	\$ 0.21	\$ 0.19
Total assets (IFRS)	\$2,270,400	\$2,321,246	\$1,886,288	\$1,775,504	\$1,737,162	\$1,715,471	\$1,552,511	\$1,539,994
Debt	\$1,131,487	\$1,175,041	\$ 968,140	\$ 937,721	\$ 937,744	\$ 928,122	\$ 766,997	\$ 766,616
Debt / GBV ⁷	49.8%	50.6%	51.3%	52.8%	54.0%	54.1%	53.0%	53.5%
Number of properties ³	117	121	108	107	107	107	80	80
Leased (%) ³	93.2%	93.1%	93.4%	93.2%	93.6%	93.5%	93.2%	93.1%
GLA ³	15,284,265	15,632,405	13,333,653	13,182,105	13,174,121	13,174,145	9,916,435	9,959,075
Grocery-anchored GLA ³	6,679,309	6,725,836	6,293,655	6,230,582	6,230,582	6,230,582	4,775,292	4,738,479

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

² Refer to non-IFRS financial measures on page 16.

³ Includes the REIT's share of joint venture investments.

⁴ 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.

⁵ 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.

⁶ Adjusting for the September 2021 distribution in respect of the 11.4 million units issued for the acquisition of a 25 grocery-anchored portfolio in the third quarter of 2021, the REIT's FFO and AFFO payout ratio would be 76.5% and 91.2%, respectively.

⁷ Excludes subscription receipt funds in escrow for the 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 for its proportionate interest in joint venture arrangements which are equity accounted:

	December 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)
ASSETS						
Non-current assets						
Properties	\$ 2,087,432	\$ 313,600	\$ 2,401,032	\$ 1,608,655	\$ 293,400	\$ 1,902,055
Joint venture investments	109,456	(109,456)	—	87,304	(87,304)	—
Interest rate swaps	16,416	990	17,406	—	—	—
Other assets	1,189	4,117	5,306	1,446	—	1,446
	\$ 2,214,493	\$ 209,251	\$ 2,423,744	\$ 1,697,405	\$ 206,096	\$ 1,903,501
Current assets						
Other assets	5,175	—	5,175	3,435	3,747	7,182
Interest rate swaps	2,315	—	2,315	—	—	—
Prepays	4,376	1,097	5,473	4,711	1,244	5,955
Accounts receivable	23,649	1,498	25,147	17,573	3,324	20,897
Cash	20,392	2,885	23,277	14,038	3,499	17,537
	\$ 55,907	\$ 5,480	\$ 61,387	\$ 39,757	\$ 11,814	\$ 51,571
Total assets	\$ 2,270,400	\$ 214,731	\$ 2,485,131	\$ 1,737,162	\$ 217,910	\$ 1,955,072
LIABILITIES						
Non-current liabilities						
Debt	\$ 1,039,621	\$ 208,880	\$ 1,248,501	\$ 929,218	\$ 172,633	\$ 1,101,851
Interest rate swaps	—	—	—	9,369	717	10,086
Other liabilities	4,836	530	5,366	3,142	511	3,653
Exchangeable units of subsidiaries	10,082	—	10,082	12,302	—	12,302
Deferred income taxes	150,108	2	150,110	106,769	2	106,771
	\$ 1,204,647	\$ 209,412	\$ 1,414,059	\$ 1,060,800	\$ 173,863	\$ 1,234,663
Current liabilities						
Debt	91,866	1,098	92,964	8,526	39,272	47,798
Interest rate swaps	—	—	—	9,567	—	9,567
Accounts payable and accrued liabilities	38,373	4,221	42,594	30,039	4,775	34,814
Distributions payable	4,412	—	4,412	4,309	—	4,309
	\$ 134,651	\$ 5,319	\$ 139,970	\$ 52,441	\$ 44,047	\$ 96,488
Total liabilities	\$ 1,339,298	\$ 214,731	\$ 1,554,029	\$ 1,113,241	\$ 217,910	\$ 1,331,151
EQUITY						
Unitholders' equity	\$ 740,510	\$ —	\$ 740,510	\$ 619,020	\$ —	\$ 619,020
Non-controlling interest	190,592	—	190,592	4,901	—	4,901
Total equity	\$ 931,102	\$ —	\$ 931,102	\$ 623,921	\$ —	\$ 623,921
Total liabilities and equity	\$ 2,270,400	\$ 214,731	\$ 2,485,131	\$ 1,737,162	\$ 217,910	\$ 1,955,072

The following table provides a reconciliation of the REIT's statement of income, as presented in its consolidated financial statements for its proportionate interest in joint venture arrangements which are equity accounted for the three month period ended December 31, 2022 and 2021:

	Three months ended December 31, 2022			Three months ended December 31, 2021		
	Statement of Income	Joint Venture Investments	Proportionate Share (Non-GAAP)	Statement of Income	Joint Venture Investments	Proportionate Share (Non-GAAP)
Rental revenue	\$ 50,655	\$ 7,926	\$ 58,581	\$ 38,348	\$ 7,465	\$ 45,813
Property operating expenses	(7,352)	(1,604)	(8,956)	(6,128)	(1,309)	(7,437)
General and administrative expenses	(4,069)	(521)	(4,590)	(3,050)	(679)	(3,729)
Interest and finance costs	(13,790)	(1,934)	(15,724)	(10,092)	(1,641)	(11,733)
Share of (loss) income in joint venture investments	(1,686)	1,686	—	23,795	(23,795)	—
Change in fair value of financial instruments	—	(13)	(13)	—	221	221
Transaction costs	(1,480)	—	(1,480)	(54)	—	(54)
Change in fair value of properties	2,214	(5,540)	(3,326)	(10,026)	19,738	9,712
Net income before income taxes and unit expense	\$ 24,492	\$ —	\$ 24,492	\$ 32,793	\$ —	\$ 32,793
Deferred income tax expense	(3,714)	—	(3,714)	(10,391)	—	(10,391)
Current income tax expense	392	—	392	(463)	—	(463)
Unit expense	(2,664)	—	(2,664)	(1,748)	—	(1,748)
Net income	\$ 18,506	\$ —	\$ 18,506	\$ 20,191	\$ —	\$ 20,191
Net income attributable to						
Unitholders	\$ 13,901	\$ —	\$ 13,901	\$ 20,147	\$ —	\$ 20,147
Non-controlling interest	4,605	—	4,605	44	—	44
Net Income	\$ 18,506	\$ —	\$ 18,506	\$ 20,191	\$ —	\$ 20,191

The following table provides a reconciliation of the REIT's statement of income, as presented in its consolidated financial statements for its proportionate interest in joint venture arrangements which are equity accounted for the year ended December 31, 2022 and 2021:

	Year ended December 31, 2022			Year ended December 31, 2021		
	Statement of Income	Joint Venture Investments	Proportionate Share (Non-GAAP)	Statement of Income	Joint Venture Investments	Proportionate Share (Non-GAAP)
Rental revenue	\$ 177,485	\$ 31,965	\$ 209,450	\$ 138,275	\$ 8,969	\$ 147,244
Property operating expenses	(50,071)	(11,037)	(61,108)	(37,417)	(1,751)	(39,168)
General and administrative expenses	(14,951)	(1,244)	(16,195)	(10,421)	(731)	(11,152)
Interest and finance costs	(47,005)	(6,968)	(53,973)	(41,591)	(2,011)	(43,602)
Share of income in joint venture investments	29,270	(29,270)	—	20,489	(20,489)	—
Transaction costs	(1,734)	—	(1,734)	(230)	—	(230)
Change in fair value of financial instruments	—	1,707	1,707	(9,185)	278	(8,907)
Change in fair value of properties	80,719	14,847	95,566	67,290	15,735	83,025
Net income before income taxes and unit expense	\$ 173,713	\$ —	\$ 173,713	\$ 127,210	\$ —	\$ 127,210
Deferred income tax expense	(33,679)	—	(33,679)	(33,487)	—	(33,487)
Current income tax expense	(359)	—	(359)	(2,331)	—	(2,331)
Unit expense	(802)	—	(802)	(3,964)	—	(3,964)
Net income	\$ 138,873	\$ —	\$ 138,873	\$ 87,428	\$ —	\$ 87,428
Net income attributable to						
Unitholders	\$ 128,002	\$ —	\$ 128,002	\$ 86,905	\$ —	\$ 86,905
Non-controlling interest	10,871	—	10,871	523	—	523
Net income	\$ 138,873	\$ —	\$ 138,873	\$ 87,428	\$ —	\$ 87,428

REVENUE

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

Rental revenue for the three and twelve month periods ended December 31, 2022 increased by \$12.3 million and \$39.2 million, respectively, compared to the same period in the prior year. The increase is primarily driven by the acquisition of 14 grocery-anchored properties, new leasing 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 and twelve month periods ended December 31, 2022 increased by \$1.2 million and \$12.7 million, respectively, compared to the same period in the prior year. The increase is driven by the aforementioned grocery-anchored asset acquisitions since December 31, 2021.

In accordance with IFRIC 21, the REIT recognizes the annual property tax liability and expense on its existing properties as at January 1st 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 December 31,			Year ended December 31,		
	2022	2021	Variance	2022	2021	Variance
Asset management fees	\$ 2,490	\$ 1,646	\$ 844	\$ 8,471	\$ 6,070	\$ 2,401
Professional fees and other	1,318	1,087	231	4,839	3,232	1,607
Bad debt expense	129	202	(73)	884	691	193
Franchise and business taxes	132	115	17	757	428	329
Total	\$ 4,069	\$ 3,050	\$ 1,019	\$ 14,951	\$ 10,421	\$ 4,530
% of total assets	0.2%	0.2%	—%	0.7%	0.6%	0.1%
% of total revenue	8.0%	8.0%	—%	8.4%	7.5%	0.9%

General and administrative expenses for the three and twelve month periods ended December 31, 2022 increased by \$1.0 million and \$4.5 million, respectively, compared to the same period in the prior year. The increase is mainly due to increases in asset management fees and professional fees and other driven by REIT's portfolio growth.

INTEREST AND FINANCE COSTS

	Three months ended December 31,			Year ended December 31,		
	2022	2021	Variance	2022	2021	Variance
Interest on debt and finance charges	\$ 14,681	\$ 6,833	\$ 7,848	\$ 41,338	\$ 23,336	\$ 18,002
Interest rate swaps, net settlement ¹	(1,554)	2,857	(4,411)	3,710	11,507	(7,797)
Interest income	(19)	(6)	(13)	(43)	(32)	(11)
Subscription receipts equivalent amount ²	—	—	—	—	4,933	(4,933)
Amortization of finance charges ¹	759	484	275	2,311	2,007	304
Amortization of mark-to-market	(56)	(55)	(1)	(224)	(73)	(151)
Amortization of deferred gain on TIF notes	(21)	(21)	—	(87)	(87)	—
Total	\$ 13,790	\$ 10,092	\$ 3,698	\$ 47,005	\$ 41,591	\$ 5,414

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

² On September 22, 2021, each subscription receipt issued by the REIT on March 31, 2021 was exchanged for one unit and a cash distribution equivalent to \$0.4268 (being equal to the aggregate amount of distributions paid by the REIT per unit for which record dates occurred between March 31, 2021 and September 22, 2021). The cash distribution equivalent payment of \$4.9 million has been recorded in interest and finance costs.

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

Interest on debt and finance charges, net of interest rate swaps, December 31, 2021	\$ 9,690
Change in debt levels, and interest rates, net of interest rate hedges ¹	3,349
Change in debt spreads	71
Decrease in fixed rate debt	(41)
Increase in standby fee	58
Interest on debt and finance charges, net of interest rate swaps, December 31, 2022	\$ 13,127
Year-over-year change – \$	\$ 3,437
Year-over-year change – %	35.5%

¹ The weighted average interest rate cost of the REIT's floating rate debt, net of interest rate swaps for the three month period ended December 31, 2022 is 4.29% (December 31, 2021 – 4.09%).

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 \$3.4 million and \$10.2 million for the three and twelve month periods ended December 31, 2022, respectively, compared to the same period in 2021. Increases are primarily due to the new term loan 3, draws on the revolver facility, partially offset by paydowns. 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 SOFR based interest payments, with 92.9% of the REIT's debt subject to fixed rates at December 31, 2022. The weighted average fixed rate of the REIT's interest rate swaps was 2.7% compared to the one-month SOFR at 4.3% at December 31, 2022, with a weighted average term to maturity of 2.9 years. Under this arrangement, the REIT has paid \$1.6 million and \$2.9 million of net interest payments in the current quarter and comparative period, respectively.

Subsequent to year end, on February 1, 2023, the REIT closed a \$56.0 million mortgage loan with a 2033 maturity. The net proceeds from the loan were used to paydown the REIT's nearest term debt maturity in 2023 for \$83.0 million, resulting in an increase of the REIT's debt portfolio to a weighted average term to maturity of 3.6 years.

On August 4, 2022, the REIT amended the interest rate benchmark from one-month LIBOR to one-month SOFR for its existing interest rate swaps. There is no economic impact on the financial statements of the REIT as a result of the amendment.

On July 15, 2022, the REIT entered into two pay-fixed, receive-float interest swap contracts to hedge the cash flow risk associated with monthly SOFR based interest payments, totaling \$275.0 million.

On January 14, 2021, in conjunction with the REIT's \$169.0 million mortgage transaction, the REIT terminated its \$150.0 million interest rate swap with a maturity date of February 26, 2021.

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 December 31, 2022 was \$11.11 (December 31, 2021 – \$11.38). 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 and twelve month periods ended December 31, 2022, the REIT recognized an unrealized fair value loss of \$1.5 million and a gain of \$0.1 million, respectively, 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 and twelve month periods ended December 31, 2022, net income increased by \$1.7 million and \$51.4 million compared to the same period in the prior year, respectively. Increases are due to acquisitions and increases in the unrealized change in fair value of property, partially offset by increases in cash interest paid.

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 December 31,			Year ended December 31,		
	2022	2021	Variance	2022	2021	Variance
Rental revenue	\$ 50,655	\$ 38,348	\$ 12,307	\$ 177,485	\$ 138,275	\$ 39,210
Straight-line rent revenue	(175)	104	(279)	(238)	(345)	107
Property operating expenses	(7,352)	(6,128)	(1,224)	(50,071)	(37,417)	(12,654)
IFRIC 21 property tax adjustment	(7,278)	(5,418)	(1,860)	(2,618)	(1,526)	(1,092)
Contribution from joint venture investments	4,749	4,979	(230)	20,600	5,867	14,733
NOI ¹	\$ 40,599	\$ 31,885	\$ 8,714	\$ 145,158	\$104,854	\$ 40,304

¹Excludes the impact of non-controlling interest

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

NOI, December 31, 2021 ¹	\$ 31,885
Change in same-property NOI ¹	290
Increase in contribution from redeveloped properties ¹	829
Loss of contribution from properties under redevelopment	(483)
Contribution from acquisitions	8,186
Loss of contribution from dispositions, including outparcel sales	(108)
NOI, December 31, 2022	\$ 40,599
Year-over-year change - \$	\$ 8,714
Year-over-year change - %	27.3%

¹Includes the REIT's share of joint venture investments.

NOI for the three month period ended December 31, 2022 was \$40.6 million, which represents an increase of \$8.7 million from the same period in 2021, primarily due to NOI contributions from acquisitions, partially offset by loss of contribution from dispositions over the prior year.

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

NOI, September 30, 2022 ¹	\$ 39,455
Change in same-property NOI ¹	(431)
Loss of contribution from redeveloped properties ¹	(24)
Loss of contribution from properties under redevelopment	(178)
Contribution from acquisitions	2,243
Loss of contribution from dispositions, including outparcel sales	(466)
NOI, December 31, 2022	\$ 40,599
Quarter-over-quarter change - \$	\$ 1,144
Quarter-over-quarter change - %	2.9%

¹Includes the REIT's share of joint venture investments.

NOI for the current quarter increased by \$1.1 million from the third quarter of 2022 to \$40.6 million due to NOI contributions from acquisitions during the current quarter, partially offset by loss of contribution from dispositions during the fourth quarter of 2022.

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 December 31, 2022, the same-property portfolio is comprised of a portfolio of 96 properties owned and in operation for each of the entire three month periods ended December 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 December 31, 2022 as compared to the same period in the prior year, reconciled to total NOI:

	Number of properties	Three months ended December 31,			
		2022	2021	Variance	Change (%)
Same-property NOI¹	96	\$ 29,303	\$ 29,013	\$ 290	1.0%
NOI attributable to redeveloped properties ¹	5	1,927	1,098	829	
NOI attributable to properties under redevelopment	3	779	1,262	(483)	
NOI attributable to acquisitions	13	8,186	—	8,186	
NOI attributable to dispositions, including outparcel sales	5	404	512	(108)	
Total NOI¹		\$ 40,599	\$ 31,885	\$ 8,714	27.3%
Occupancy, same-property¹	96	93.3%	93.8%	(0.5%)	
Occupancy, redeveloped properties ¹	5	94.2%	95.2%	(1.0%)	
Occupancy, properties under redevelopment	3	78.9%	86.4%	(7.5%)	
Occupancy, acquisitions	13	95.3%	—%	95.3%	
Occupancy, dispositions, including outparcel sales	5	—%	93.3%	(93.3%)	
Occupancy, portfolio¹		93.2%	93.6%	(0.4%)	

¹Includes the REIT's share of joint venture investments.

Same-property NOI for the current quarter increased by 1.0% to \$29.3 million over the comparative period. The 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 \$1.1 million or 3.7% 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 December 31, 2022, as compared to the same period in the prior year, reconciled to total NOI:

	Number of properties	Trailing twelve months, December 31,			
		2022	2021	Variance	Change (%)
Same-property NOI	61	\$ 76,812	\$ 76,576	\$ 236	0.3%
NOI attributable to redeveloped properties ¹	9	10,854	8,493	2,361	
NOI attributable to properties under redevelopment	3	3,314	4,799	(1,485)	
NOI attributable to acquisitions ¹	44	51,714	12,716	38,998	
NOI attributable to dispositions, including outparcel sales	7	2,464	2,270	194	
Total NOI¹		\$ 145,158	\$ 104,854	\$ 40,304	38.4%
Occupancy, same-property	61	94.5%	95.1%	(0.6%)	
Occupancy, redeveloped properties ¹	9	94.4%	94.6%	(0.2%)	
Occupancy, properties under redevelopment	3	78.9%	86.4%	(7.5%)	
Occupancy, acquisitions ¹	44	92.5%	91.2%	1.3%	
Occupancy, dispositions, including outparcel sales	7	—%	93.3%	(93.3%)	
Occupancy, portfolio¹		93.2%	93.6%	(0.4%)	

¹Includes the REIT's share of joint venture investments.

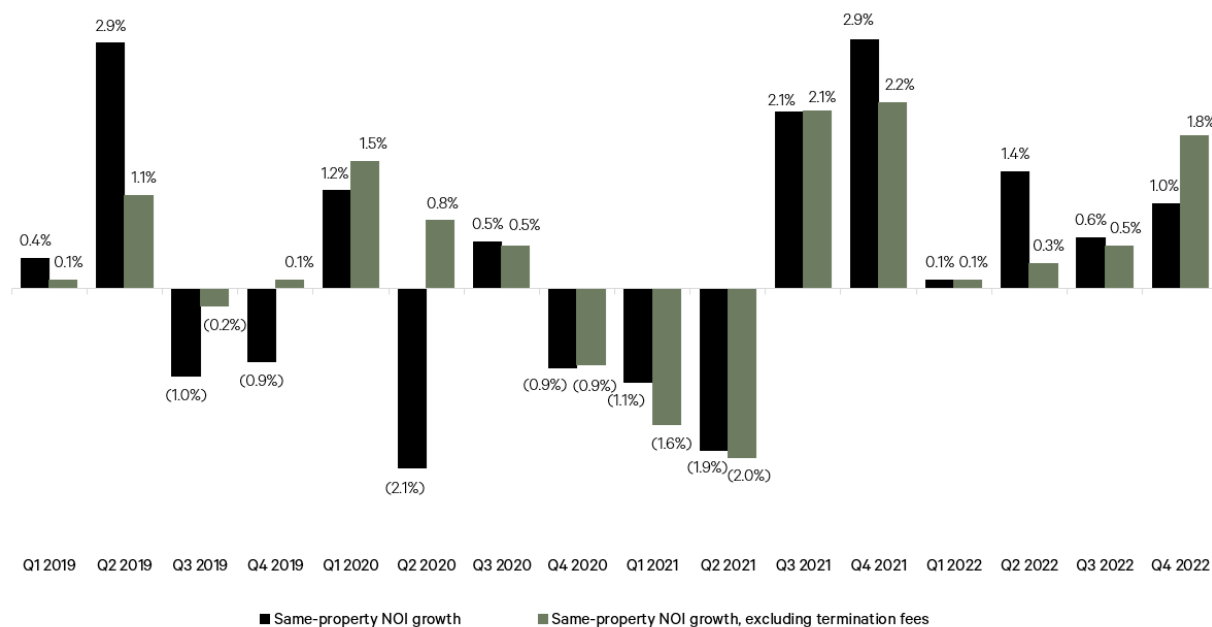
Same-property NOI for the trailing twelve month period ended December 31, 2022 increased by 0.3% from the same period in the prior year. This increase was primarily attributed to increases in rental rates from re-leasing above average in-place rent and new leasing above comparable market rental rates, partially offset by temporary vacancies. Including the impact of completed redevelopments, same-property NOI increased by \$2.6 million or 3.1% 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 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%
Q2 2022	70	21,687	1.4%	0.3%
Q3 2022	71	21,681	0.6%	0.5%
Q4 2022	96	29,303	1.0%	1.8%

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:

	December 31, 2022	December 31, 2021
Total equity	\$ 931,102	\$ 623,921
Less: non-controlling interest	(190,592)	(4,901)
Adjusted unitholders' equity	\$ 740,510	\$ 619,020
Deferred income taxes	150,108	106,769
Exchangeable units	10,082	12,302
NAV	\$ 900,700	\$ 738,091
Class U units outstanding	61,473	60,060
NAV per unit	\$ 14.65	\$ 12.29

NAV per unit has increased by \$2.36 as a result of current year acquisitions and 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.

	December 31, 2022	December 31, 2021
Properties	\$ 2,087,432	\$ 1,608,655
Working capital	135,347	72,081
Debt	(1,131,487)	(937,744)
Non-controlling interest	(190,592)	(4,901)
NAV	\$ 900,700	\$ 738,091
Class U units outstanding	61,473	60,060
NAV per unit	\$ 14.65	\$ 12.29

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 the Real Property Association of Canada ("REALPAC") in its White Paper on FFO and AFFO for IFRS, as revised in January 2022. 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 December 31,			Year ended December 31,		
	2022	2021	Variance	2022	2021	Variance
Net income	\$ 18,506	\$ 20,191	\$ (1,685)	\$ 138,873	\$ 87,428	\$ 51,445
Change in fair value of financial instruments	—	—	—	—	9,185	(9,185)
Transaction costs	1,480	54	1,426	1,734	230	1,504
Change in fair value of properties	(2,214)	10,026	(12,240)	(80,719)	(67,290)	(13,429)
Deferred income tax expense	3,714	10,391	(6,677)	33,679	33,487	192
Unit expense	2,664	1,748	916	802	3,964	(3,162)
Adjustments for joint venture investments	3,980	(21,134)	25,114	(16,882)	(17,364)	482
Taxes on dispositions	—	—	—	—	523	(523)
Subscription receipts equivalent amount ¹	—	—	—	—	4,933	(4,933)
Non-controlling interest	(4,053)	(174)	(3,879)	(8,044)	(125)	(7,919)
IFRIC 21 property tax adjustment	(7,278)	(5,418)	(1,860)	(2,618)	(1,526)	(1,092)
FFO ²	\$ 16,799	\$ 15,684	\$ 1,115	\$ 66,825	\$ 53,445	\$ 13,380
FFO per WA unit ²	\$ 0.27	\$ 0.26	\$ 0.01	\$ 1.09	\$ 1.03	\$ 0.06
WA number of units outstanding	61,468	60,054	1,414	61,101	51,779	9,322

¹ On September 22, 2021, each subscription receipt issued by the REIT on March 31, 2021 was exchanged for one unit and a cash distribution equivalent to \$0.4268 (being equal to the aggregate amount of distributions paid by the REIT per unit for which record dates occurred between March 31, 2021 and September 22, 2021). The cash distribution equivalent payment of \$4.9 million has been recorded in interest and finance costs.

² Adjusting to exclude the impact of \$169.0 million debt refinancing in the first quarter of 2021, FFO and FFO per unit for the year ended December 31, 2021 would be \$53.8 million and \$1.04, respectively.

The following is a calculation of FFO from NOI:

	Three months ended December 31,			Year ended December 31,		
	2022	2021	Variance	2022	2021	Variance
NOI	\$ 40,599	\$ 31,885	\$ 8,714	\$ 145,158	\$ 104,854	\$ 40,304
Straight-line rent revenue	175	(104)	279	238	345	(107)
General and administrative expenses	(4,069)	(3,050)	(1,019)	(14,951)	(10,421)	(4,530)
Cash interest, net ¹²	(13,087)	(9,663)	(3,424)	(44,918)	(34,724)	(10,194)
Finance charge and mark-to-market adjustments	(703)	(429)	(274)	(2,087)	(1,934)	(153)
Adjustments for joint venture investments	(2,455)	(2,318)	(137)	(8,212)	(2,742)	(5,470)
Non-controlling interest	(4,053)	(174)	(3,879)	(8,044)	(125)	(7,919)
Current income tax expense	392	(463)	855	(359)	(1,808)	1,449
FFO ³	\$ 16,799	\$ 15,684	\$ 1,115	\$ 66,825	\$ 53,445	\$ 13,380

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

² On September 22, 2021, each subscription receipt issued by the REIT on March 31, 2021 was exchanged for one unit and a cash distribution equivalent to \$0.4268 (being equal to the aggregate amount of distributions paid by the REIT per unit for which record dates occurred between March 31, 2021 and September 22, 2021). The cash distribution equivalent payment of \$4.9 million has been recorded in interest and finance costs.

³ Adjusting to exclude the impact of \$169.0 million debt refinancing in the first quarter of 2021, FFO for the year ended December 31, 2021 would be \$53.8 million.

FFO for the three and twelve month periods ended December 31, 2022 increased by \$1.1 million and \$13.4 million from the respective comparative period. This increase is primarily due to the aforementioned increases to NOI, partially offset by increases in cash interest, net and general and administrative expenses.

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 January 2022. 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 December 31,			Year ended December 31,		
	2022	2021	Variance	2022	2021	Variance
Cash flow from operations	\$ 6,178	\$ 7,266	\$ (1,088)	\$ 58,986	\$ 50,804	\$ 8,182
Changes in non-cash working capital items	11,389	6,383	5,006	3,481	(4,575)	8,056
Transaction costs	1,480	54	1,426	1,734	230	1,504
Subscription receipts equivalent amount ¹	—	—	—	—	4,933	(4,933)
Finance charge and mark-to-market adjustments	(703)	(429)	(274)	(2,087)	(1,934)	(153)
Interest, net and TIF note adjustments	39	27	12	129	119	10
Adjustments for joint venture investments	1,908	2,572	(664)	10,235	3,036	7,199
Non-controlling interest	(3,338)	(175)	(3,163)	(6,728)	(117)	(6,611)
Taxes on dispositions	—	—	—	—	523	(523)
Capital expenditures	(2,251)	(1,238)	(1,013)	(7,040)	(4,688)	(2,352)
Leasing costs	(373)	(494)	121	(1,358)	(1,563)	205
Tenant improvements	(540)	(700)	160	(2,200)	(2,175)	(25)
AFFO ²	\$ 13,789	\$ 13,266	\$ 523	\$ 55,152	\$ 44,593	\$ 10,559

¹ On September 22, 2021, each subscription receipt issued by the REIT on March 31, 2021 was exchanged for one unit and a cash distribution equivalent to \$0.4268 (being equal to the aggregate amount of distributions paid by the REIT per unit for which record dates occurred between March 31, 2021 and September 22, 2021). The cash distribution equivalent payment of \$4.9 million has been recorded in interest and finance costs.

² Adjusting to exclude the impact of \$169.0 million debt refinancing in the first quarter of 2021, AFFO for the year ended December 31, 2021 would be \$44.9 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 December 31,			Year ended December 31,		
	2022	2021	Variance	2022	2021	Variance
FFO	\$ 16,799	\$ 15,684	\$ 1,115	\$ 66,825	\$ 53,445	\$ 13,380
Straight-line rental revenue	(175)	104	(279)	(238)	(345)	107
Capital expenditures	(2,251)	(1,238)	(1,013)	(7,040)	(4,688)	(2,352)
Leasing costs	(373)	(494)	121	(1,358)	(1,563)	205
Tenant improvements	(540)	(700)	160	(2,200)	(2,175)	(25)
Adjustments for joint venture investments	(386)	(89)	(297)	(2,153)	(89)	(2,064)
Non-controlling interest	715	(1)	716	1,316	8	1,308
AFFO ¹	\$ 13,789	\$ 13,266	\$ 523	\$ 55,152	\$ 44,593	\$ 10,559
AFFO per WA unit ¹	\$ 0.22	\$ 0.22	\$ —	\$ 0.90	\$ 0.86	\$ 0.04
WA number of units outstanding	61,468	60,054	1,414	61,101	51,779	9,322

¹ Adjusting to exclude the impact of \$169.0 million debt refinancing in the first quarter of 2021, AFFO and AFFO per unit for the year ended December 31, 2021 would be \$44.9 million and \$0.87, respectively.

The following is a reconciliation of net income to AFFO:

	Three months ended December 31,			Year ended December 31,		
	2022	2021	Variance	2022	2021	Variance
Net income	\$ 18,506	\$ 20,191	\$ (1,685)	\$ 138,873	\$ 87,428	\$ 51,445
Change in fair value of financial instruments	—	—	—	—	9,185	(9,185)
Transaction costs	1,480	54	1,426	1,734	230	1,504
Change in fair value of properties	(2,214)	10,026	(12,240)	(80,719)	(67,290)	(13,429)
Deferred income tax expense	3,714	10,391	(6,677)	33,679	33,487	192
Unit expense	2,664	1,748	916	802	3,964	(3,162)
Adjustments for joint venture investments	3,980	(21,134)	25,114	(16,882)	(17,364)	482
Non-controlling interest	(4,053)	(174)	(3,879)	(8,044)	(125)	(7,919)
Subscription receipts equivalent amount ¹	—	—	—	—	4,933	(4,933)
Taxes on dispositions	—	—	—	—	523	(523)
IFRIC 21 property tax adjustment	(7,278)	(5,418)	(1,860)	(2,618)	(1,526)	(1,092)
FFO ²	\$ 16,799	\$ 15,684	\$ 1,115	\$ 66,825	\$ 53,445	\$ 13,380
Straight-line rental revenue	(175)	104	(279)	(238)	(345)	107
Capital expenditures	(2,251)	(1,238)	(1,013)	(7,040)	(4,688)	(2,352)
Leasing costs	(373)	(494)	121	(1,358)	(1,563)	205
Tenant improvements	(540)	(700)	160	(2,200)	(2,175)	(25)
Adjustments for joint venture investments	(386)	(89)	(297)	(2,153)	(89)	(2,064)
Non-controlling interest	715	(1)	716	1,316	8	1,308
AFFO ²	\$ 13,789	\$ 13,266	\$ 523	\$ 55,152	\$ 44,593	\$ 10,559

¹ On September 22, 2021, each subscription receipt issued by the REIT on March 31, 2021 was exchanged for one unit and a cash distribution equivalent to \$0.4268 (being equal to the aggregate amount of distributions paid by the REIT per unit for which record dates occurred between March 31, 2021 and September 22, 2021). The cash distribution equivalent payment of \$4.9 million has been recorded in interest and finance costs.

² Adjusting to exclude the impact of \$169.0 million debt refinancing in the first quarter of 2021, FFO and AFFO for the year ended December 31, 2021 would be \$53.8 million and \$44.9 million, respectively.

The following is a calculation of AFFO from NOI:

	Three months ended December 31,			Year ended December 31,		
	2022	2021	Variance	2022	2021	Variance
NOI	\$ 40,599	\$ 31,885	\$ 8,714	\$ 145,158	\$ 104,854	\$ 40,304
General and administrative expenses	(4,069)	(3,050)	(1,019)	(14,951)	(10,421)	(4,530)
Cash interest, net ¹	(13,087)	(9,663)	(3,424)	(44,918)	(34,724)	(10,194)
Finance charge and mark-to-market adjustments	(703)	(429)	(274)	(2,087)	(1,934)	(153)
Current income tax expense	392	(463)	855	(359)	(1,808)	1,449
Adjustments for joint venture investments	(2,841)	(2,407)	(434)	(10,365)	(2,831)	(7,534)
Non-controlling interest	(3,338)	(175)	(3,163)	(6,728)	(117)	(6,611)
Capital expenditures	(2,251)	(1,238)	(1,013)	(7,040)	(4,688)	(2,352)
Leasing costs	(373)	(494)	121	(1,358)	(1,563)	205
Tenant improvements	(540)	(700)	160	(2,200)	(2,175)	(25)
AFFO ²	\$ 13,789	\$ 13,266	\$ 523	\$ 55,152	\$ 44,593	\$ 10,559

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

² Adjusting to exclude the impact of \$169.0 million debt refinancing in the first quarter of 2021, AFFO for the year ended December 31, 2021 would be \$44.9 million.

AFFO for the three and twelve month periods ended December 31, 2022 was \$13.8 million and \$55.2 million respectively, which represents a \$0.5 million and \$10.6 million increase from the respective comparative period. The increase is primarily due to the aforementioned increases to FFO, partially offset by higher 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 fourth 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 105 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 December 31, 2022			Three months ended December 31, 2021		
	Consolidated	Joint venture investments	Proportionate Share (Non-GAAP)	Consolidated	Joint venture investments	Proportionate Share (Non-GAAP)
Rental revenue	\$ 50,655	\$ 7,926	\$ 58,581	\$ 38,348	\$ 7,465	\$ 45,813
Property operating expenses ¹	(7,352)	(1,604)	(8,956)	(6,128)	(1,309)	(7,437)
General and administrative expenses	(4,069)	(521)	(4,590)	(3,050)	(679)	(3,729)
Interest and finance costs	(13,790)	(1,934)	(15,724)	(10,092)	(1,641)	(11,733)
Share of (loss) income in joint venture investments	(1,686)	1,686	—	23,795	(23,795)	—
Transaction costs	(1,480)	—	(1,480)	(54)	—	(54)
Change in fair value of financial instruments	—	(13)	(13)	—	221	221
Change in fair value of properties	2,214	(5,540)	(3,326)	(10,026)	19,738	9,712
Deferred income tax expense	(3,714)	—	(3,714)	(10,391)	—	(10,391)
Current income tax recovery (expense)	392	—	392	(463)	—	(463)
Unit expense	(2,664)	—	(2,664)	(1,748)	—	(1,748)
Net income	\$ 18,506	\$ —	\$ 18,506	\$ 20,191	\$ —	\$ 20,191
Transaction costs	1,480	—	1,480	54	—	54
Change in fair value of financial instruments	—	13	13	—	221	221
Change in fair value of properties	(2,214)	5,540	3,326	10,026	(19,738)	(9,712)
Subscription receipts equivalent amount ²	—	—	—	—	—	—
Deferred income tax expense	3,714	—	3,714	10,391	—	10,391
Unit expense	2,664	—	2,664	1,748	—	1,748
Adjustments for joint venture investments	3,980	(3,980)	—	(21,134)	21,134	—
Taxes on dispositions	—	—	—	—	—	—
Non-controlling interest	(4,053)	—	(4,053)	(174)	—	(174)
IFRIC 21 property tax adjustment	(7,278)	(1,573)	(8,851)	(5,418)	(1,617)	(7,035)
FFO³	\$ 16,799	\$ —	\$ 16,799	\$ 15,684	\$ —	\$ 15,684
Straight-line rental revenue	(175)	(108)	(283)	104	—	104
Capital expenditures	(2,251)	(180)	(2,431)	(1,238)	(39)	(1,277)
Leasing costs	(373)	170	(203)	(494)	(50)	(544)
Tenant improvements	(540)	(268)	(808)	(700)	—	(700)
Adjustments for joint venture investments	(386)	386	—	(89)	89	—
Non-controlling interest	715	—	715	(1)	—	(1)
AFFO³	\$ 13,789	\$ —	\$ 13,789	\$ 13,266	\$ —	\$ 13,266

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

² On September 22, 2021, each subscription receipt issued by the REIT on March 31, 2021 was exchanged for one unit and a cash distribution equivalent to \$0.4268 (being equal to the aggregate amount of distributions paid by the REIT per unit for which record dates occurred between March 31, 2021 and September 22, 2021). The cash distribution equivalent payment of \$4.9 million has been recorded in interest and finance costs.

³ Adjusting to exclude the impact of \$169.0 million debt refinancing in the first quarter of 2021, FFO and AFFO for the year ended December 31, 2021 would be \$53.8 million and \$44.9 million, respectively.

	Year ended December 31, 2022			Year ended December 31, 2021		
	Consolidated	Joint venture investments	Proportionate Share (Non-GAAP)	Consolidated	Joint venture investments	Proportionate Share (Non-GAAP)
Rental revenue	\$ 177,485	\$ 31,965	\$ 209,450	\$ 138,275	\$ 8,969	\$ 147,244
Property operating expenses ¹	(50,071)	(11,037)	(61,108)	(37,417)	(1,751)	(39,168)
General and administrative expenses	(14,951)	(1,244)	(16,195)	(10,421)	(731)	(11,152)
Interest and finance costs	(47,005)	(6,968)	(53,973)	(41,591)	(2,011)	(43,602)
Share of income in joint venture investments	29,270	(29,270)	—	20,489	(20,489)	—
Transaction costs	(1,734)	—	(1,734)	(230)	—	(230)
Change in fair value of financial instruments	—	1,707	1,707	(9,185)	278	(8,907)
Change in fair value of properties	80,719	14,847	95,566	67,290	15,735	83,025
Deferred income tax expense	(33,679)	—	(33,679)	(33,487)	—	(33,487)
Current income tax expense	(359)	—	(359)	(2,331)	—	(2,331)
Unit expense	(802)	—	(802)	(3,964)	—	(3,964)
Net income	\$ 138,873	\$ —	\$ 138,873	\$ 87,428	\$ —	\$ 87,428
Transaction costs	1,734	—	1,734	230	—	230
Change in fair value of financial instruments	—	(1,707)	(1,707)	9,185	(278)	8,907
Change in fair value of properties	(80,719)	(14,847)	(95,566)	(67,290)	(15,735)	(83,025)
Subscription receipts equivalent amount ²	—	—	—	4,933	—	4,933
Deferred income tax expense	33,679	—	33,679	33,487	—	33,487
Unit expense	802	—	802	3,964	—	3,964
Adjustments for joint venture investments	(16,882)	16,882	—	(17,364)	17,364	—
Taxes on dispositions	—	—	—	523	—	523
Non-controlling interest	(8,044)	—	(8,044)	(125)	—	(125)
IFRIC 21 property tax adjustment	(2,618)	(328)	(2,946)	(1,526)	(1,351)	(2,877)
FFO ³	\$ 66,825	\$ —	\$ 66,825	\$ 53,445	\$ —	\$ 53,445
Straight-line rental revenue	(238)	(328)	(566)	(345)	—	(345)
Capital expenditures	(7,040)	(684)	(7,724)	(4,688)	(39)	(4,727)
Leasing costs	(1,358)	(308)	(1,666)	(1,563)	(50)	(1,613)
Tenant improvements	(2,200)	(833)	(3,033)	(2,175)	—	(2,175)
Adjustments for joint venture investments	(2,153)	2,153	—	(89)	89	—
Non-controlling interest	1,316	—	1,316	8	—	8
AFFO ³	\$ 55,152	\$ —	\$ 55,152	\$ 44,593	\$ —	\$ 44,593

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

² On September 22, 2021, each subscription receipt issued by the REIT on March 31, 2021 was exchanged for one unit and a cash distribution equivalent to \$0.4268 (being equal to the aggregate amount of distributions paid by the REIT per unit for which record dates occurred between March 31, 2021 and September 22, 2021). The cash distribution equivalent payment of \$4.9 million has been recorded in interest and finance costs.

³ Adjusting to exclude the impact of \$169.0 million debt refinancing in the first quarter of 2021, FFO and AFFO for the year ended December 31, 2021 would be \$53.8 million and \$44.9 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 paid increased by \$1.1 million and \$8.2 million for three and twelve month periods ended December 31, 2022 over the respective comparative period due to the issuance of 1.4 million units from the REIT's at the market equity program ("ATM program") during the 2022 year, and 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 December 31,			Year ended December 31,		
	2022	2021	Variance	2022	2021	Variance
Declared						
REIT units distributions	\$ 13,040	\$ 12,694	\$ 346	\$ 51,825	\$ 44,199	\$ 7,626
Exchangeable units of subsidiaries distributions	196	233	(37)	809	932	(123)
	\$ 13,236	\$ 12,927	\$ 309	\$ 52,634	\$ 45,131	\$ 7,503
Add: Distributions payable, beginning of period	4,412	3,487	925	4,309	3,487	822
Less: Distributions payable, end of period	(4,412)	(4,309)	(103)	(4,412)	(4,309)	(103)
Distributions paid or settled	\$ 13,236	\$ 12,105	\$ 1,131	\$ 52,531	\$ 44,309	\$ 8,222

The following table summarizes the monthly distributions declared to unitholders by year:

Month	2022	2021	2020	2019	2018	2017	2016	2015	2014
January	\$ 0.07200	\$ 0.07200	\$ 0.07200	\$ 0.07125	\$ 0.07000	\$ 0.06750	\$ 0.06489	\$ 0.06300	\$ —
February	0.07200	0.07200	0.07200	0.07125	0.07000	0.06750	0.06489	0.06300	—
March	0.07200	0.07200	0.07200	0.07125	0.07000	0.06750	0.06489	0.06300	—
April	0.07200	0.07200	0.07200	0.07125	0.07000	0.06750	0.06489	0.06300	0.03000
May	0.07200	0.07200	0.07200	0.07125	0.07000	0.06750	0.06489	0.06300	0.06000
June	0.07200	0.07200	0.07200	0.07125	0.07000	0.06750	0.06489	0.06300	0.06000
July	0.07200	0.07200	0.07200	0.07125	0.07000	0.06750	0.06489	0.06300	0.06000
August	0.07200	0.07200	0.07200	0.07125	0.07000	0.06750	0.06489	0.06300	0.06000
September	0.07200	0.07200	0.07200	0.07125	0.07000	0.06750	0.06750	0.06300	0.06000
October	0.07200	0.07200	0.07200	0.07125	0.07000	0.06750	0.06750	0.06300	0.06000
November	0.07200	0.07200	0.07200	0.07125	0.07000	0.07000	0.06750	0.06300	0.06300
December	0.07200	0.07200	0.07200	0.07200	0.07125	0.07000	0.06750	0.06489	0.06300
Total	\$ 0.86400	\$ 0.86400	\$ 0.86400	\$ 0.85575	\$ 0.84125	\$ 0.81500	\$ 0.78912	\$ 0.75789	\$ 0.51600

In April of 2014 the REIT listed its class U units on the TSX. In conjunction with the REIT's listing of its class U units on the TSX the REIT commenced a distribution policy, with a monthly distribution of \$0.06 per unit. In November 2014, the REIT increased the distribution rate by 5.0% to \$0.063 and again in December 2015 increased the distribution 3.0% to \$0.06489. Beginning with the September 2016 distribution, the REIT increased the distribution by 4.0% to \$0.0675 a month and in November 2017, the REIT increased the distribution rate by 3.7% to \$0.07. In December 2018 the REIT increased the distribution rate by 1.8% to \$0.07125. On December 16, 2019, the REIT announced a 1.1% increase of its monthly distribution to \$0.072 per class U unit or \$0.864 per class U unit on an annualized basis.

Class A and I unitholders of REIT units and holders of exchangeable units of subsidiaries are entitled to a distribution equal to a class U unit distribution.

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:

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) ¹	45.0%	—	55.0%	—%
2015 (June to December) ¹	39.0%	—	61.0%	—%

¹ 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 78.8% for the three month period ended December 31, 2022, which represents a 3.6% decrease from the comparative period. The FFO payout ratio was 78.8% for the year ended December 31, 2022, which represents a 5.6% decrease from the respective comparative period. The decrease is due to aforementioned increase to FFO, partially offset by increases in distributions declared from the increase in units issued under the REIT's ATM program in 2022 and 11.4 million units issued from the REIT's equity raise completed on September 22, 2021.

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

	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
FFO	\$ 16,799	\$ 15,684	\$ 66,825	\$ 53,445
Distributions declared ¹	(13,236)	(12,927)	(52,634)	(45,131)
Excess of FFO over distributions declared	\$ 3,563	\$ 2,757	\$ 14,191	\$ 8,314
FFO payout ratio²	78.8%	82.4%	78.8%	84.4%

¹ Distributions declared represent distributions on REIT units and exchangeable units of subsidiaries.

² Adjusting to exclude the impact of \$169.0 million debt refinancing in the first quarter of 2021, the FFO payout ratio for the year ended December 31, 2021 would be 84.0%.

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 December 31, 2022 decreased by 1.4% to 96.0% over the comparative period. The AFFO payout ratio for the year ended December 31, 2022 was 95.4%, which represents a 5.8% decrease from the comparative period. The decreases are mainly driven by aforementioned increases to AFFO, partially offset by distributions declared from the increase in units issued in under the ATM program in 2022.

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

	Three months ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
AFFO	\$ 13,789	\$ 13,266	\$ 55,152	\$ 44,593
Distributions declared ¹	(13,236)	(12,927)	(52,634)	(45,131)
Excess (shortfall) of AFFO over distributions declared	\$ 553	\$ 339	\$ 2,518	\$ (538)
AFFO payout ratio²	96.0%	97.4%	95.4%	101.2%

¹ Distributions declared represent distributions on REIT units and exchangeable units of subsidiaries.

² Adjusting to exclude the impact of \$169.0 million debt refinancing in the first quarter of 2021, the AFFO payout ratio for the year ended December 31, 2021 would be 100.5%.

The REIT's distributions declared were in excess of AFFO of \$0.5 million for the year ended December 31, 2021. For the year ended December 31, 2022, the REIT's AFFO has been in excess of distributions declared. The REIT has maintained a consistent distribution rate despite period over period variances in cash from operating activities.

For the year ended December 31, 2022, the REIT's cash flow from operating activities exceeded distributions paid by \$6.4 million. For the year ended December 31, 2021 and 2020, the REIT's cash flow from operating activities exceeded distributions paid by \$5.7 million and \$2.5 million, respectively.

	Year ended		Year ended December 31,	
	December 31, 2022	2021	2021	2020
Cash flows from operating activities	\$ 58,986	\$ 50,804	\$ 50,804	\$ 39,351
Net income	138,873	87,428	87,428	41,605
Cash distributions paid or payable relating to the period	(52,634)	(45,131)	(45,131)	(36,806)
Excess of cash flows from operating activities over cash distributions paid	\$ 6,352	\$ 5,673	\$ 5,673	\$ 2,545
Excess of net income over cash distributions paid	\$ 86,239	\$ 42,297	\$ 42,297	\$ 4,799

The REIT's distributions paid in the year ended December 31, 2022 were funded by the REIT's cash from operations. The REIT believes the prior year shortfall does not impact the sustainability of the REIT's future distributions and that the REIT expects distributions will continue to be funded through cash flows from operating activities.

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 SOFR based interest payments on a portion of the REIT's floating rate debt. As a result of the interest rate swaps, 92.9% of the REIT's debt is now subject to fixed rates. The weighted average fixed rate of the REIT's interest rate swaps was 2.7% in comparison to one-month SOFR at 4.3% at December 31, 2022 with a weighted average term to maturity of 2.9 years.

On August 4, 2022, the REIT amended the interest rate benchmark from one-month LIBOR to one-month SOFR for its existing interest rate swaps. There is no economic impact on the financial statements of the REIT as a result of the amendment.

On July 15, 2022, the REIT entered into two pay-fixed, receive-float interest swap contracts to hedge the cash flow risk associated with monthly SOFR based interest payments, totaling \$275.0 million.

On January 14, 2021, in conjunction with the REIT's \$169.0 million mortgage transaction, the REIT terminated its \$150.0 million interest rate swap with a maturity date of February 26, 2021.

The terms of the interest rate swaps are as follows:

					Total/ Weighted average
Pay-fixed rate	2.765%	2.822%	2.400%	2.650%	2.675%
Notional amount	\$ 175,000	\$ 175,000	\$ 137,500	\$ 137,500	\$ 625,000
Receive-floating rate	One-month SOFR	One-month SOFR	One-month SOFR	One-month SOFR	
Maturity date	August 22, 2023	August 22, 2025	July 22, 2027 ¹	July 22, 2027	
Remaining term (years)	0.6	2.6	4.6	4.6	2.9

¹ The \$137.5 million interest rate swap with a pay-fixed rate of 2.4% contains a one-time cancellation option by the REIT'S counterparty on July 24, 2025.

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 December 31, 2022, the deferred income tax recovery was \$3.7 million, compared to the deferred tax expense of \$10.4 million in the same quarter of 2021. For the year ended December 31, 2022, the deferred income tax expense was \$33.7 million compared to \$33.5 million in the comparative period. 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 December 31,		Year ended December 31,	
	2022	2021	2022	2021
Asset management	\$ 2,490	\$ 1,653	\$ 8,471	\$ 6,070
Acquisition	—	120	3,205	1,733
Total	\$ 2,490	\$ 1,773	\$ 11,676	\$ 7,803

Related party transactions incurred and payable to the Manager for the three and twelve month periods ended December 31, 2022 were \$2.5 million and \$11.7 million, respectively. 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.

	Year ended December 31,	
	2022	2021
Operating activities	\$ 58,986	\$ 50,804
Investing activities	(381,743)	(190,853)
Financing activities	329,111	151,725
Increase in cash	\$ 6,354	\$ 11,676

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 acquisitions, capital and leasing expenditures, partially offset by disposals of properties and distributions from joint venture investments.

Cash flows from financing activities relate to term loan financing, funds received from the REIT's ATM program, and disposal of interest in subsidiaries, partially offset by distributions paid to unitholders, paydowns on the REIT's revolver, and repayments on mortgages.

SELECTED ANNUAL INFORMATION

The following table provides selected financial information for the past three years:

	2022	2021	2020
Rental revenue	\$ 177,485	\$ 138,275	\$ 126,130
Net income	138,873	87,428	41,605
Total assets	2,270,400	1,737,162	1,323,554
Non-current debt	1,039,621	929,218	721,260
Total debt	1,131,487	937,744	726,373
Distribution rate, per unit	0.8640	0.8640	0.8640

The REIT has seen an improvement in its overall financial position and performance. Increases are primarily due to accretive acquisitions, improved valuations of the overall portfolio, completed redevelopment projects, and positive leasing activity, partially offset by strategic dispositions and temporary vacancies. Distributions remain consistent since the 2020 year end.

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, term loan 2 and term loan 3 provide the required flexibility to support the REIT's acquisition pipeline. The credit facility and term loans represent 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 loans, 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, 92.9% of the REIT's debt is now subject to fixed rates.

In the third quarter of 2022, the REIT amended its benchmark rate to one-month SOFR for its existing revolving credit facility and term loans, totaling \$608.0 million.

Debt held by the REIT is as follows:

					December 31, 2022	December 31, 2021
Maturity	Term to maturity (years)	Effective rate	Principal	Mark-to-market adjustments and costs	Carrying amount	Carrying amount
Revolver ^{1 2 3 4 5}	March 21, 2024	1.2	5.61 % \$ 123,604	\$ (577)	\$ 123,027	\$ 190,822
Term loan ^{1 2 4}	March 21, 2025	2.2	5.50 % 225,000	(632)	224,368	224,098
Term loan 2 ^{1 2 4}	February 9, 2023	0.1	5.50 % 83,000	(49)	82,951	82,504
Term loan 3 ^{1 2 4}	July 15, 2027	4.5	5.50 % 275,000	(5,021)	269,979	—
Mortgage	December 6, 2024	1.9	4.03 % 103,950	343	104,293	104,537
Mortgage	January 1, 2025	2.0	3.80 % 40,110	(334)	39,776	40,736
Mortgage	July 1, 2025	2.5	4.14 % 35,188	(214)	34,974	37,993
Mortgage	August 1, 2025	2.6	4.43 % 7,700	55	7,755	7,711
Mortgage	March 18, 2030	7.2	3.48 % 78,848	(1,181)	77,667	79,219
Mortgage	January 1, 2031	8.0	5.50 % 5,915	99	6,014	6,588
Mortgage	May 1, 2031	8.3	3.75 % 163,179	(2,496)	160,683	163,536
Total / weighted average	3.2⁵	4.29%	\$ 1,141,494	\$ (10,007)	\$ 1,131,487	\$ 937,744
Share of joint venture investments' debt					209,978	211,905
Total / weighted average, proportionate basis					\$ 1,341,465	\$ 1,149,649

¹ The weighted average interest rate has been calculated using the December 31, 2022 one-month SOFR (December 31, 2022 – U.S. LIBOR) for purposes of the revolver, term loan, term loan 2 and term loan 3.

² 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 145 bps; (ii) greater than 45% but less than or equal to 50% is 155 bps; (iii) greater than 50% but less than or equal to 55% is 170 bps (iv) greater than 55% but less than or equal to 60% is 195 bps; and (v) greater than 60% is 215 bps, and includes a 10 bps SOFR index adjustment. The applicable spread for the term loan, term loan 2 and term loan 3 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 150 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, and includes a 10 bps SOFR index adjustment.

³ 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.

⁴ The revolver, term loan, term loan 2 and term loan 3 are secured by a general pledge of equity of certain subsidiaries of the REIT. Collectively, those subsidiaries hold an interest in 55 of the REIT's properties.

⁵ 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 on a proportionate basis is 3.2 years.

Subsequent to year end, on February 1, 2023, the REIT closed a \$56.0 million mortgage loan with a 2033 maturity. The net proceeds from the loan were used to paydown the REIT's nearest term debt maturity in 2023 for \$83.0 million, resulting in an increase of the REIT's debt portfolio to a weighted average term to maturity of 3.6 years.

On July 15, 2022, the REIT entered into a \$275.0 million term loan, with a 5-year term bearing interest at 175 basis points over adjusted one-month SOFR, subject to certain covenants. The proceeds from the term loan were used to fund acquisitions during the third quarter of 2022 and reduce borrowings on the revolving credit facility.

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 4.0%, as well as a \$7.7 million six-year mortgage, bearing interest at 4.4%.

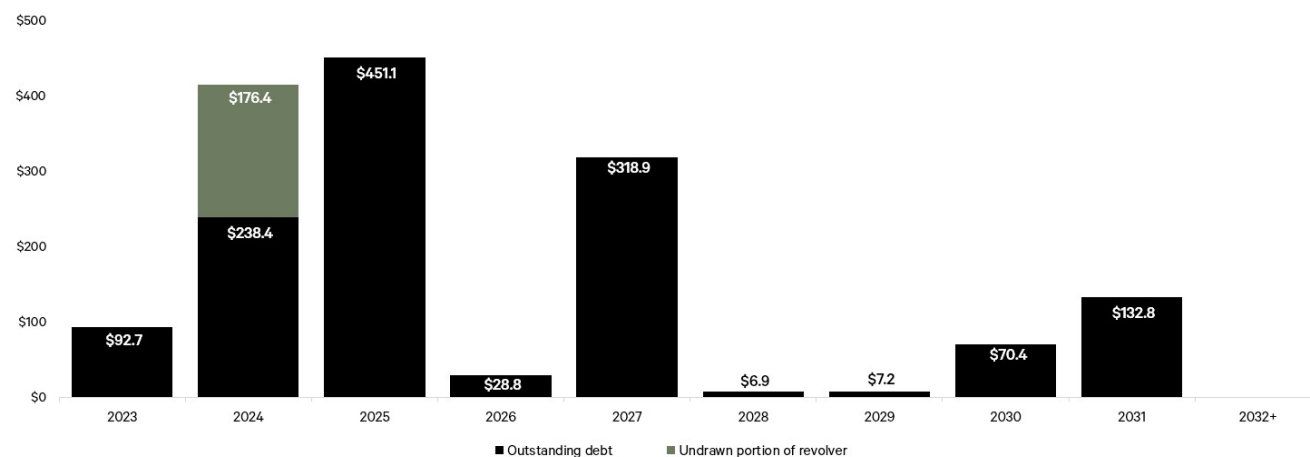
On January 14, 2021, the REIT entered into a \$169.0 million 10-year mortgage, bearing interest of 3.8%. The net proceeds from the loan were used to reduce the REIT's term loan to \$83.0 million.

The carrying amount of debt was \$1.1 billion at December 31, 2022, which represents an increase of \$193.7 million compared to December 31, 2021. The increase is mainly due to term loan financing and draws on the revolver to fund acquisition activity, partially offset by the principal repayments on the REIT's revolver funded by cash received from operations and debt refinancings.

The weighted-average term of the REIT's debt is 3.2 years at a weighted average cost of 4.29%.

Debt Maturity Profile ^{1 2}

(in \$US millions)



¹ Includes the REIT's share of debt held in its joint ventures.

² Debt maturity profile 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 3.2 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:

	December 31, 2022	December 31, 2021
GBV	\$ 2,270,400	\$ 1,737,162
Debt	1,131,487	937,744
Leverage ratio	49.8%	54.0%

The REIT's leverage ratio is 49.8%, which is a 4.2% decrease from December 31, 2021, mainly 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, term loan 2 and term loan 3 are subject to financial and other covenants. The following are the primary financial covenants, with all terms defined by the lending agreement:

	Threshold	December 31, 2022	December 31, 2021
Maximum leverage ratio: consolidated total indebtedness shall not exceed 65% of gross asset value	< 65%	54.2%	61.8%
Minimum fixed charge coverage ratio: adjusted EBITDA to consolidated fixed charges shall not be less than 1.50x ¹	> 1.50x	2.34x	1.94x

¹ Adjusted EBITDA is defined as earnings before interest, tax, depreciation, and amortization, as defined by the Second Amended and Restated Credit Agreement for the revolver and term loan, the Amended Credit Agreement for term loan 2 and the Credit Agreement for term loan 3.

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 December 31,			Year ended December 31,		
	2022	2021	Variance	2022	2021	Variance
Net income	\$ 18,506	\$ 20,191	\$ (1,685)	\$ 138,873	\$ 87,428	\$ 51,445
Interest and finance costs	13,790	10,092	3,698	47,005	41,591	5,414
Change in fair value of financial instruments	—	—	—	—	9,185	(9,185)
Transaction costs	1,480	54	1,426	1,734	230	1,504
Change in fair value of properties	(2,214)	10,026	(12,240)	(80,719)	(67,290)	(13,429)
Deferred income tax expense	3,714	10,391	(6,677)	33,679	33,487	192
Current income tax (recovery) expense	(392)	463	(855)	359	2,331	(1,972)
Unit expense	2,664	1,748	916	802	3,964	(3,162)
Adjustments for joint venture investment	6,435	(18,816)	25,251	(8,670)	(14,622)	5,952
Straight-line rent revenue	(175)	104	(279)	(238)	(345)	107
IFRIC 21 property tax adjustment	(7,278)	(5,418)	(1,860)	(2,618)	(1,526)	(1,092)
Adjusted EBITDA	\$ 36,530	\$ 28,835	\$ 7,695	\$ 130,207	\$ 94,433	\$ 35,774

	Three months ended December 31,			Year ended December 31,		
	2022	2021	Variance	2022	2021	Variance
Rental revenue	\$ 50,655	\$ 38,348	\$ 12,307	\$ 177,485	\$ 138,275	\$ 39,210
Property operating expenses	(7,352)	(6,128)	(1,224)	(50,071)	(37,417)	(12,654)
General and administrative expenses	(4,069)	(3,050)	(1,019)	(14,951)	(10,421)	(4,530)
Adjustments for joint venture investment	4,749	4,979	(230)	20,600	5,867	14,733
Straight-line rent revenue	(175)	104	(279)	(238)	(345)	107
IFRIC 21 property tax adjustment	(7,278)	(5,418)	(1,860)	(2,618)	(1,526)	(1,092)
Adjusted EBITDA	\$ 36,530	\$ 28,835	\$ 7,695	\$ 130,207	\$ 94,433	\$ 35,774

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 December 31,		Year ended December 31,	
	2022	2021	2022	2021
NOI	\$ 40,599	\$ 31,885	\$ 145,158	\$ 104,854
General and administrative expenses	(4,069)	(3,050)	(14,951)	(10,421)
Adjusted EBITDA	\$ 36,530	\$ 28,835	\$ 130,207	\$ 94,433
Cash interest paid	(13,127)	(9,690)	(45,048)	(34,843)
Interest coverage ratio	2.78x	2.98x	2.89x	2.71x

The interest coverage ratio decreased from 2.98x to 2.78x for the three month period ended December 31, 2022. The decrease is due to increases in cash interest paid, partially offset by increases to NOI. For the year ended December 31, 2022, the interest coverage ratio increased from 2.71x to 2.89x. The increase is due to the aforementioned increases to NOI, partially offset by increases in cash interest paid and general and administrative expenses.

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 December 31, 2022 is 49.8% (December 31, 2021 – 54.0%).

Contractual commitments

The REIT has the following contractual commitments:

	Total contractual cash flow		2023	2024-2025	2026-2027	Thereafter
Accounts payable and accrued liabilities	\$	38,373	\$ 38,373	\$ —	\$ —	\$ —
Revolver ¹²		123,604	—	123,604	—	—
Revolver interest payable ^{12,3}		10,083	8,350	1,733	—	—
Term loan ¹²		225,000	—	225,000	—	—
Term loan interest payable ¹²		30,753	15,088	15,665	—	—
Term loan 2 ^{2,4}		83,000	83,000	—	—	—
Term loan 2 interest payable ¹²		562	562	—	—	—
Term loan 3 ^{2,4}		275,000	—	—	275,000	—
Term loan 3 interest payable ^{2,4}		68,741	18,166	29,601	20,974	—
Mortgages ⁵		671,183	10,561	354,402	89,019	217,201
Mortgage interest payable ⁵		196,724	42,667	70,177	37,076	46,804
Exchangeable units of subsidiaries		10,082	—	—	—	10,082
Total⁵	\$	1,733,105	\$ 216,767	\$ 820,182	\$ 422,069	\$ 274,087

¹ Revolver and term loan interest payable is calculated on \$123.6 million and \$225.0 million (balance outstanding) using an estimated "all in" interest rate of 6.61% and 6.71%, respectively under the "2023" column. The revolver and term loan long-term average interest rates are based on the one-month SOFR forward curve plus the specified margin for the SOFR rate option under the term loan resulting in "all-in" interest rate of 6.25% and 5.71%, respectively. The total revolver and term loan interest payable is calculated until maturity of the initial term.

² Excludes the impact of the REIT's \$625.0 million pay-fixed, receive-float interest rate swaps that hedge a portion of the cash flow risk associated with one-month SOFR based interest payments.

³ 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.

⁴ Term loan 2 and term loan 3 interest payable is calculated on its balance outstanding at quarter end, using an estimated "all in" interest rate of 6.18% and 6.61%, respectively, under the "2023" column. The long-term average interest rate is based on the one-month SOFR curve plus the specified margin for the SOFR rate option under the term loan 3 resulting in an anticipated increase to the "all-in" interest rate to 5.20%. The total term loan 3 interest payable is calculated until maturity.

⁵ 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 year ended December 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
Issued	1,425	—	—	—	—	—	1,425
Exchanged	438	(1)	(264)	—	(173)	—	—
Class U units equivalent, December 31, 2022	60,205	147	18	28	747	132	61,277

ATM program

On March 30, 2022, the REIT established an 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 December 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 \$18.0 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 unitholders 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. On January 27, 2023, the REIT commenced a normal course issuer bid ("NCIB"), effective as at the open of markets on February 1, 2023, to repurchase for cancellation up to 5.7 million class U Units of the REIT. No class U units have been purchased and subsequently cancelled under the NCIB.

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

	December 31, 2022	December 31, 2021
Accounts payable and accrued liabilities	\$ 16,315	\$ 12,776
Prepaid rent	6,438	5,236
Tenant improvements payable	5,844	5,823
Taxes payable	597	310
Other payables	9,179	5,894
Total	\$ 38,373	\$ 30,039

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:

	December 31, 2022	December 31, 2021
Rent receivable	\$ 7,193	\$ 6,742
Allowance	(1,096)	(1,181)
Accrued recovery income	9,279	5,122
Other receivables	8,273	6,890
Total	\$ 23,649	\$ 17,573

Rent receivable consists of base rent and operating expense recoveries. Management has provided for \$1.1 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:

	December 31, 2022	December 31, 2021
Current to 30 days	\$ 2,226	\$ 3,151
31 to 60 days	1,188	981
61 to 90 days	261	144
Greater than 90 days	2,422	1,285
Total	\$ 6,097	\$ 5,561

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	December 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:

	December 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
Net cost of equity investment	\$ 46,708	\$ 37,712	\$ 2,884	\$ 87,304	\$ 70,919
Distributions, net of contributions	(2,982)	(3,336)	(800)	(7,118)	(4,104)
Share of income in joint venture investments	16,176	11,770	1,324	29,270	20,489
End of the period	\$ 59,902	\$ 46,146	\$ 3,408	\$ 109,456	\$ 87,304

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

	Tom Thumb Portfolio	Other Grocery Portfolio	Other	December 31, 2022	December 31, 2021
				Total	Total
Assets					
Property	\$ 183,859	\$ 154,588	\$ 21,200	\$ 359,647	\$ 336,450
Other non-current assets	—	1,165	—	1,165	4,167
Current assets	6,234	3,574	1,400	11,208	10,003
Total assets	\$ 190,093	\$ 159,327	\$ 22,600	\$ 372,020	\$ 350,620
Liabilities					
Debt	\$ 123,859	\$ 102,170	\$ 14,894	\$ 240,923	\$ 196,978
Other non-current liabilities	3	604	32	639	1,456
Current liabilities	1,987	2,263	857	5,107	52,095
Total liabilities	\$ 125,849	\$ 105,037	\$ 15,783	\$ 246,669	\$ 250,529
Net assets at 100%	\$ 64,244	\$ 54,290	\$ 6,817	\$ 125,351	\$ 100,091
At the REIT's interest	\$ 59,902	\$ 46,146	\$ 3,408	\$ 109,456	\$ 87,304

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

	Tom Thumb Portfolio	Other Grocery Portfolio	Other	Three months ended December 31,	
				2022	2021
Rental revenue	\$ 4,292	\$ 4,301	\$ 536	\$ 9,129	\$ 8,636
Property operating expenses	(829)	(904)	(121)	(1,854)	(1,576)
General and administrative expenses	(285)	(297)	(2)	(584)	(767)
Interest and finance costs	(1,050)	(1,050)	(128)	(2,228)	(1,879)
Change in fair value of financial instruments	—	(14)	—	(14)	259
Change in fair value of property	(4,129)	(2,142)	481	(5,790)	20,723
Net income (loss) and comprehensive income (loss) at 100%	\$ (2,001)	\$ (106)	\$ 766	\$ (1,341)	\$ 25,396
At the REIT's interest	\$ (1,979)	\$ (90)	\$ 383	\$ (1,686)	\$ 23,795

	Tom Thumb Portfolio	Other Grocery Portfolio	Other	Year ended December 31,	
				2022	2021
Rental revenue	\$ 17,368	\$ 17,236	\$ 2,168	\$ 36,772	\$ 10,978
Property operating expenses	(5,556)	(6,410)	(798)	(12,764)	(2,309)
General and administrative expenses	(597)	(802)	(7)	(1,406)	(829)
Interest and finance costs	(4,068)	(3,425)	(515)	(8,008)	(2,480)
Change in fair value of financial instruments	—	2,009	—	2,009	327
Change in fair value of property	10,345	5,240	1,800	17,385	15,923
Net income and comprehensive income at 100%	\$ 17,492	\$ 13,848	\$ 2,648	\$ 33,988	\$ 21,610
At the REIT's interest	\$ 16,176	\$ 11,770	\$ 1,324	\$ 29,270	\$ 20,489

Disposition

On April 12, 2022, the REIT disposed of a non-core outparcel in the Tom Thumb Portfolio at Heritage Heights, in Grapevine, Texas, at a sale price of \$0.9 million.

Debt refinancing

On October 1, 2022, the REIT made a drawdown totaling \$0.9 million in relation to the Other Grocery Portfolio's existing mortgage bearing interest at 3.75% and matures on October 1, 2026.

On June 13, 2022, the REIT refinanced the mortgage loan in relation to the Other Grocery Portfolio for \$46.5 million. The mortgage bears interest at 4.56% and matures on July 1, 2027.

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.

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

NON-CONTROLLING INTEREST

On July 15, 2022, the REIT established a partnership with the NA Essential Fund, a vehicle with management services provided by the Manager. The NA Essential Fund has made an initial cash investment of \$180.0 million indirectly into the REIT's assets through the purchase of a 18.37% partnership interest in two of the REIT's subsidiaries, LP1 and Slate Grocery Investment US LP ("SGIUSLP"). The non-controlling interest in SGIUSLP includes the proportionate interest in the Tops Portfolio.

On September 22, 2021, the REIT acquired all of the rights and obligations relating to the management of a grocery anchored portfolio comprising 11 properties and 1.3 million square feet in major metro markets in New York, Ohio, and Georgia. As a result of the acquisition of the management rights and other factors it was determined that the REIT obtained control with respect to its investment in Tops Portfolio. The operational results of these properties have been included in these consolidated financial statements from the date of acquisition.

The REIT values non-controlling interest in its subsidiaries at cost and are not revalued at fair value. The net assets attributable to the non-controlling interest and the REIT are as follows:

	December 31, 2022	December 31, 2021
Assets		
Property	\$ 2,086,638	\$ 157,556
Other non-current assets	127,038	—
Current assets	50,909	6,466
Total assets	\$ 2,264,585	\$ 164,022
Liabilities		
Debt	\$ 1,131,486	\$ 112,248
Other non-current liabilities	29,161	—
Current liabilities	33,078	2,761
Total liabilities	\$ 1,193,725	\$ 115,009
Net assets	\$ 1,070,860	\$ 49,013
Net assets attributable to		
Unitholders of the REIT	\$ 880,268	\$ 44,112
Non-controlling interest	\$ 190,592	\$ 4,901

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

	Three months ended December 31,		Twelve months ended December 31,	
	2022	2021	2022	2021
Rental revenue	\$ 51,459	\$ 4,070	\$ 103,033	\$ 4,859
Property operating expenses	(7,462)	(1,022)	(20,362)	(1,092)
General and administrative expenses	(3,462)	(95)	(5,819)	(117)
Interest and finance costs	(13,512)	(1,106)	(26,694)	(1,214)
Transaction costs	(1,417)	—	(1,629)	—
Change in fair value of property	5,065	(1,394)	14,802	2,805
Exchange Unit Distributions	156	—	—	—
Share of income in joint venture investments	(2,596)	—	3,391	—
Current income tax expense	59	—	42	—
Deferred income tax expense	3,469	—	—	—
Net income	\$ 31,759	\$ 453	\$ 66,764	\$ 5,241
Items to be subsequently reclassified to profit or loss				
Gain on cash flow hedges of interest rate risk, net of tax	2,589	—	17,950	—
Reclassification of cash flow hedges of interest rate risk to income	(1,397)	—	(971)	—
Other comprehensive income	1,192	—	16,979	—
Comprehensive income	\$ 32,951	\$ 453	\$ 83,743	\$ 5,241
Comprehensive income attributable to				
Unitholders of the REIT	\$ 28,391	\$ 409	\$ 70,017	\$ 4,718
Non-controlling interest	\$ 4,560	\$ 44	\$ 13,726	\$ 523

SUBSEQUENT EVENTS

- i. On January 15, 2023, 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. On January 27, 2023, the REIT commenced a normal course issuer bid ("NCIB"), effective as at the open of markets on February 1, 2023, to repurchase for cancellation up to 5.7 million class U Units of the REIT. No class U units have been purchased and subsequently cancelled under the NCIB.
- iii. On February 1, 2023, the REIT closed a \$56.0 million mortgage loan with a 2033 maturity. The net proceeds from the loan were used to paydown the REIT's nearest term debt maturity in 2023 to \$83.0 million, resulting in an increase of the REIT's debt portfolio to a weighted average term to maturity of 3.6 years.

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 December 31, 2022 is included on page 31 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. When a non-controlling interest is first created through a transaction other than a business combination, the REIT accounts for the non-controlling interest at its fair value which equals the consideration received.

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.

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 year ended December 31, 2022.

As required by NI 52-109, the REIT's CEO and CFO have evaluated the effectiveness of the REIT's DC&P and ICFR. Based on such evaluations, the CEO and CFO have concluded that the design and operation of the REIT's DC&P and ICFR, as applicable, are adequately designed and effective, as at December 31, 2022.

No changes were made in the REIT's design of ICFR during the year ended December 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 December 31, 2022, the REIT owns a portfolio of 117 grocery-anchored properties. The portfolio consists of 15.3 million square feet of GLA with an occupancy rate of 93.2%.

Property	Location	Associated MSA	Area (SF)	% of Total	Occ. %	Anchor
98 Palms	Destin	Crestview-Fort Walton Beach-Destin	84,682		100.0%	Winn-Dixie
Bellview Plaza	Pensacola	Pensacola-Ferry Pass-Brent	82,910		78.0%	Publix
Cordova Commons	Pensacola	Pensacola-Ferry Pass-Brent	164,343		100.0%	The Fresh Market
Errol Plaza	Orlando	Orlando-Kissimmee-Sanford	76,582		100.0%	Winn-Dixie
Eustis Village	Eustis	Orlando-Kissimmee-Sanford	156,927		100.0%	Publix
Good Homes Plaza	Ocoee	Orlando-Kissimmee-Sanford	165,741		95.4%	Publix
Oak Hill Village	Jacksonville	Jacksonville	78,492		93.8%	Publix
Salerno Village Square	Stuart	Martin/St. Lucie	77,677		94.7%	Winn-Dixie
Uptown Station	Fort Walton Beach	Pensacola-Ferry Pass-Brent	272,616		93.6%	Winn-Dixie
Wedgewood Commons	Stuart	Martin/St. Lucie	153,987		83.3%	Publix
Mission Hills Shopping Center	Naples	Naples-Marco Island	85,078		100.0%	Winn-Dixie
Barclay Square	Largo	Tampa-St. Petersburg-Clearwater	89,149		86.3%	Walmart
River Run	Miramar	Miami-Fort Lauderdale-West Palm Beach	93,643		98.2%	Publix
Sheridan Square	Dania Beach	Miami-Fort Lauderdale-West Palm Beach	66,913		93.0%	Walmart
Flamingo Falls	Pembroke Pines	Miami-Fort Lauderdale-West Palm Beach	108,385		91.9%	The Fresh Market
Northlake Commons (FL)	Palm Beach	Miami-Fort Lauderdale-West Palm Beach	123,556		97.3%	Ross Dress for Less
Countryside Shoppes	Naples	Naples-Marco Island	73,986		95.5%	Aldi
Creekwood Crossing	Bradenton	North Port-Sarasota-Bradenton	235,459		100.0%	Beall's
Skyview Plaza	Orlando	Orlando	265,376		89.6%	Presidente Supermarket
Total Florida			2,455,502	16.1%		
11 Galleria	Greenville	Greenville-Anderson	55,608		75.6%	The Fresh Market
Battleground Village	Greensboro	Greensboro-High Point	73,207		92.6%	Aldi
Flowers Plantation	Clayton	Raleigh-Cary	53,500		100.0%	Food Lion
Fuquay Crossing	Fuquay-Varnia	Raleigh-Cary	96,638		100.0%	Harris Teeter
Independence Square	Charlotte	Charlotte-Concord-Gastonia	190,361		100.0%	Super Global Mart
Mooresville Consumer Square	Mooresville	Charlotte-Concord-Gastonia	272,860		96.7%	Walmart
Mooresville Town Square	Mooresville	Charlotte-Concord-Gastonia	98,262		99.0%	Lowe's Foods
Harper Hills Commons	Winston-Salem	Winston-Salem	96,914		89.3%	Harris Teeter
Renaissance Square	Davidson	Charlotte-Concord-Gastonia	80,513		93.3%	Harris Teeter
Alexander Pointe	Salisbury	Charlotte-Concord-Gastonia	57,710		100.0%	Harris Teeter
North Summit Square	Winston-Salem	Winston-Salem	224,530		96.7%	Sam's Club
Bells Fork Square	Greenville	Greenville-Anderson	71,666		95.7%	Harris Teeter
Tanglewood Commons	Clemmons	Winston-Salem	78,520		92.9%	Harris Teeter
Westin Centre	Fayetteville	Fayetteville	66,890		100.0%	Food Lion
Fayetteville Pavilion	Fayetteville	Fayetteville	274,751		99.5%	Food Lion
Clayton Corners	Clayton	Raleigh	125,708		89.2%	Lowe's Foods
Total North Carolina			1,917,638	12.6%		
Beach Shopping Center	Peekskill	New York-Newark	204,532		87.6%	Stop & Shop
Mid Valley Mall	Newburgh	New York-Newark	208,138		80.8%	Market 32 (Price Chopper)
Panorama Plaza	Penfield	Rochester	250,804		85.2%	Tops Markets
Crossroads Centre-Orchard Park	Orchard Park	Buffalo-Niagara Falls	150,990		77.2%	Tops Markets
Cheektowaga	Cheektowaga	Buffalo-Niagara Falls	136,310		91.4%	Tops Markets
Amherst	Amherst	Buffalo-Niagara Falls	128,896		89.5%	Tops Markets
Ontario	Ontario	Rochester	69,336		93.5%	Tops Markets
Leroy	LeRoy	Rochester	56,472		97.5%	Tops Markets
Jamestown	Jamestown	Jamestown-Dunkirk-Fredonia	88,201		94.2%	Tops Markets
Warsaw	Warsaw	Buffalo-Niagara Falls	66,693		81.8%	Tops Markets
Culver Ridge Plaza	Irondequoit	Rochester	202,875		71.2%	Vacant
Mahopac Village Centre	Mahopac	New York-Newark	126,379		96.4%	Acme Markets
Total New York			1,689,626	11.1%		

Property	Location	Associated MSA	Area (SF)	% of Total	Occ. %	Anchor
Abbott's Village	Alpharetta	Atlanta-Sandy Springs-Alpharetta	109,586		92.4%	Publix
Birmingham Shoppes	Milton	Atlanta-Sandy Springs-Alpharetta	82,905		97.3%	Publix
Duluth Station	Duluth	Atlanta-Sandy Springs-Alpharetta	94,966		91.9%	Publix
Locust Grove	Locust Grove	Atlanta-Sandy Springs-Alpharetta	89,567		96.9%	Publix
Merchants Crossing	Newnan	Atlanta-Sandy Springs-Alpharetta	174,059		97.5%	Kroger
Robson Crossing	Flowery Branch	Atlanta-Sandy Springs-Alpharetta	103,840		97.8%	Publix
Midway Plaza	Loganville	Atlanta-Sandy Springs-Alpharetta	82,076		95.4%	Kroger
Parkway Station	Warner Robins	Atlanta-Sandy Springs-Alpharetta	94,317		97.0%	Kroger
Riverstone Plaza	Canton	Atlanta	307,661		93.1%	Publix
Total Georgia			1,138,977	7.5%		
Lake Raystown Plaza	Huntingdon	Harrisburg	140,159		97.3%	Giant Food Store
Northland Center	State College	State College	111,718		97.3%	Giant Food Store
Norwin Town Square	North Huntingdon	Pittsburgh	141,466		92.3%	Shop n' Save
Shops at Cedar Point	Allentown	Allentown-Bethlehem-Easton	130,583		89.3%	Weis Markets
Summit Ridge	Mount Pleasant	Pittsburgh	240,884		93.3%	Walmart
West Valley Marketplace	Allentown	Allentown-Bethlehem-Easton	259,207		95.6%	Walmart
Total Pennsylvania			1,024,017	6.7%		
Barefoot Commons	Beach	Myrtle Beach-Conway-North Myrtle Beach	90,702		98.2%	Food Lion
Dill Creek Commons	Greer	Greenville-Anderson	72,526		100.0%	Food Lion
Dorman Centre	Spartanburg	Greenville-Anderson	388,502		97.1%	Walmart
Little River Pavilion	Beach	Myrtle Beach-Conway-North Myrtle Beach	63,823		97.8%	Lowe's Foods
North Augusta Plaza	North Augusta	Augusta-Richmond County	229,730		95.2%	Publix
Total South Carolina			845,283	5.5%		
14th Street Market	Plano	Dallas-Ft Worth-Arlington	75,458		100.0%	Tom Thumb
Flower Mound Crossing	Flower Mound	Dallas-Ft Worth-Arlington	80,221		100.0%	Club 4 Fitness
Cross Timbers Court	Flower Mound	Dallas-Ft Worth-Arlington	77,111		100.0%	Tom Thumb
Park West Plaza	Grapevine	Dallas-Ft Worth-Arlington	78,828		90.3%	Tom Thumb
The Highlands	Flower Mound	Dallas-Ft Worth-Arlington	86,399		92.6%	Tom Thumb
Heritage Heights	Grapevine	Dallas-Ft Worth-Arlington	87,895		100.0%	Tom Thumb
Hunter's Glen Crossing	Plano	Dallas-Ft Worth-Arlington	92,468		98.8%	Tom Thumb
Alta Mesa Plaza	Fort Worth	Dallas-Ft Worth-Arlington	167,961		96.7%	Kroger
Josey Oaks Crossing	Carrollton	Dallas-Ft Worth-Arlington	85,698		98.0%	Tom Thumb
Total Texas			832,039	5.4%		
East Little Creek	Norfolk	Virginia Beach-Norfolk-Newport News	68,770		96.1%	Kroger
Bermuda Crossroads	Chester	Richmond	122,566		98.4%	Food Lion
Gainsborough Square	Chesapeake	Virginia Beach-Norfolk-Newport News	88,862		98.2%	Food Lion
Indian Lakes Crossings	Virginia Beach	Virginia Beach-Norfolk-Newport News	64,973		97.9%	Harris Teeter
Smithfield Shopping Plaza	Smithfield	Virginia Beach-Norfolk-Newport News	134,664		94.8%	Kroger
Apple Blossom Corners	Winchester	Winchester-Frederick	242,703		98.1%	Martin's
Total Virginia			722,538	4.7%		
Hocking Valley Mall	Lancaster	Columbus-Marion-Zanesville	181,393		96.2%	Kroger
Chillicothe Place	Chillicothe	Columbus-Marion-Zanesville	213,083		100.0%	Kroger
Mulberry Square	Milford	Cincinnati	145,901		80.0%	Kroger
Total Ohio			540,377	3.5%		
Cambridge Crossings	Troy	Detroit-Warren-Dearborn	238,963		95.9%	Walmart
Canton Shopping Center	Canton	Detroit-Warren-Dearborn	72,631		99.0%	Aldi
City Center Plaza	Westland	Detroit-Warren-Dearborn	97,670		95.6%	Kroger
Windmill Plaza	Sterling Heights	Detroit-Warren-Dearborn	101,611		95.4%	Kroger
Total Michigan			510,875	3.3%		

Property	Location	Associated MSA	Area (SF)	% of Total	Occ. %	Anchor
East Brainerd Mall	Brainerd	Minneapolis-St Paul	191,459		63.7%	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
Total Minnesota			570,929		3.7%	
Highland Square	Crossville	Nashville-Davidson-Murfreesboro-Franklin	179,732		98.2%	Kroger
North Hixson Marketplace	Hixson	Chattanooga	64,254		100.0%	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-Davidson-Murfreesboro-Franklin	63,904		100.0%	Kroger
Total Tennessee			526,641		3.5%	
Glidden Crossing	DeKalb	Chicago-Naperville-Elgin	98,683		88.4%	Schnucks
North Lake Commons	Lake Zurich	Chicago-Naperville-Elgin	121,099		88.5%	Jewel-Osco
Prairie Point	Aurora	Chicago-Naperville-Elgin	91,535		100.0%	Mariano's
Plaza St. Clair	Fairview Heights	St. Louis	97,459		77.8%	Schnucks
Total Illinois			408,776		2.7%	
Charles Town Plaza	Charles Town	Washington-Baltimore	208,888		96.9%	Walmart
Eastpointe Shopping Center	Clarksburg	Morgantown	181,016		96.0%	Kroger
Total West Virginia			389,904		2.6%	
Southgate Crossing	Minot	Minot	159,780		78.4%	Cash Wise
Watford Plaza	Watford City	Williston	101,798		100.0%	Cash Wise
Total North Dakota			261,578		1.7%	
Riverdale Shops	West Springfield	Springfield	273,531		92.4%	Stop & Shop
Total Massachusetts			273,531		1.8%	
Centerplace of Greeley	Greeley	Greeley	151,548		100.0%	Safeway
Total Colorado			151,548		1.0%	
Crossroads Shopping Center	Schererville	Chicago-Naperville-Elgin	129,314		84.7%	Strack & Van Til
Glenlake Plaza	Indianapolis	Indianapolis-Carmel-Anderson	104,679		90.6%	Kroger
Total Indiana			233,993		1.5%	
Pine Creek Shopping Center	Grass Valley	Sacramento-Roseville	194,872		93.6%	Raley's
Total California			194,872		1.3%	
Derry Meadows Shoppes	Derry	Manchester-Nashua	151,946		92.2%	Hannaford Brothers
Total New Hampshire			151,946		1.0%	
Taylorville Town Center	Taylorville	Salt Lake City	127,507		73.9%	Macey's Inc
Total Utah			127,507		0.8%	
Forest Plaza	Fond du Lac	Fond du Lac	123,028		78.3%	Pick 'n Save
Total Wisconsin			123,028		0.8%	
Stone House Square	Hagerstown	Washington-Baltimore	112,274		88.4%	Weis Markets
Total Maryland			112,274		0.7%	
Stonefield Square	Louisville	Louisville	80,866		93.4%	Crunch Fitness
Total Kentucky			80,866		0.5%	
Total / WA			15,284,265		100.0%	93.2%

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 15.3 million square feet of GLA and consists of 117 critical real estate properties located in the U.S.

Trustees

Andrea Stephen, Chairman ^{1 2 3}
Corporate Director

Colum Bastable, FCA (IRL) ^{1 2 3}
Corporate Director

Patrick Flatley ³
Partner,
Lincoln Land Services

Marc Rouleau ^{1 2}
Corporate Director

Blair Welch ³
Partner and Co-founder,
Slate Asset Management

Brady Welch
Partner and Co-founder,
Slate Asset Management

¹ Compensation Governance and Nomination Committee

² Audit Committee

³ Investment Committee

Head Office

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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

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The REIT's website 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.



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