Slate Grocery REIT

Q3 2023 Quarterly Report

SLATE

Dill Creek Commons, Greer, South Carolina

Fuquay Crossing, Fuquay-Varnia, North Carolina

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 $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 November 6, 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

100.0%
Grocery-anchored properties [1]

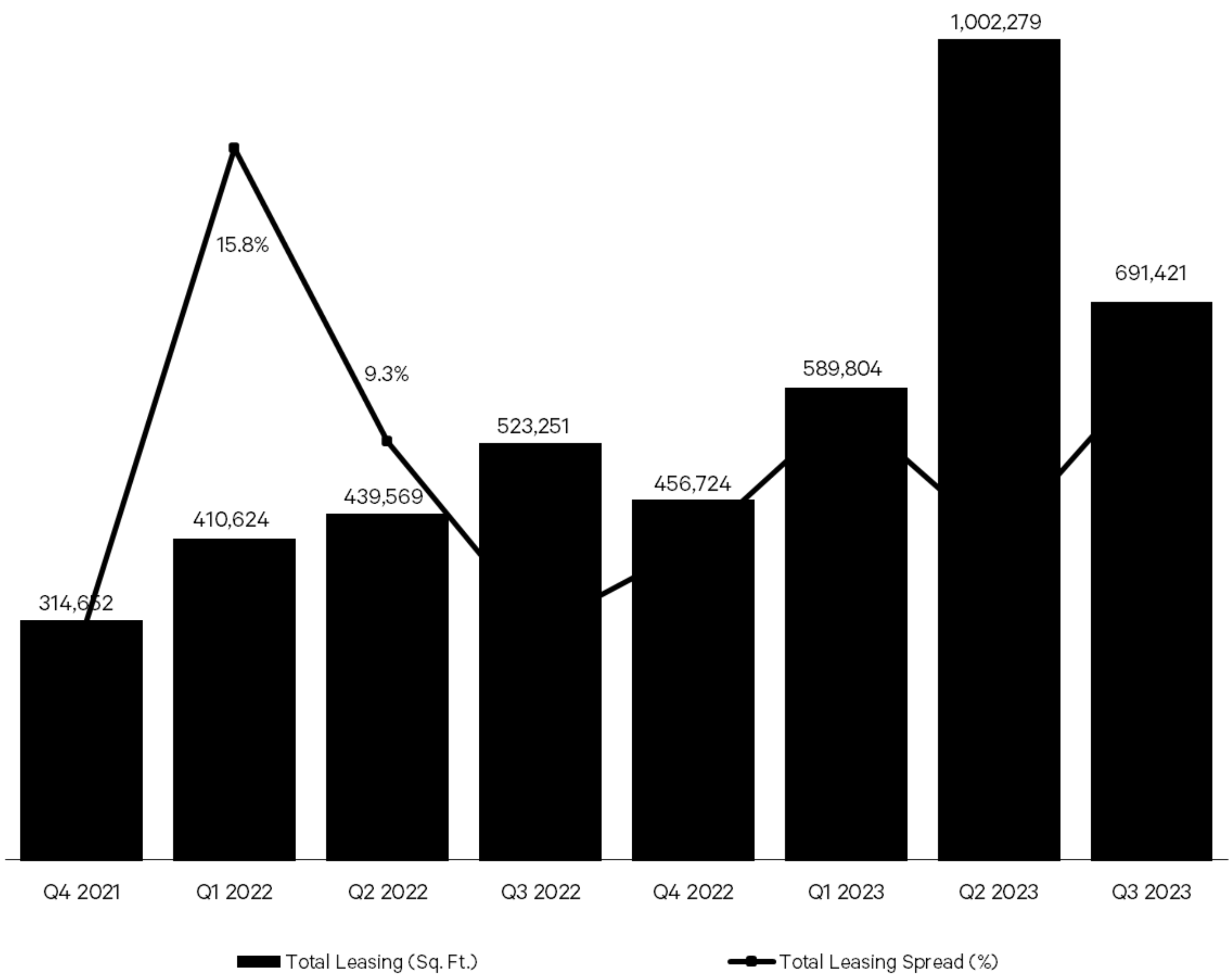
69.2%
Essential tenants

94.1%
Portfolio occupancy

$2.4B
Critical real estate [2]

99.3%
Anchor occupancy

Leasing momentum continued in the third quarter of 2023 at healthy spreads



[1] Excludes five non-core properties.
[2] On a proportionate interest basis.

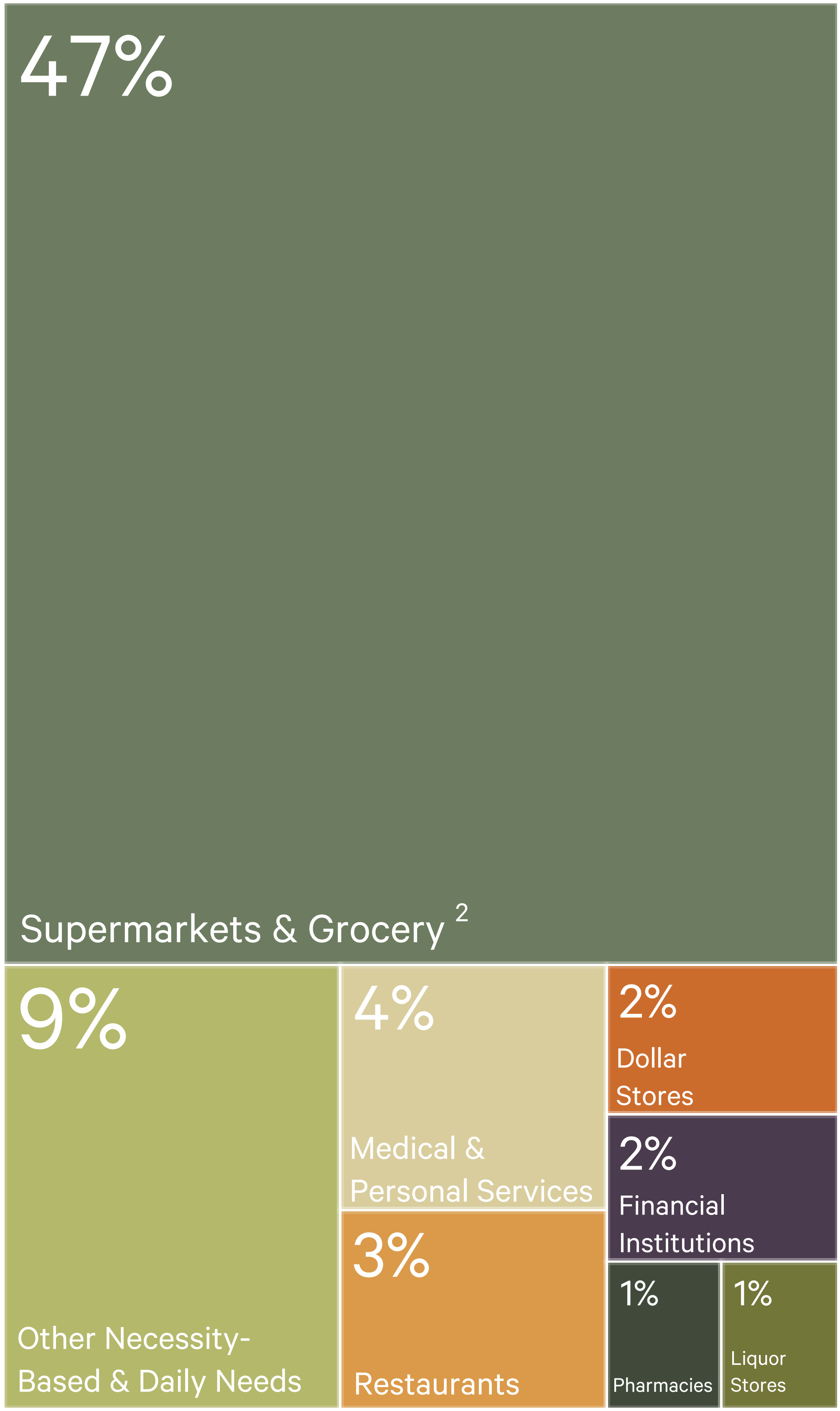
Top 5 Tenants

Ranked by GLA

1	9.6%	Kroger
2	9.0%	Walmart
3	3.9%	Albertsons
4	3.9%	Publix
5	3.9%	Ahold Delhaize

69.7% remaining tenants across 1,848 leases

Necessity Based Tenancy[1]



[1] Based on the North American Industry Classification System.
[2] Includes Walmart.


Kroger

Assets

24

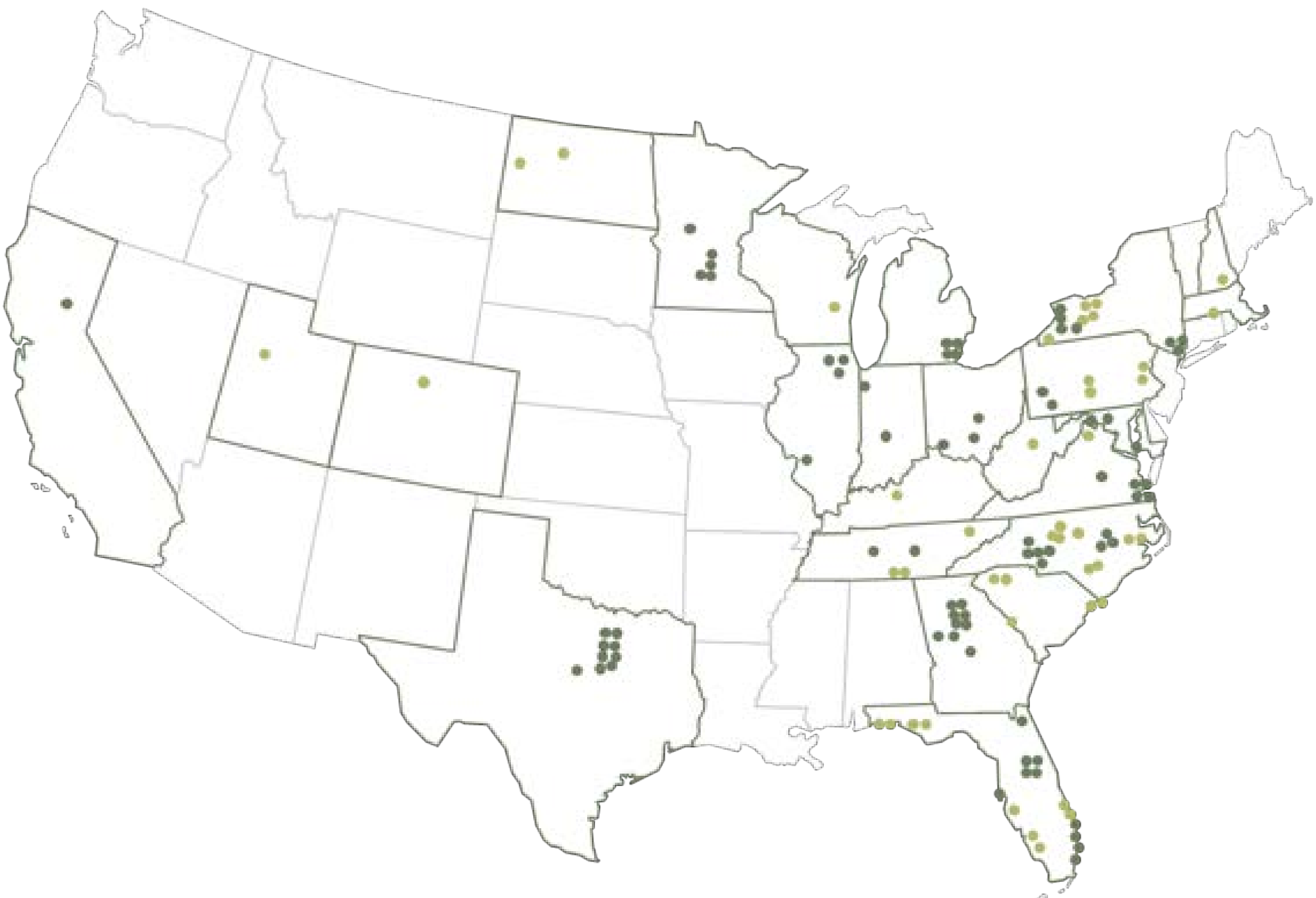
States

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 third quarter results demonstrate continued strong leasing fundamentals and attractive rental spreads, which are driving steady occupancy and Net Operating Income ("NOI") growth across our portfolio.

In the third quarter, the REIT completed 691,421 square feet of total leasing at a 10.9% spread to average in-place rents. Notably, non-option renewal spreads were 14.8% above expiring rents, while 103,142 square feet of new deals were completed at a 18.4% spread.

Our team's strong leasing performance drove a 20 basis point increase in occupancy from the prior quarter, bringing occupancy to 94.1% at quarter end. Year to date, our occupancy has increased by 90 basis points, demonstrating the continued strong demand for our high-quality grocery-anchored spaces.

Our strong leasing momentum at attractive rental spreads is supporting healthy NOI growth; adjusting for completed redevelopments, same-property NOI has increased by 2.0% on a trailing 12-month basis.

The REIT remains well-positioned in today's elevated interest rate environment, supported by a stable balance sheet and favorable fundamentals in our grocery-anchored portfolio.

97.2% of the REIT's proportionate debt is fixed with a weighted average interest rate of 4.2%, providing stability in today's high interest rate environment There remains positive leverage between the REIT's Q3 2023 IFRS value at a 7.0% capitalization rate and the current cost of financing.

Further, within the REIT's portfolio, average in-place rent is $12.37 per square foot, which is well below the $22.52[1] per square foot market average. This provides the REIT with significant runway for continued rental rate increases to drive NOI growth, which we believe will outpace our market peers in the sector.

Despite the REIT's strong leasing fundamentals and embedded rental growth, the REIT's shares are trading at a discount to Net Asset Value ("NAV"), presenting a compelling investment opportunity for unitholders looking for an attractive total return.

As at September 30th, 2023, the REIT's unit price indicates an implied cap rate of 8.5% based on trailing 12-month NOI, representing a 41.1% discount to NAV. We believe this pricing reflects a significant disconnect in valuation given the REIT's strong fundamentals and operational performance. Further, we believe that a private fund's $180 million investment into the REIT's assets at NAV in July 2022 further validates the REIT's NAV and underscores the strength, quality, and stability of the REIT's platform.

Further, it is our view that today's discounted unit price provides an attractive entry point for unitholders. The REIT's below market in-place rents are driving strong leasing momentum at attractive renewal spreads, which is supporting strong NOI growth. Year-to-date, the REIT has repurchased 1.2 million class U units at a weighted average price of $9.61 (C$13.00) per unit, demonstrating management's belief that the underlying value of the REIT's units are well above current public market pricing.

Fundamentals in the broader grocery-anchored sector remain favorable, as consumers continue to spend on essential goods and services, resulting in robust foot traffic for grocery-anchored centers. This quarter marked the tenth consecutive quarter of positive net absorption, totaling 3.5 million square feet nationally[2].

Despite an uptick in bankruptcies (which the REIT has less than 1.0% exposure to), retailers are continuing to expand with store openings outpacing closures. The national shopping center vacancy rate fell 40 basis points year-over-year to 5.4% in the third quarter, marking the lowest rate on record[3]. In addition, new supply levels remain constrained due to tight financing conditions, elevated construction costs, and extended procurement timelines. These factors combine to create a favorable dynamic for landlords, providing ample leverage to increase rental rates.

We have strong conviction in the resiliency of our grocery-anchored real estate and are confident that our portfolio is positioned for continued, stable growth. 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
November 6, 2023

[1] CBRE Econometrics Average Retail Rents for Neighbourhood & Community Centers as at Q2 2023
[2] CBRE Q3 2023 U.S. Retail Figures: Retail Fundamentals Continue to Improve in Q3
[3] Cushman & Wakefield's Q3 2023 US Shopping Center MarketBeat report

Mooresville Consumer Square, Mooresville, North Carolina

Management's Discussion and Analysis

SLATE GROCERY REIT

TSX: SGR.U and SGR.UN

September 30, 2023

FINANCIAL AND INFORMATIONAL HIGHLIGHTS

(in thousands of United States dollars)

	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Summary of Portfolio Information						
Number of properties [1]	117	117	117	117	121	108
Gross leasable area ("GLA") [1]	15,316,802	15,312,744	15,284,170	15,284,265	15,632,405	13,333,653
GLA occupied by grocery-anchors [1]	6,712,077	6,712,077	6,679,309	6,679,309	6,725,836	6,293,655
Occupancy [1]	94.1%	93.9%	93.7%	93.2%	93.1%	93.4%
Anchor occupancy [1]	99.3%	99.3%	99.2%	99.2%	100.0%	100.0%
Non-anchor occupancy [1]	89.5%	89.1%	88.7%	87.9%	87.8%	87.5%
Grocery-anchor weighted average lease term (years) [1]	5.2	5.4	5.1	5.0	5.2	5.2
Portfolio weighted average lease term (years) [1]	4.7	4.7	4.5	4.5	4.7	4.8
Square feet ("SF") of new leasing [1]	103,142	143,462	137,008	118,159	63,068	43,923
SF of total leasing [1]	691,421	1,002,279	589,804	456,724	523,251	439,569
Summary of Financial Information						
Gross book value ("GBV") [2]	$ 2,244,401	$ 2,239,128	$ 2,231,131	$ 2,270,400	$ 2,321,246	$ 1,886,288
GBV, Proportionate [3]	2,459,006	2,453,443	2,446,234	2,485,131	2,537,778	2,103,939
Debt [3]	1,144,742	1,141,434	1,134,561	1,131,487	1,175,041	968,140
Debt, Proportionate [3]	1,352,854	1,350,243	1,343,955	1,341,465	1,384,846	1,178,549
Revenue	50,629	50,324	50,789	50,655	48,404	39,460
Net income (loss) [1]	12,370	18,948	(14,831)	18,506	33,553	59,389
Net operating income ("NOI") [1 3]	40,182	40,313	39,838	40,599	39,455	32,925
Funds from operations ("FFO") [1 3]	16,329	16,513	15,955	16,799	17,696	16,121
Adjusted funds from operations ("AFFO") [1 3]	13,061	13,603	13,397	13,789	14,596	13,510
Distributions declared	$ 13,006	$ 13,095	$ 13,218	$ 13,236	$ 13,236	$ 13,234
Per Unit Financial Information						
Class U equivalent units outstanding [4]	60,276	60,631	61,240	61,473	61,465	61,456
Weighted Average class U equivalent units outstanding ("WA units")	60,473	60,897	61,460	61,468	61,460	61,389
FFO per WA units [1 3]	$ 0.27	$ 0.27	$ 0.26	$ 0.27	$ 0.29	$ 0.26
AFFO per WA units [1 3]	0.22	0.22	0.22	0.22	0.24	0.22
Declared distributions per unit	$ 0.2160	$ 0.2160	$ 0.2160	$ 0.2160	$ 0.2160	$ 0.2160
Financial Ratios						
FFO payout ratio [1 3 5]	79.6%	79.3%	82.8%	78.8%	74.8%	82.1%
AFFO payout ratio [1 3 5]	99.6%	96.3%	98.7%	96.0%	90.7%	98.0%
Debt / GBV	51.0%	51.0%	50.9%	49.8%	50.6%	51.3%
Weighted average interest rate [1 6]	4.20%	4.10%	4.26%	4.29%	4.22%	4.15%
Interest coverage ratio	2.91x	3.03x	2.85x	2.78x	2.94x	2.93x

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

[6] 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 three and nine month periods ended September 30, 2023. 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 three and nine month periods ended September 30, 2023 (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 November 6, 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 September 30, 2023, 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 appreciation in value.

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

The environmental, social, and corporate governance ("ESG") strategy at Slate is to mindfully grow our business by striking a careful balance between environmental and social responsibility with the aim of creating positive outcomes for our tenants, employees and communities whilst generating value for our investors. To achieve this, embedding ESG practices into the core of Slate's and the REIT's day-to-day operations, building out strategic and targeted action plans, goals and targets that align with the four ESG focus areas for Slate and the REIT - Climate change, Resource Efficiency, Social Impact and Ethical Business Conduct. In tandem, there is a growing obligation from regulators and financial reporting bodies such as the International Financial Reporting Standards Foundation (IFRS) and the newly affiliated International Sustainability Standards Board (ISSB) to report on sustainability and climate-related issues.

ESG Disclosure Obligation

On June 26, 2023, the ISSB released its finalized IFRS S1 and IFRS S2 standards, creating a global baseline for the disclosure of sustainability information. IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information requires a company to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect its prospects – its cash flows, its access to finance or cost of capital over the short, medium or long term. IFRS S2 Climate-related Disclosures requires a company to disclose information about its climate-related risks, which includes both physical risks and transition risks, and opportunities that are useful to investors and other providers of financial capital in making decisions relating to providing resources to the company. The IFRS S2 standard incorporates and builds on the TCFD recommendations. Mandatory application of the standards depends on each jurisdiction's endorsement or regulatory processes.

As reported previously, the REIT has already put into action a number of measures as part of its own ESG commitment that will align with the expected sustainability and climate related reporting obligations. This includes:

- Energy and Water Management

  The REIT is actively capturing energy, carbon, water and waste data for each property to support measurement, monitoring, target setting and reporting.

- Management of Tenant Sustainability Impacts

  Green leases are in place and are being rolled out to tenants. To date, this represents 875,000 square feet.

- Climate Change Risks and Adaptation

  Slate, as manager of the REIT, adopted a systematic process to evaluate the exposure of existing properties and all new acquisitions to climate physical risks. This process informs the management team of the nature and scale of risk exposure under various climate change scenarios for the REIT. Work is also underway to evaluate the exposure of the REIT to climate transition risks which will inform targeted climate mitigation and adaptation strategies for properties at most risk.

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 three month period ended September 30, 2023:

- The REIT completed 691,421 square feet of leasing at a weighted average rental spread of 10.9% comprised of 588,279 square feet of renewals and 103,142 square feet of new leasing. New leasing this quarter contributed to a 90 basis point occupancy gain from the 2022 year-end, bringing occupancy to 94.1% at the close of the quarter.
- The REIT continued to actively repurchase units, with 0.4 million class U units purchased and subsequently canceled under the REIT's normal course issuer bid ("NCIB") for a total cost, including transaction costs, of $3.5 million at an average price of $9.43 (C$12.78) or a yield of 9.1% during the third quarter. For the nine month period ended September 30, 2023, the REIT repurchased 1.2 million class U units which will result in approximately $1.1 million additional gross cash-flow for the REIT on an annualized basis.

- Same-property NOI for the third quarter (comprised of 100 properties) increased by 0.1% 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 and a decrease in percentage rent. Same-property NOI for the trailing twelve month period ended September 30, 2023 (comprised of 97 properties) increased by 0.6% over the same period in the prior year. Including the impact of completed redevelopments, same-property NOI for the three month period ended September 30, 2023 increased by $41.0 thousand or 0.1%, and same-property NOI for the trailing twelve month period ended September 30, 2023 increased by $2.5 million or 2.0% over the respective comparative periods.
- Rental revenue for the third quarter was $50.6 million, which represents a $2.2 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 September 30, 2022 partially offset by dispositions undertaken in the prior period.
- NOI was $40.2 million for the third quarter, which represents an increase of $0.7 million from the third quarter of 2022, driven by the acquisition of 14 properties over the prior period partially offset by the disposition of 4 properties in the comparative period.
- The REIT recognized net income of $12.4 million for the three month period ended September 30, 2023, which is a $21.2 million decrease compared to the same period in the prior year. The decrease is primarily attributed to unrealized changes in fair value of properties, and increases in interest and finance costs, partially offset by the aforementioned increases in NOI.
- FFO was $16.3 million, which represents a $1.4 million decrease from the comparative period primarily due to higher cash interest expenses, current income taxes and general and administrative expenses, partially offset by the aforementioned increase to NOI.
- AFFO decreased by $1.5 million to $13.1 million from the comparative period due to aforementioned decreases to FFO as well as an increase in leasing costs and tenant improvements attributable to higher leasing activity, partially offset by lower adjustments for joint venture investments. At quarter end, the AFFO pay-out ratio was 99.6%.

PART II – LEASING AND PROPERTY PORTFOLIO

LEASING

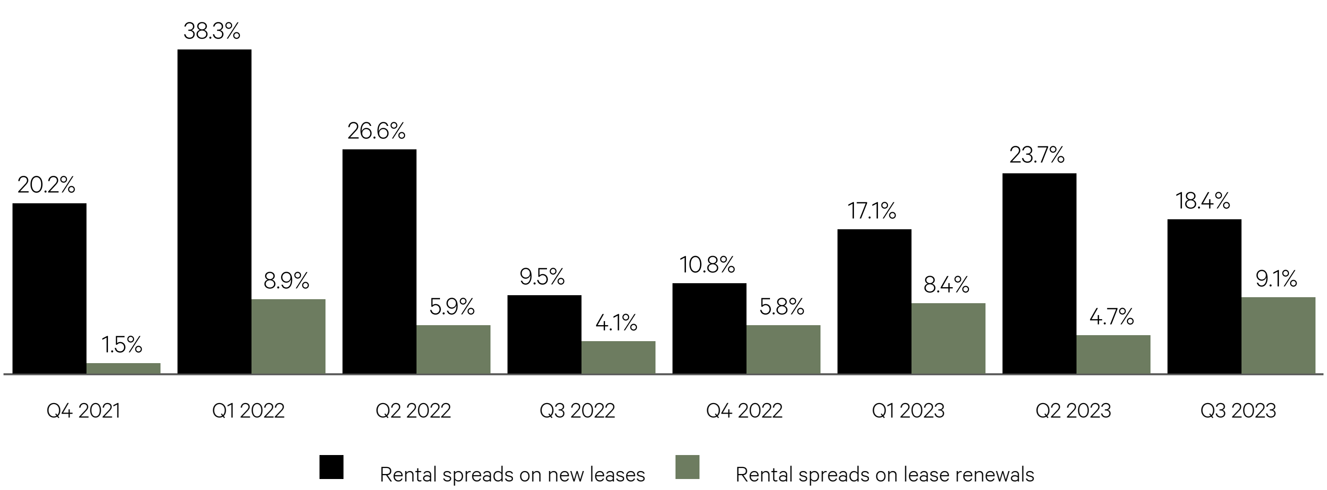
The REIT strives to ensure that its properties are well occupied with tenants who have space that allow them to meet their own business objectives. Accordingly, the REIT proactively monitors its tenant base with the objective to renew in advance of lease maturities, backfill tenant vacancies in instances 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. Rental spreads consider the increase or decrease over expiring rents for renewals and comparable average in-place rents for new leases.

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

Square feet	Deal type		Q3 2023	Q2 2023	Q1 2023	Q4 2022
Less than 10,000	Renewal	Leases signed	52	55	75	66
		Total square feet	144,178	137,603	211,037	142,547
		Average base rent	$ 23.18	$ 22.27	$ 20.70	$ 23.84
		Rental spread	10.1%	10.7%	9.3%	9.7%
Greater than 10,000	Renewal	Leases signed	16	13	8	6
		Total square feet	444,101	721,214	241,759	196,018
		Average base rent	$ 9.63	$ 9.82	$ 10.52	$ 11.67
		Rental spread	8.3%	2.4%	7.0%	0.4%
Total renewals (square feet)			**588,279**	**858,817**	**452,796**	**338,565**
Less than 10,000	New lease	Leases signed	30	19	30	32
		Total square feet	70,742	50,888	73,878	96,064
		Average base rent [2]	$ 21.40	$ 18.95	$ 23.13	$ 17.02
		Rental spread [2]	24.3%	24.9%	17.1%	10.8%
Greater than 10,000	New lease	Leases signed	1	4	2	1
		Total square feet	32,400	92,574	63,130	22,095
		Average base rent [2]	$ 13.00	$ 7.65	$ —	$ 9.37
		Rental spread [2]	1.0%	22.0%	—%	10.8%
Total new leases (square feet)			**103,142**	**143,462**	**137,008**	**118,159**
Total leasing activity (square feet) [1]			**691,421**	**1,002,279**	**589,804**	**456,724**

[1] Includes the REIT's share of joint venture investments.
[2] New leasing average base rent and rental spreads excludes the impact of non-comparable leases.

Leasing Spreads



During the third quarter, management completed 588,279 square feet of lease renewals and 103,142 square feet of new leasing. The weighted average rental rate increases on renewals completed for leases less than 10,000 square feet was $2.13 per square foot or 10.1% higher than expiring rent. The weighted average base rent on renewals completed for leases greater than 10,000 square feet was $0.74 per square foot or 8.3% higher than expiring rent.

The weighted average base rent on all new leases completed less than 10,000 square feet was $21.40, which was $4.18 per square foot or 24.3% higher than average in-place rent. The weighted average base rent on all new leases completed greater than 10,000 square feet was $13.00, which is $0.13 per square foot or 1.0% higher than average in-place rent.

Lease maturities

The REIT generally enters into leases with initial terms to maturity between 5 and 10 years with our grocery-anchor tenants. The initial terms to maturity for non-anchor space tends to be of a shorter duration between 3 and 5 years. The weighted average term to maturity of the REIT's grocery-anchor and non-grocery-anchor tenants as at September 30, 2023 was 5.2 years and 4.2 years, respectively, not including tenants on month-to-month leases. On a portfolio basis, the weighted average remaining term to maturity is 4.7 years.

The following table summarizes the composition of the remaining term to maturity of the REIT's leases at September 30, 2023:

	Weighted average term to maturity	GLA [1]	GLA %
Grocery-anchor	5.2	6,712,077	43.8%
Non-anchor	4.2	7,394,748	48.3%
Total	4.7	14,106,825	92.1%
Month-to-month		308,344	2.0%
Vacant		901,633	5.9%
Total GLA		**15,316,802**	**100.0%**

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

Occupancy is determined based on lease commencement. The following table shows the change in occupancy during the three month period ended September 30, 2023:

	Total GLA [1]	Occupied GLA [1 2]	Occupancy
June 30, 2023	15,312,744	14,374,839	93.9%
Leasing changes	—	40,330	0.2%
Re-measurements	4,058	—	—%
September 30, 2023	**15,316,802**	**14,415,169**	**94.1%**

[1] Includes the REIT's share of joint venture investments.
[2] Leasing changes include new leases, lease buyouts, expirations, and terminations.

Occupancy has increased by 0.2% to 94.1% from June 30, 2023, primarily due to 103,142 square feet of new leasing, partially offset by temporary shop space vacancies.

The following table shows the change in occupancy during the nine month period ended September 30, 2023:

	Total GLA [1]	Occupied GLA [1 2]	Occupancy
December 31, 2022	15,284,265	14,242,004	93.2%
Leasing changes	—	173,165	0.9%
Expansions	28,958	—	—%
Re-measurements	3,579	—	—%
September 30, 2023	**15,316,802**	**14,415,169**	**94.1%**

[1] Includes the REIT's share of joint venture investments.
[2] Leasing changes include new leases, lease buyouts, expirations, and terminations.

Occupancy has increased by 0.9% to 94.1% from December 31, 2022, primarily due to 173,053 square feet of new leasing, net of vacancies. The increase is mainly attributed to Habitat for Humanity at East Brainerd Mall, Bob's Discount Furniture at Crossroads Centre-Orchard Park, & Planet Fitness at Forest Plaza, totaling 125,809 square feet.

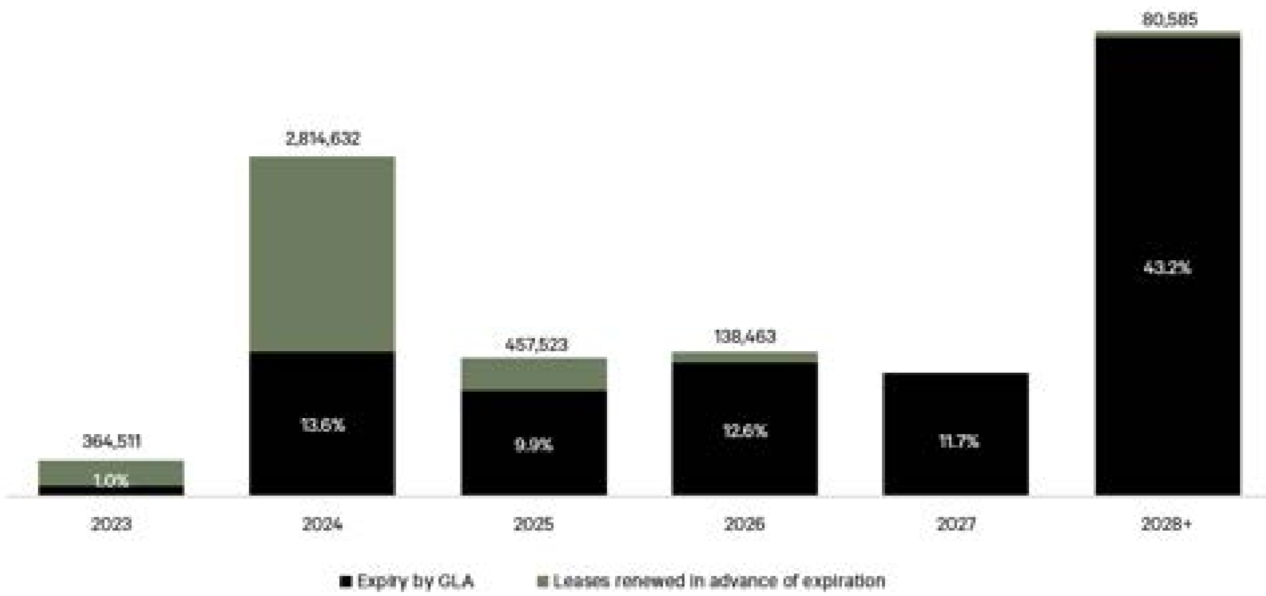
The following is a profile of the REIT's leases excluding the impact of tenant extension options:

	Grocery-anchor			Non-anchor			Total		
GLA expiration	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	—	—	$ —	308,344	2.1%	$ 14.26	308,344	2.1%	$ 14.26
2023	—	—	—	160,517	1.0%	17.34	160,517	1.0%	17.34
2024	1,143,698	7.5%	8.43	938,764	6.1%	16.54	2,082,462	13.6%	12.09
2025	550,713	3.6%	8.75	972,381	6.3%	15.53	1,523,094	9.9%	13.08
2026	972,603	6.3%	9.53	968,381	6.3%	16.19	1,940,984	12.6%	12.85
2027	744,567	4.9%	8.87	1,043,505	6.8%	15.40	1,788,072	11.7%	12.68
2028 and later	3,300,496	21.5%	9.21	3,311,200	21.7%	14.50	6,611,696	43.2%	11.86
Vacant	—	—	N/A	901,633	5.9%	N/A	901,633	5.9%	N/A
Total / weighted average [1]	**6,712,077**	**43.8%**	**$ 9.05**	**8,604,725**	**56.2%**	**$ 15.26**	**15,316,802**	**100.0%**	**$ 12.37**

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

The REIT endeavors to proactively lease upcoming expiries in advance of maturity to de-risk the portfolio, maintain high occupancy levels, ensure a proper mix of tenants at each property and certainty in cash flows. The following is a table of lease expiries at September 30, 2023 and pre-existing future maturities that were leased in advance during 2023:

Lease Expiries and Pre-existing Future Maturities



At September 30, 2023, remaining 2023 expiries represent 1.0% of the portfolio's occupied GLA, with 160,517 square feet related to non-anchor tenants. As of September 30, 2023, 364,511 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 September 30, 2023	Nine months ended September 30, 2023	Year ended December 31, 2022
Grocery-anchor	100.0%	100.0%	100.0%
Non-grocery-anchor	89.5%	89.1%	87.6%
Net total / weighted average [2]	**94.1%**	**93.9%**	**93.2%**

[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,			
	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022
Renewals				
Square feet	588,279	858,817	452,796	338,565
Expiring rent per square foot [1]	$ 11.87	$ 11.28	$ 14.08	$ 15.88
Rent spread per square foot [1]	1.08	0.53	1.18	0.92
Vacated				
Square feet [2]	74,008	76,465	60,086	86,086
Expiring rent per square foot [1]	$ 13.99	$ 12.83	$ 18.78	$ 13.40
New				
Square feet	103,142	143,462	137,008	118,159
New rent per square foot [1]	$ 18.76	$ 11.66	$ 12.47	$ 15.59
Total base rent retained [3]	**$ 5,948**	**$ 8,704**	**$ 5,248**	**$ 4,222**
Incremental base rent [3]	**$ 2,570**	**$ 2,134**	**$ 2,245**	**$ 2,153**

[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 September 30, 2023 is as follows:

	GLA	Number of tenants	Weighted average expiring rent	Weighted average new rent
Renewed leases	588,279	68	$ 11.87	$ 12.95
New leases	103,142	31	N/A	18.76
Total / weighted average	**691,421**	**99**	**$ 11.87**	**$ 13.82**
Less, leases not renewed / vacated during term [1]	(74,008)	(21)	13.99	N/A
Net total / weighted average [2]	**617,413**	**78**	**N/A**	**$ 13.82**

[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 nine month period ended September 30, 2023 is as follows:

	GLA	Number of tenants	Weighted average expiring rent	Weighted average new rent
Renewed leases	1,899,891	219	$ 12.13	$ 12.99
New leases	383,612	86	N/A	13.86
Total / weighted average	**2,283,503**	**305**	**$ 12.13**	**$ 13.14**
Less, leases not renewed / vacated during term [1]	(210,559)	(71)	14.94	N/A
Net total / weighted average [2]	**2,072,944**	**234**	**N/A**	**$ 13.14**

[1] Adjusted for lease buyouts and vacancies due to redevelopment.
[2] Includes the REIT's share of joint venture investments.

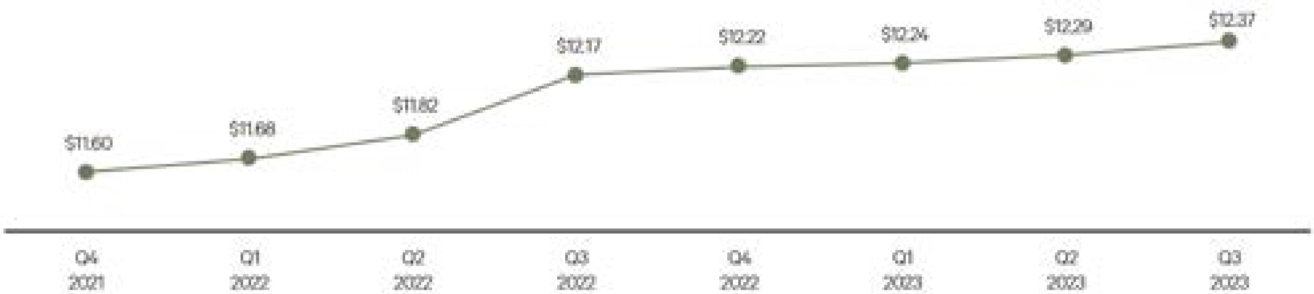
Net rental rates

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

	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Grocery rent	$ 9.05	$ 9.04	$ 9.05	$ 9.04	$ 8.99	$ 8.94	$ 8.91	$ 8.84
Shop space rent	15.26	15.14	15.02	15.03	14.91	14.76	14.53	14.42
Total [1]	**$ 12.37**	**$ 12.29**	**$ 12.24**	**$ 12.22**	**$ 12.17**	**$ 11.82**	**$ 11.68**	**$ 11.60**

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

In Place Rents



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

PROPERTY PROFILE

Professional management

Through professional management of the portfolio, the REIT intends to ensure its properties portray an image that will continue to attract consumers as well as provide preferred locations for its tenants. Well-managed properties enhance the shopping experience and ensure customers continue to visit the centres. Professional management of the portfolio has enabled the REIT to maintain a high occupancy level, currently 94.1% at September 30, 2023.

Occupancy has increased by 0.2% to 94.1% from June 30, 2023 primarily due to 103,142 square feet of new leasing, partially offset by temporary shop space vacancies.

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

	2019	2020				2021				2022				2023		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Properties [1]	76	72	77	76	75	80	80	107	107	107	108	121	117	117	117	117
Occupancy [1]	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%	93.7%	93.9%	94.1%

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

Historical Occupancy Rates

Geographic overview

The REIT's portfolio is geographically diversified. As of September 30, 2023, the REIT's 117 properties were located in 24 states with a presence in 51 MSAs. The REIT has 70 properties, or 59.8% 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.

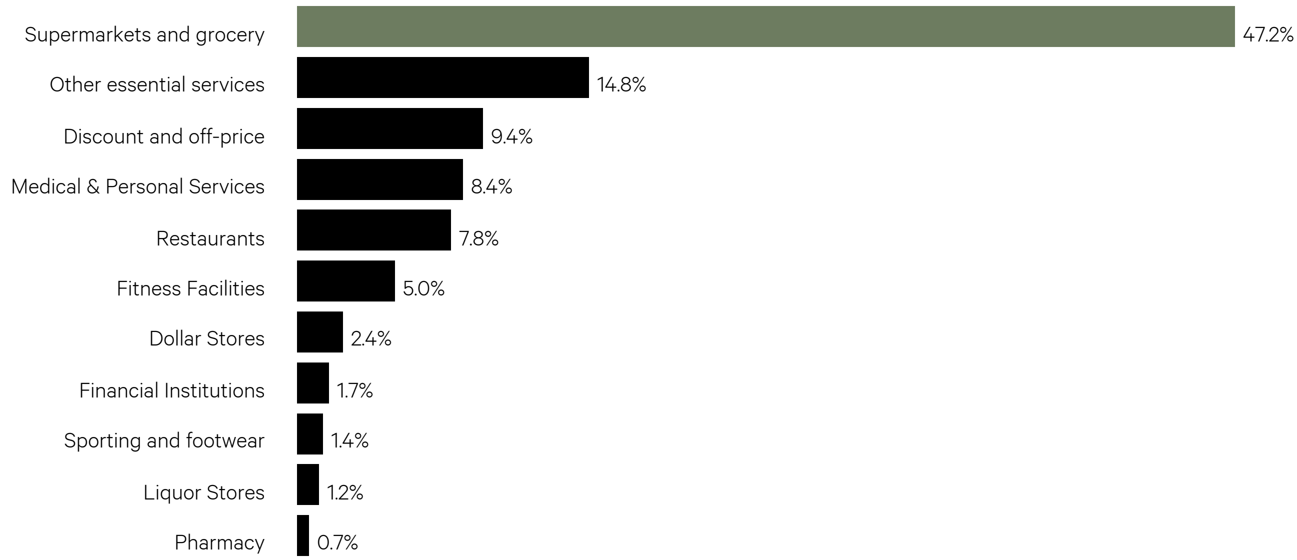
The following is a summary of the geographic location and relative dispersion of the REIT's property portfolio:

State	Number of assets	Total SF	Occupied SF	Percentage of base rent	Occupancy
Florida	19	2,469,396	2,332,290	18.1%	94.4%
North Carolina	16	1,917,938	1,815,583	12.6%	94.7%
New York	12	1,691,848	1,456,378	11.4%	86.1%
Georgia	9	1,138,977	1,099,774	7.2%	96.6%
Pennsylvania	6	1,024,017	971,795	5.8%	94.9%
Texas	9	832,039	807,385	5.8%	97.0%
South Carolina	5	845,283	818,716	5.1%	96.9%
Virginia	6	719,888	696,488	5.1%	96.7%
Minnesota	5	573,159	540,759	3.4%	94.3%
Michigan	4	510,875	492,999	3.0%	96.5%
Ohio	3	556,850	537,104	2.5%	96.5%
Illinois	4	408,852	366,608	2.5%	89.7%
Tennessee	5	526,641	522,171	2.4%	99.2%
Massachusetts	1	273,531	262,691	2.4%	96.0%
North Dakota	2	261,578	227,122	2.0%	86.8%
West Virginia	2	389,904	388,025	2.0%	99.5%
Colorado	1	151,548	151,548	1.5%	100.0%
California	1	194,872	186,579	1.5%	95.7%
Indiana	2	233,986	213,846	1.5%	91.4%
New Hampshire	1	151,945	141,640	1.0%	93.2%
Maryland	1	112,274	100,944	1.0%	89.9%
Wisconsin	1	123,028	123,028	0.9%	100.0%
Utah	1	127,507	88,205	0.7%	69.2%
Kentucky	1	80,866	73,491	0.6%	90.9%
Total [1]	**117**	**15,316,802**	**14,415,169**	**100.0%**	**94.1%**

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

Tenant categories

As of September 30, 2023, the REIT has the following tenant categories within the portfolio, allocated by gross leasable area:



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 26 stores and 6.4% of base rent.

The largest 15 tenants account for 45.5% of total GLA and 35.2% of base rent as follows:

Parent company	Store brands	Grocery	Stores	% GLA	Base rent	% Base rent
The Kroger Co.	Kroger, Pick 'n Save, Harris Teeter, Mariano's	Y	26	9.6%	$ 11,547	6.4 %
Walmart, Inc.	Wal-Mart, Sam's Club	Y	10	9.0%	9,234	5.2 %
Ahold Delhaize	Stop & Shop, GIANT, Food Lion, Hannaford	Y	12	3.9%	7,779	4.3 %
Albertsons	Jewel Osco, Acme, Tom Thumb, Safeway	Y	12	3.9%	5,354	3.0 %
Publix Super Markets, Inc.	Publix	Y	11	3.9%	5,307	3.0 %
Tops Friendly Markets	Tops Markets	Y	8	3.0%	4,530	2.5 %
Dollar Tree, Inc.	Dollar Tree, Family Dollar	N	24	1.5%	2,623	1.5 %
Beall's, Inc.	Beall's, Burke's	N	8	1.9%	2,417	1.3 %
Ross Stores, Inc.	Ross Dress for Less, dd's Discounts	N	8	1.5%	2,351	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	1.4%	2,115	1.2 %
Coborn's, Inc.	Cash Wise	Y	3	0.8%	2,065	1.2 %
Planet Fitness	Planet Fitness	N	9	1.2%	2,054	1.1 %
TJX Companies	Marshalls, T.J. Maxx, HomeGoods	N	6	1.4%	2,051	1.0 %
Alex Lee Inc.	Lowe's Foods	Y	5	0.9%	1,684	0.9 %
Total [1]			**151**	**45.5%**	**$ 63,358**	**35.2%**

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

Development

The REIT's redevelopment program is focused on growing income and unlocking value by revitalizing tenant uses and creating a better customer experience at select properties. Redevelopment is generally considered to begin when activities that change the condition of the property commence. Redevelopment ceases when the asset is in the condition and has the capability of operating in the manner intended, which is generally at cessation of construction and tenanting. 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 completed redevelopment properties:

Completed redevelopment projects

Property	Nature of redevelopment	Completion	Incremental NOI [1]	Yield On Cost	Leased percentage	Total Invested
Alta Mesa Plaza	Junior anchor repositioning	Q3 2023	1,262	26.1%	96.7%	$ 4,828
Southgate Crossing	Junior anchor repositioning	Q3 2023	132	56.9%	78.4%	232
Total			**$ 1,394**	**27.5%**		**$ 5,060**

[1] Calculated on a trailing twelve month basis as of September 30, 2023.

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. In addition, the REIT backfilled a junior anchor space consisting of 22,100 square feet with Supreme Hair and Beauty, a regional user with multiple locations. The project was completed in September 2023 upon EoS Fitness opening to the public.

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 first phase of the project has been completed. Although the REIT is in discussions with prospective tenants to occupy the remaining space, there is no active development at this time and thus the property has been transferred to completed redevelopment for classification purposes. However, the REIT anticipates additional upside on the property through its value-creation activities.

IFRS FAIR VALUE

The REIT's property portfolio at September 30, 2023 had an estimated IFRS fair value of $2.1 billion, with a weighted average capitalization rate of 7.00% 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 $155.

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

Direct capitalization rates	September 30, 2023	December 31, 2022
Minimum [1]	5.75%	5.43%
Maximum [1]	11.10%	8.50%
Weighted average [1]	7.00%	6.80%

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

The September 30, 2023 weighted average capitalization rate increased to 7.00% from 6.80% at December 31, 2022 driven primarily by the rising interest rate environment and overall market conditions, partially offset by value-add asset management activities which includes anchor tenant renewals and repositioning, 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 September 30, 2023	2022	Nine months ended September 30, 2023	2022
Beginning of the period	$ 2,053,066	$ 1,722,854	$ 2,087,432	$ 1,608,655
Acquisitions	—	392,280	201	430,222
Capital expenditures	1,516	1,473	4,116	4,789
Leasing costs	759	391	2,131	985
Tenant improvements	998	321	2,301	1,660
Development and expansion capital [1]	5,303	3,650	7,372	8,779
Straight-line rent	391	254	665	63
Dispositions	—	(2,000)	—	(2,000)
IFRIC 21 property tax adjustment	6,532	6,333	(7,360)	(4,660)
Change in fair value [2]	(9,621)	1,442	(37,914)	78,505
End of the period [1]	**$ 2,058,944**	**$ 2,126,998**	**$ 2,058,944**	**$ 2,126,998**
Joint venture investment properties	309,300	314,700	309,300	314,700
End of the period, including joint venture investments [1]	**$ 2,368,244**	**$ 2,441,698**	**$ 2,368,244**	**$ 2,441,698**

[1] The fair value of the REIT's properties under redevelopment as at September 30, 2023 is $16.6 million (September 30, 2022– $73.2 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 month period ended September 30, 2023.

	Three months ended September 30, 2023			Three months ended September 30, 2022		
	Consolidated	Joint venture investments	Proportionate Share (Non-GAAP)	Consolidated	Joint venture investments	Proportionate Share (Non-GAAP)
Beginning of the period	$ 2,053,066	$ 313,300	$ 2,366,366	$ 1,722,854	$ 311,500	$ 2,034,354
Acquisitions	—	—	—	392,280	—	392,280
Capital expenditures	1,516	(46)	1,470	1,473	211	1,684
Leasing costs	759	360	1,119	391	216	607
Tenant improvements	998	52	1,050	321	526	847
Development and expansion capital [1]	5,303	54	5,357	3,650	659	4,309
Straight-line rent	391	9	400	254	111	365
Disposition	—	—	—	(2,000)	—	(2,000)
IFRIC 21 property tax adjustment	6,532	1,356	7,888	6,333	1,318	7,651
Change in fair value [2]	(9,621)	(5,785)	(15,406)	1,442	159	1,601
End of the period [1]	**$ 2,058,944**	**$ 309,300**	**$ 2,368,244**	**$ 2,126,998**	**$ 314,700**	**$ 2,441,698**

[1] The fair value of the REIT's properties under redevelopment as at September 30, 2023 is $16.6 million (September 30, 2022 – $73.2 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.

	Nine months ended September 30, 2023			Nine months ended September 30, 2022		
	Consolidated	Joint venture investments	Proportionate Share (Non-GAAP)	Consolidated	Joint venture investments	Proportionate Share (Non-GAAP)
Beginning of the period	$ 2,087,432	$ 313,600	$ 2,401,032	$ 1,608,655	$ 293,400	$ 1,902,055
Acquisitions	201	—	201	430,222	—	430,222
Capital expenditures	4,116	472	4,588	4,789	504	5,293
Leasing costs	2,131	942	3,073	985	478	1,463
Tenant improvements	2,301	255	2,556	1,660	565	2,225
Development and expansion capital [1]	7,372	107	7,479	8,779	1,641	10,420
Straight-line rent	665	(110)	555	63	220	283
Dispositions	—	—	—	(2,000)	(792)	(2,792)
IFRIC 21 property tax adjustment	(7,360)	(1,154)	(8,514)	(4,660)	(1,465)	(6,125)
Change in fair value [2]	(37,914)	(4,812)	(42,726)	78,505	20,149	98,654
End of the period 1	**$ 2,058,944**	**$ 309,300**	**$ 2,368,244**	**$ 2,126,998**	**$ 314,700**	**$ 2,441,698**

[1] The fair value of the REIT's properties under redevelopment as at September 30, 2023 is $16.6 million (September 30, 2022– $73.2 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 month period ended September 30, 2023 were $3.6 million. Such costs are generally expended for purposes of tenanting and renewing existing leases, which maintain and create value at the REIT's properties and the portfolio as a whole by increasing contractual cash flow through new and extended leases. The REIT will continue to capitalize on opportunities to revitalize, undertake space improvements and generally maintain the high quality of the properties and tenants. These expenditures can vary from period to period, at times significantly, depending upon the timing of lease expires, re-leasing and management's capital plan for the period.

Fair value adjustments on properties

For the three month period ended September 30, 2023, the change in fair value of properties decreased by $11.1 million, from the comparative period due to changes in valuation parameters and cash flows, partially offset by a reduction in capitalized transaction costs. For the nine month period ended September 30, 2023, the change in fair value of properties decreased by $116.4 million over the prior period, mainly due to changes in valuation parameters and cash flows, partially offset by IFRIC 21 adjustments and a reduction in capitalized transaction costs.

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 September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Valuation parameters and cash flows	$ (2,698)	$ 13,353	$ (44,408)	$ 79,624
Transaction costs capitalized	—	(5,324)	(201)	(5,716)
IFRIC 21 property tax adjustment	(6,532)	(6,333)	7,360	4,660
Adjusted for straight-line rent	(391)	(254)	(665)	(63)
Total	**$ (9,621)**	**$ 1,442**	**$ (37,914)**	**$ 78,505**

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

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

PART III – RESULTS OF OPERATIONS

SUMMARY OF SELECTED QUARTERLY INFORMATION

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

Quarter ended	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Rental revenue	$ 50,629	$ 50,324	$ 50,789	$ 50,655	$ 48,404	$ 39,460	$ 38,966	$ 38,348
Property operating expenses [1]	(8,830)	(8,835)	(36,917)	(7,352)	(7,675)	(6,454)	(28,590)	(6,128)
Straight-line rent revenue	(391)	(156)	(118)	(175)	(254)	65	126	104
IFRIC 21 property tax adjustment [1]	(6,532)	(6,655)	20,547	(7,278)	(6,333)	(5,446)	16,439	(5,418)
Adjustments for joint venture investments	5,306	5,635	5,537	4,749	5,313	5,300	5,238	4,979
NOI [2 3]	$ 40,182	$ 40,313	$ 39,838	$ 40,599	$ 39,455	$ 32,925	$ 32,179	$ 31,885
Class U equivalent units outstanding [4]	60,276	60,631	61,240	61,473	61,465	61,456	59,852	60,061
WA units	60,473	60,897	61,460	61,468	61,460	61,389	60,064	60,054
Net income (loss) [3]	$ 12,370	$ 18,948	$ (14,831)	$ 18,506	$ 33,553	$ 59,389	$ 27,425	$ 20,191
Net income (loss) per WA unit [3]	$ 0.20	$ 0.31	$ (0.24)	$ 0.30	$ 0.55	$ 0.97	$ 0.46	$ 0.34
NAV [2 3]	$ 859,137	$ 863,443	$ 863,235	$ 900,700	$ 894,871	$ 866,879	$ 782,054	$ 738,091
NAV per unit [2 3]	$ 14.25	$ 14.24	$ 14.10	$ 14.65	$ 14.56	$ 14.11	$ 13.02	$ 12.29
Distributions declared	$ 13,006	$ 13,095	$ 13,218	$ 13,236	$ 13,236	$ 13,234	$ 12,927	$ 12,927
Distributions per unit	$ 0.2160	$ 0.2160	$ 0.2160	$ 0.2160	$ 0.2160	$ 0.2160	$ 0.2160	$ 0.2160
FFO [2 3]	$ 16,329	$ 16,513	$ 15,955	$ 16,799	$ 17,696	$ 16,121	$ 16,209	$ 15,684
FFO per WA units [2 3]	$ 0.27	$ 0.27	$ 0.26	$ 0.27	$ 0.29	$ 0.26	$ 0.27	$ 0.26
AFFO [2 3]	$ 13,061	$ 13,603	$ 13,397	$ 13,789	$ 14,596	$ 13,510	$ 13,257	$ 13,266
AFFO per WA units [2 3]	$ 0.22	$ 0.22	$ 0.22	$ 0.22	$ 0.24	$ 0.22	$ 0.22	$ 0.22
Total assets (IFRS)	$2,244,401	$2,239,128	$2,231,131	$2,270,400	$2,321,246	$1,886,288	$1,775,504	$1,737,162
Debt	$1,144,742	$1,141,434	$1,134,561	$1,131,487	$1,175,041	$ 968,140	$ 937,721	$ 937,744
Debt / GBV	51.0%	51.0%	50.9%	49.8%	50.6%	51.3%	52.8%	54.0%
Number of properties [3]	117	117	117	117	121	108	107	107
Leased (%) [3]	94.1%	93.9%	93.7%	93.2%	93.1%	93.4%	93.2%	93.6%
GLA [3]	15,316,802	15,312,744	15,284,170	15,284,265	15,632,405	13,333,653	13,182,105	13,174,121
Grocery-anchored GLA [3]	6,712,077	6,712,077	6,679,309	6,679,309	6,725,836	6,293,655	6,230,582	6,230,582

[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] 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.

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:

	September 30, 2023			December 31, 2022		
	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	$2,058,944	$ 309,300	$2,368,244	$2,087,432	$ 313,600	$2,401,032
Interest rate swaps	19,013	860	19,873	16,416	990	17,406
Joint venture investments	107,912	(107,912)	—	109,456	(109,456)	—
Other assets	869	5,231	6,100	1,189	4,117	5,306
	$ 2,186,738	**$ 207,479**	**$2,394,217**	**$2,214,493**	**$ 209,251**	**$2,423,744**
Current assets						
Other assets	4,895	—	4,895	5,175	—	5,175
Interest rate swaps	4,081	—	4,081	2,315	—	2,315
Prepaids	4,991	1,147	6,138	4,376	1,097	5,473
Accounts receivable	21,960	1,537	23,497	23,649	1,498	25,147
Cash	21,736	4,442	26,178	20,392	2,885	23,277
	$ 57,663	**$ 7,126**	**$ 64,789**	**$ 55,907**	**$ 5,480**	**$ 61,387**
Total assets	**$2,244,401**	**$ 214,605**	**$2,459,006**	**$2,270,400**	**$ 214,731**	**$2,485,131**
LIABILITIES						
Non-current liabilities						
Debt	$ 965,794	$ 206,661	$ 1,172,455	$ 1,039,621	$ 208,880	$1,248,501
Other liabilities	5,036	573	5,609	4,836	530	5,366
Exchangeable units of subsidiaries	7,427	—	7,427	10,082	—	10,082
Deferred income taxes	148,411	2	148,413	150,108	2	150,110
	$ 1,126,668	**$ 207,236**	**$1,333,904**	**$1,204,647**	**$ 209,412**	**$1,414,059**
Current liabilities						
Debt	178,948	1,451	180,399	91,866	1,098	92,964
Accounts payable and accrued liabilities	47,163	5,918	53,081	38,373	4,221	42,594
Distributions payable	4,323	—	4,323	4,412	—	4,412
	$ 230,434	**$ 7,369**	**$ 237,803**	**$ 134,651**	**$ 5,319**	**$ 139,970**
Total liabilities	**$ 1,357,102**	**$ 214,605**	**$ 1,571,707**	**$1,339,298**	**$ 214,731**	**$1,554,029**
EQUITY						
Unitholders' equity	$ 703,299	$ —	$ 703,299	$ 740,510	$ —	$ 740,510
Non-controlling interest	184,000	—	184,000	190,592	—	190,592
Total equity	**$ 887,299**	**$ —**	**$ 887,299**	**$ 931,102**	**$ —**	**$ 931,102**
Total liabilities and equity	**$2,244,401**	**$ 214,605**	**$2,459,006**	**$2,270,400**	**$ 214,731**	**$2,485,131**

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 periods ended September 30, 2023 and 2022:

	Three months ended September 30, 2023			Three months ended September 30, 2022		
	Statement of Income	Joint Venture Investments	Proportionate Share (Non-GAAP)	Statement of Income	Joint Venture Investments	Proportionate Share (Non-GAAP)
Rental revenue	$ 50,629	$ 8,211	$ 58,840	$ 48,404	$ 8,207	$ 56,611
Property operating expenses	(8,830)	(1,540)	(10,370)	(7,675)	(1,464)	(9,139)
General and administrative expenses	(3,935)	(146)	(4,081)	(3,485)	(216)	(3,701)
Interest and finance costs	(12,854)	(1,934)	(14,788)	(12,750)	(1,915)	(14,665)
Share of (loss) income in joint venture investments	(1,358)	1,358	—	5,359	(5,359)	—
Transaction costs	—	—	—	(250)	—	(250)
Change in fair value of financial instruments	(782)	(162)	(944)	—	591	591
Change in fair value of properties	(9,621)	(5,787)	(15,408)	1,442	156	1,598
Net income before income taxes and unit expense	**$ 13,249**	**$ —**	**$ 13,249**	**$ 31,045**	**$ —**	**$ 31,045**
Deferred income tax (expense) recovery	(1,583)	—	(1,583)	687	—	687
Current income tax expense	(981)	—	(981)	(37)	—	(37)
Unit income	1,685	—	1,685	1,858	—	1,858
Net income	**$ 12,370**	**$ —**	**$ 12,370**	**$ 33,553**	**$ —**	**$ 33,553**
Net income attributable to						
Unitholders	$ 9,131	$ —	$ 9,131	$ 28,037	$ —	$ 28,037
Non-controlling interest	3,239	—	3,239	5,516	—	5,516

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 nine month periods ended September 30, 2023 and 2022:

	Nine months ended September 30, 2023			Nine months ended September 30, 2022		
	Statement of Income	Joint Venture Investments	Proportionate Share (Non-GAAP)	Statement of Income	Joint Venture Investments	Proportionate Share (Non-GAAP)
Rental revenue	$ 151,742	$ 25,069	$ 176,811	$ 126,830	$ 24,039	$ 150,869
Property operating expenses	(54,582)	(9,855)	(64,437)	(42,719)	(9,433)	(52,152)
General and administrative expenses	(11,567)	(617)	(12,184)	(10,882)	(723)	(11,605)
Interest and finance costs	(38,634)	(5,761)	(44,395)	(33,215)	(5,034)	(38,249)
Share of income in joint venture investments	3,891	(3,891)	—	30,956	(30,956)	—
Transaction costs	—	—	—	(254)	—	(254)
Change in fair value of financial instruments	730	(130)	600	—	1,720	1,720
Change in fair value of properties	(37,914)	(4,815)	(42,729)	78,505	20,387	98,892
Net income before income taxes and unit expense	**$ 13,666**	**$ —**	**$ 13,666**	**$ 149,221**	**$ —**	**$ 149,221**
Deferred income tax (expense) recovery	2,544	—	2,544	(29,965)	—	(29,965)
Current income tax expense	(2,442)	—	(2,442)	(751)	—	(751)
Unit expense	2,719	—	2,719	1,862	—	1,862
Net income	**$ 16,487**	**$ —**	**$ 16,487**	**$ 120,367**	**$ —**	**$ 120,367**
Net income attributable to						
Unitholders	$ 11,653	$ —	$ 11,653	$ 114,101	$ —	$ 114,101
Non-controlling interest	4,834	—	4,834	6,266	—	6,266

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 nine month periods ended September 30, 2023 increased by $2.2 million and $24.9 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, partially offset by the disposition of 4 properties.

PROPERTY OPERATING EXPENSES

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

Property operating expenses for the three month period ended September 30, 2023 increased by $1.2 million over the prior year as a result of higher repairs and maintenance costs and property taxes. Property operating expenses for the nine month period ended September 30, 2023 increased by $11.9 million over the prior year, primarily due to the aforementioned grocery-anchored asset acquisitions occurring in 2022.

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 September 30,			Nine months ended September 30,		
	2023	2022	Variance	2023	2022	Variance
Asset management fees	$ 2,322	$ 2,098	$ 224	$ 6,689	$ 5,981	$ 708
Professional fees and other	1,319	1,048	271	3,773	3,503	270
Bad debt expense	235	287	(52)	665	774	(109)
Franchise and business taxes	59	52	7	440	624	(184)
Total	**$ 3,935**	**$ 3,485**	**$ 450**	**$ 11,567**	**$ 10,882**	**$ 685**
% of total assets	**0.2%**	**0.2%**	**—%**	**0.5%**	**0.5%**	**—%**
% of total revenue	**7.8%**	**7.2%**	**0.6%**	**7.6%**	**8.6%**	**(1.0)%**

General and administrative expenses for the three and nine month periods ended September 30, 2023 increased by $0.5 million and $0.7 million, respectively, compared to the comparative period, mainly due to increases in asset management fees driven by the REIT's portfolio growth and increased professional fees, partially offset by lower bad debt expense. The nine month period ended September 30, 2023, was further offset by lower franchise and business taxes, compared to the prior year.

INTEREST AND FINANCE COSTS

	Three months ended September 30,			Nine months ended September 30,		
	2023	2022	Variance	2023	2022	Variance
Interest on debt and finance charges	$ 16,769	$ 11,748	$ 5,021	$ 48,205	$ 26,657	$ 21,548
Interest rate swaps, net of settlement	(4,311)	503	(4,814)	(11,035)	5,264	(16,299)
Interest income	(18)	(15)	(3)	(33)	(24)	(9)
Amortization of finance charges	683	593	90	2,050	1,552	498
Amortization of mark-to-market	(56)	(57)	1	(167)	(168)	1
Amortization of gain on financial instruments	(192)	—	(192)	(320)	—	(320)
Amortization of deferred gain on TIF notes	(21)	(22)	1	(66)	(66)	—
Total	**$ 12,854**	**$ 12,750**	**$ 104**	**$ 38,634**	**$ 33,215**	**$ 5,419**

The following shows the change in interest on debt and finance charges, net of interest rate swaps for the three month period ended September 30, 2023 compared to the same period in the prior year:

Interest on debt and finance charges, net of interest rate swaps, September 30, 2022	$ 12,251
Change in debt levels, and interest rates, net of interest rate hedges [1]	1,294
Change in debt spreads	(1,756)
Increase in fixed rate debt	676
Decrease in standby fee	(7)
Interest on debt and finance charges, net of interest rate swaps, September 30, 2023	**$ 12,458**
Year-over-year change – $	**$ 207**
Year-over-year change – %	**1.7%**

[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 September 30, 2023 is 4.20% (September 30, 2022 – 4.22%).

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 $0.2 million and $5.2 million for the three and nine month periods ended September 30, 2023 over the respective comparative period in 2022. Increases are primarily due to an increase in the average debt level over the comparative period, partially offset by reduced credit spreads on variable rate debt and net receipts from interest rate swaps.

The REIT's pay-fixed, receive-float interest rate swaps hedge the cash flow risk associated with one-month SOFR based interest payments, with 96.1% of the REIT's debt subject to fixed rates at September 30, 2023. The weighted average fixed rate of the REIT's interest rate swaps was 2.66% compared to the one-month SOFR of 5.32% at September 30, 2023, with a weighted average term to maturity of 3.6 years. Under this arrangement, the REIT has received $4.3 million and $11.0 million of net interest payments during the three and nine month periods ended September 30, 2023, respectively.

On May 18, 2023, the REIT entered into a forward pay-fixed, receive-float swap contract to hedge the cash flow risk associated with monthly SOFR based interest payments, effective August 22, 2023, for $175.0 million. The swap is for a 5-year term maturing on August 22, 2028 with a pay-fixed rate of 3.465%.

On May 18, 2023, the REIT amended the $137.5 million interest rate swap with a pay-fixed rate of 1.691% to add a one-time cancellation option by the REIT's counterparty on July 24, 2024. The realized gain as a result of the amendment was blended into the pay-fixed rate of the swap, reducing the pay-fixed rate from 2.650% to 1.691%, effective May 22, 2023. As a result of this amendment, the cash flow hedge was deemed no longer to be an effective hedge and hedge accounting was discontinued. On the day of the amendment, $0.9 million was reclassified from the cash flow hedge reserve to profit or loss as the underlying cash flow was no longer expected to occur. The remaining $3.3 million cash flow hedge reserve will be amortized on a straight-line basis over the remaining expected terms of the hedged cash flows. Subsequent to the amendment, the interest rate swap is carried at fair value through profit or loss.

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.

The REIT does not currently 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 income 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 September 30, 2023 was $8.18 (September 30, 2022 – $9.46). 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 nine month periods ended September 30, 2023, the REIT recognized an unrealized fair value gain of $1.5 million and $2.7 million, respectively, on the exchangeable units of subsidiaries as a result of the reduction in fair value per unit over the comparative period.

NET INCOME

For the three and nine months ended September 30, 2023, the REIT's net income decreased by $21.2 million and $103.9 million compared to the same periods in the prior year, respectively. The decreases were primarily attributed to unrealized changes in fair value of properties and increases in interest and finance costs, partially offset by the aforementioned increases in NOI.

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 better 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 September 30,			Nine months ended September 30,		
	2023	2022	Variance	2023	2022	Variance
Rental revenue	$ 50,629	$ 48,404	$ 2,225	$ 151,742	$ 126,830	$ 24,912
Straight-line rent revenue	(391)	(254)	(137)	(665)	(63)	(602)
Property operating expenses	(8,830)	(7,675)	(1,155)	(54,582)	(42,719)	(11,863)
IFRIC 21 property tax adjustment	(6,532)	(6,333)	(199)	7,360	4,660	2,700
Contribution from joint venture investments	5,306	5,313	(7)	16,478	15,851	627
NOI [1]	**$ 40,182**	**$ 39,455**	**$ 727**	**$ 120,333**	**$ 104,559**	**$ 15,774**

[1] Excludes the impact of non-controlling interest

The following shows the change in NOI for the three month period ended September 30, 2023 compared to the same period in the prior year:

NOI, September 30, 2022 [1]	$ 39,455
Change in same-property NOI [1]	21
Contribution from redeveloped properties [1]	20
Loss of contribution from properties under redevelopment	(61)
Contribution from acquisitions	1,617
Loss of contribution from dispositions, including outparcel sales	(870)
NOI, September 30, 2023	**$ 40,182**
Year-over-year change – $	**$ 727**
Year-over-year change – %	**1.8%**

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

NOI for the three month period ended September 30, 2023 was $40.2 million, which represents an increase of $0.7 million from the same period in 2022, primarily due to NOI contributions from acquisitions and redeveloped properties, partially offset by the loss of contribution from dispositions over the prior year.

The following shows the change in NOI for the three month period ended September 30, 2023 compared to the immediately preceding quarter:

NOI, June 30, 2023 [1]	$ 40,313
Change in same-property NOI [1]	(161)
Contribution from redeveloped properties	121
Loss of contribution from properties under redevelopment	(91)
NOI, September 30, 2023	**$ 40,182**
Quarter-over-quarter change – $	**$ (131)**
Quarter-over-quarter change – %	**(0.3%)**

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

NOI decreased by $0.1 million from the second quarter of 2023 to $40.2 million primarily due to a decrease in same-property NOI resulting from the timing of percentage rent recognized and termination income, partially offset by an increase contributed from redeveloped properties.

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 September 30, 2023, the same-property portfolio is comprised of a portfolio of 100 properties owned and in operation for each of the entire three month periods ended September 30, 2023 and 2022.

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 September 30, 2023 as compared to the same period in the prior year, reconciled to total NOI:

	Number of properties	Three months ended September 30, 2023	2022	Variance	Change (%)
Same-property NOI [1]	**100**	**$ 31,850**	**$ 31,829**	**$ 21**	**0.1%**
NOI attributable to redeveloped properties [1]	4	1,357	1,337	20	
NOI attributable to properties under redevelopment	1	185	246	(61)	
NOI attributable to acquisitions	12	6,790	5,173	1,617	
NOI attributable to dispositions, including outparcel sales	4	—	870	(870)	
Total NOI [1]		**$ 40,182**	**$ 39,455**	**$ 727**	**1.8%**
Occupancy, same-property [1]	**100**	**94.1%**	93.8%	0.3%	
Occupancy, redeveloped properties [1]	4	**88.3%**	85.8%	2.5%	
Occupancy, properties under redevelopment	1	**95.5%**	95.6%	(0.1%)	
Occupancy, acquisitions	12	**95.7%**	91.7%	4.0%	
Occupancy, dispositions, including outparcel sales	4	**—%**	67.3%	(67.3%)	
Occupancy, portfolio [1]		**94.1%**	**93.4%**	**0.7%**	

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

Same-property NOI for the current quarter increased by $21 thousand or 0.1% 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, offset by a reduction in percentage rent recognized in the comparative period and temporary vacancies. Including the impact of completed redevelopments, same-property NOI increased by $41 thousand or 0.1% 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 September 30, 2023, as compared to the same period in the prior year, reconciled to total NOI:

	Number of properties	Trailing twelve months, September 30,			
		2023	2022	Variance	Change (%)
Same-property NOI	**97**	**$ 118,938**	**$ 118,266**	**$ 672**	**0.6%**
NOI attributable to redeveloped properties [1]	7	10,213	8,414	1,799	
NOI attributable to properties under redevelopment	1	855	1,372	(517)	
NOI attributable to acquisitions [1]	12	30,396	5,818	24,578	
NOI attributable to dispositions, including outparcel sales	4	530	2,574	(2,044)	
Total NOI [1]		**$ 160,932**	**$ 136,444**	**$ 24,488**	**17.9%**
Occupancy, same-property	**97**	**93.9%**	**93.6%**	**0.3%**	
Occupancy, redeveloped properties [1]	7	**92.5%**	90.7%	1.8%	
Occupancy, properties under redevelopment	1	**95.5%**	95.6%	(0.1%)	
Occupancy, acquisitions [1]	12	**96.0%**	92.3%	3.7%	
Occupancy, dispositions, including outparcel sales	4	**—%**	67.3%	(67.3%)	
Occupancy, portfolio [1]		**94.1%**	**93.1%**	**1.0%**	

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

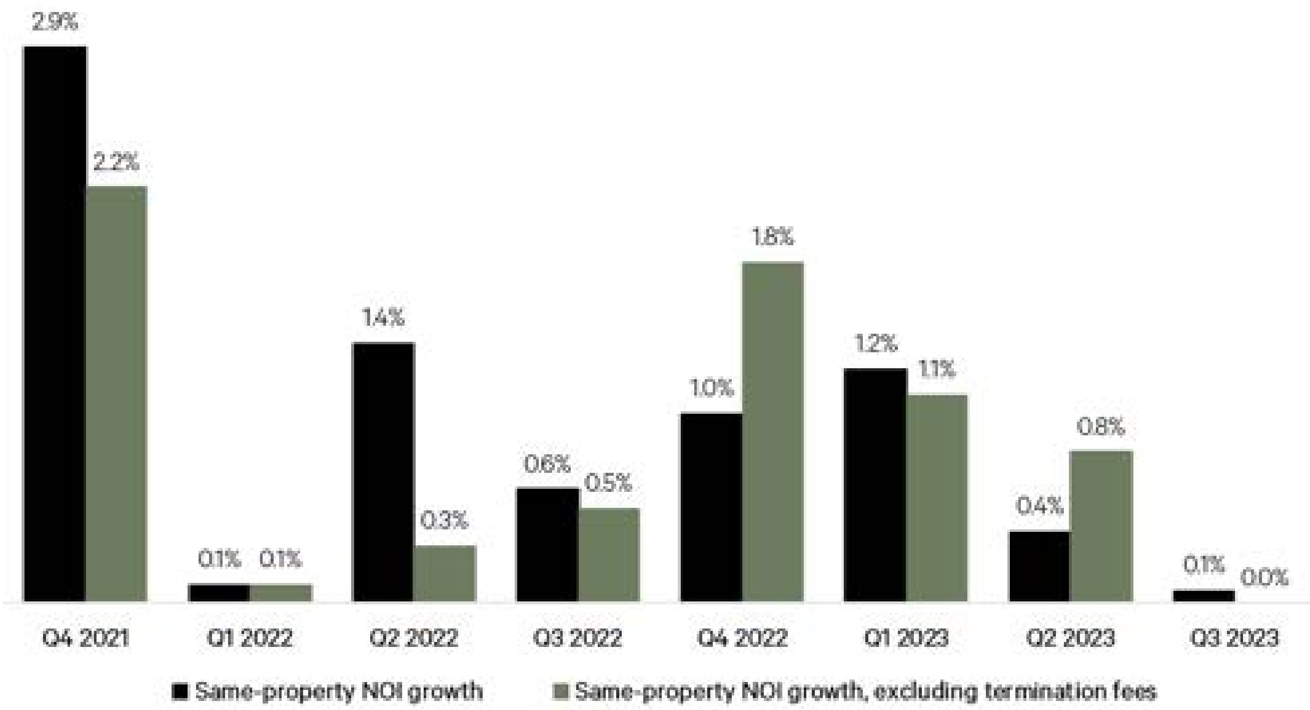
Same-property NOI for the trailing twelve month period ended September 30, 2023 increased by 0.6% from the same period in the prior year. This increase was primarily attributed to increases in rental rates from re-leasing above average in-place rent and new leasing above comparable market rental rates, partially offset by temporary vacancies. Including the impact of completed redevelopments, same-property NOI increased by $2.5 million or 2.0% 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
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%
Q1 2023	96	29,827	1.2%	1.1%
Q2 2023	96	29,984	0.4%	0.8%
Q3 2023	100	31,850	0.1%	—%

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

Same-property NOI Growth, Year-over-Year



NET ASSET VALUE

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

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

	September 30, 2023	December 31, 2022
Total equity	$ 887,299	$ 931,102
Less: non-controlling interest	(184,000)	(190,592)
Adjusted unitholders' equity	$ 703,299	$ 740,510
Deferred income taxes	148,411	150,108
Exchangeable units	7,427	10,082
NAV	**$ 859,137**	**$ 900,700**
Class U units outstanding	60,276	61,473
NAV per unit	**$ 14.25**	**$ 14.65**

NAV per unit has decreased by $0.40 primarily as a result of expansion of capitalization rates driven by the rising interest rate environment and overall market conditions, as well as distributions paid. These decreases are partially offset by funds generated from operations, repurchases of class U units under the REIT's NCIB, and increases in the fair value of financial instruments.

	September 30, 2023	December 31, 2022
Properties	$ 2,058,944	$ 2,087,432
Working capital	128,935	135,347
Debt	(1,144,742)	(1,131,487)
Non-controlling interest	(184,000)	(190,592)
NAV	**$ 859,137**	**$ 900,700**
Class U units outstanding	60,276	61,473
NAV per unit	**$ 14.25**	**$ 14.65**

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 September 30,			Nine months ended September 30,		
	2023	2022	Variance	2023	2022	Variance
Net income	$ 12,370	$ 33,553	$ (21,183)	$ 16,487	$ 120,367	$ (103,880)
Change in fair value of financial instruments	782	—	782	(730)	—	(730)
Transaction costs	—	250	(250)	—	254	(254)
Change in fair value of properties	9,621	(1,442)	11,063	37,914	(78,505)	116,419
Deferred income tax (recovery) expense	1,583	(687)	2,270	(2,544)	29,965	(32,509)
Unit income	(1,685)	(1,858)	173	(2,719)	(1,862)	(857)
Adjustments for joint venture investments	4,584	(2,177)	6,761	6,209	(20,862)	27,071
Non-controlling interest	(4,394)	(3,610)	(784)	(13,180)	(3,991)	(9,189)
IFRIC 21 property tax adjustment	(6,532)	(6,333)	(199)	7,360	4,660	2,700
FFO	**$ 16,329**	**$ 17,696**	**$ (1,367)**	**$ 48,797**	**$ 50,026**	**$ (1,229)**
FFO per WA unit	**$ 0.27**	**$ 0.29**	**$ (0.02)**	**$ 0.80**	**$ 0.82**	**$ (0.02)**
WA number of units outstanding	**60,473**	**61,460**	**(987)**	**60,940**	**60,976**	**(36)**

The following is a calculation of FFO from NOI:

	Three months ended September 30,			Nine months ended September 30,		
	2023	2022	Variance	2023	2022	Variance
NOI	$ 40,182	$ 39,455	$ 727	$ 120,333	$ 104,559	$ 15,774
Straight-line rent revenue	391	254	137	665	63	602
General and administrative expenses	(3,935)	(3,485)	(450)	(11,567)	(10,882)	(685)
Cash interest, net [1]	(12,419)	(12,214)	(205)	(37,071)	(31,831)	(5,240)
Finance charges, mark-to-market and financial instrument adjustments	(435)	(536)	101	(1,563)	(1,384)	(179)
Adjustments for joint venture investments	(2,080)	(2,131)	51	(6,378)	(5,757)	(621)
Non-controlling interest	(4,394)	(3,610)	(784)	(13,180)	(3,991)	(9,189)
Current income tax expense	(981)	(37)	(944)	(2,442)	(751)	(1,691)
FFO	**$ 16,329**	**$ 17,696**	**$ (1,367)**	**$ 48,797**	**$ 50,026**	**$ (1,229)**

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

FFO for the three and nine month periods ended September 30, 2023 decreased by $1.4 million and $1.2 million, respectively, from the comparative period. This decrease is primarily due to increases in cash interest and general and administrative expenses partially offset by increases in cash NOI.

AFFO

AFFO is a non-IFRS measure that is used by management of the REIT, real estate industry participants 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 September 30,			Nine months ended September 30,		
	2023	2022	Variance	2023	2022	Variance
Cash flow from operations	$ 22,978	$ 19,909	$ 3,069	$ 64,878	$ 52,812	$ 12,066
Changes in non-cash working capital items	(5,476)	(1,790)	(3,686)	(12,202)	(7,912)	(4,290)
Transaction costs	—	250	(250)	—	254	(254)
Finance charges, mark-to-market and financial instrument adjustments	(435)	(536)	101	(1,563)	(1,384)	(179)
Interest, net and TIF note adjustments	39	37	2	99	90	9
Adjustments for joint venture investments	2,851	1,929	922	8,541	8,327	214
Non-controlling interest	(3,623)	(3,018)	(605)	(11,144)	(3,390)	(7,754)
Capital expenditures	(1,516)	(1,473)	(43)	(4,116)	(4,789)	673
Leasing costs	(759)	(391)	(368)	(2,131)	(985)	(1,146)
Tenant improvements	(998)	(321)	(677)	(2,301)	(1,660)	(641)
AFFO	**$ 13,061**	**$ 14,596**	**$ (1,535)**	**$ 40,061**	**$ 41,363**	**$ (1,302)**

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 September 30,			Nine months ended September 30,		
	2023	2022	Variance	2023	2022	Variance
FFO	$ 16,329	$ 17,696	$ (1,367)	$ 48,797	$ 50,026	$ (1,229)
Straight-line rental revenue	(391)	(254)	(137)	(665)	(63)	(602)
Capital expenditures	(1,516)	(1,473)	(43)	(4,116)	(4,789)	673
Leasing costs	(759)	(391)	(368)	(2,131)	(985)	(1,146)
Tenant improvements	(998)	(321)	(677)	(2,301)	(1,660)	(641)
Adjustments for joint venture investments	(375)	(1,253)	878	(1,559)	(1,767)	208
Non-controlling interest	771	592	179	2,036	601	1,435
AFFO	**$ 13,061**	**$ 14,596**	**$ (1,535)**	**$ 40,061**	**$ 41,363**	**$ (1,302)**
AFFO per WA unit	**$ 0.22**	**$ 0.24**	**$ (0.02)**	**$ 0.66**	**$ 0.68**	**$ (0.02)**
WA number of units outstanding	**60,473**	**61,460**	**(987)**	**60,940**	**60,976**	**(36)**

The following is a reconciliation of net income to AFFO:

	Three months ended September 30,			Nine months ended September 30,		
	2023	2022	Variance	2023	2022	Variance
Net income	$ 12,370	$ 33,553	$ (21,183)	$ 16,487	$ 120,367	$ (103,880)
Change in fair value of financial instruments	782	—	782	(730)	—	(730)
Transaction costs	—	250	(250)	—	254	(254)
Change in fair value of properties	9,621	(1,442)	11,063	37,914	(78,505)	116,419
Deferred income tax (recovery) expense	1,583	(687)	2,270	(2,544)	29,965	(32,509)
Unit income	(1,685)	(1,858)	173	(2,719)	(1,862)	(857)
Adjustments for joint venture investments	4,584	(2,177)	6,761	6,209	(20,862)	27,071
Non-controlling interest	(4,394)	(3,610)	(784)	(13,180)	(3,991)	(9,189)
IFRIC 21 property tax adjustment	(6,532)	(6,333)	(199)	7,360	4,660	2,700
FFO	**$ 16,329**	**$ 17,696**	**$ (1,367)**	**$ 48,797**	**$ 50,026**	**$ (1,229)**
Straight-line rental revenue	(391)	(254)	(137)	(665)	(63)	(602)
Capital expenditures	(1,516)	(1,473)	(43)	(4,116)	(4,789)	673
Leasing costs	(759)	(391)	(368)	(2,131)	(985)	(1,146)
Tenant improvements	(998)	(321)	(677)	(2,301)	(1,660)	(641)
Adjustments for joint venture investments	(375)	(1,253)	878	(1,559)	(1,767)	208
Non-controlling interest	771	592	179	2,036	601	1,435
AFFO	**$ 13,061**	**$ 14,596**	**$ (1,535)**	**$ 40,061**	**$ 41,363**	**$ (1,302)**

The following is a calculation of AFFO from NOI:

	Three months ended September 30,			Nine months ended September 30,		
	2023	2022	Variance	2023	2022	Variance
NOI	$ 40,182	$ 39,455	$ 727	$ 120,333	$ 104,559	$ 15,774
General and administrative expenses	(3,935)	(3,485)	(450)	(11,567)	(10,882)	(685)
Cash interest, net [1]	(12,419)	(12,214)	(205)	(37,071)	(31,831)	(5,240)
Finance charges, mark-to-market and financial instrument adjustments	(435)	(536)	101	(1,563)	(1,384)	(179)
Current income tax expense	(981)	(37)	(944)	(2,442)	(751)	(1,691)
Adjustments for joint venture investments	(2,455)	(3,384)	929	(7,937)	(7,524)	(413)
Non-controlling interest	(3,623)	(3,018)	(605)	(11,144)	(3,390)	(7,754)
Capital expenditures	(1,516)	(1,473)	(43)	(4,116)	(4,789)	673
Leasing costs	(759)	(391)	(368)	(2,131)	(985)	(1,146)
Tenant improvements	(998)	(321)	(677)	(2,301)	(1,660)	(641)
AFFO	**$ 13,061**	**$ 14,596**	**$ (1,535)**	**$ 40,061**	**$ 41,363**	**$ (1,302)**

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

AFFO for the three and nine month periods ended September 30, 2023 was $13.1 million and $40.1 million, which represents a $1.5 million and $1.3 million decrease from the respective comparative periods. The decreases were primarily due to increases in leasing costs and tenant improvements attributable to increased leasing activity.

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 tenanting 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 third 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 99 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 September 30, 2023			Three months ended September 30, 2022		
	Consolidated	Joint venture investments	Proportionate Share (Non-GAAP)	Consolidated	Joint venture investments	Proportionate Share (Non-GAAP)
Rental revenue	$ 50,629	$ 8,211	$ 58,840	$ 48,404	$ 8,207	$ 56,611
Property operating expenses	(8,830)	(1,540)	(10,370)	(7,675)	(1,464)	(9,139)
General and administrative expenses	(3,935)	(146)	(4,081)	(3,485)	(216)	(3,701)
Interest and finance costs	(12,854)	(1,934)	(14,788)	(12,750)	(1,915)	(14,665)
Share of loss in joint venture investments	(1,358)	1,358	—	5,359	(5,359)	—
Transaction costs	—	—	—	(250)	—	(250)
Change in fair value of financial instruments	(782)	(162)	(944)	—	591	591
Change in fair value of properties	(9,621)	(5,787)	(15,408)	1,442	156	1,598
Deferred income tax (expense) recovery	(1,583)	—	(1,583)	687	—	687
Current income tax expense	(981)	—	(981)	(37)	—	(37)
Unit income	1,685	—	1,685	1,858	—	1,858
Net income	**$ 12,370**	**$ —**	**$ 12,370**	**$ 33,553**	**$ —**	**$ 33,553**
Transaction costs	—	—	—	250	—	250
Change in fair value of financial instruments	782	162	944	—	(591)	(591)
Change in fair value of properties	9,621	5,787	15,408	(1,442)	(156)	(1,598)
Deferred income tax (recovery) expense	1,583	—	1,583	(687)	—	(687)
Unit income	(1,685)	—	(1,685)	(1,858)	—	(1,858)
Adjustments for joint venture investments	4,584	(4,584)	—	(2,177)	2,177	—
Non-controlling interest	(4,394)	—	(4,394)	(3,610)	—	(3,610)
IFRIC 21 property tax adjustment	(6,532)	(1,365)	(7,897)	(6,333)	(1,430)	(7,763)
FFO	**$ 16,329**	**$ —**	**$ 16,329**	**$ 17,696**	**$ —**	**$ 17,696**
Straight-line rental revenue	(391)	(9)	(400)	(254)	(112)	(366)
Capital expenditures	(1,516)	46	(1,470)	(1,473)	(211)	(1,684)
Leasing costs	(759)	(360)	(1,119)	(391)	(365)	(756)
Tenant improvements	(998)	(52)	(1,050)	(321)	(565)	(886)
Adjustments for joint venture investments	(375)	375	—	(1,253)	1,253	—
Non-controlling interest	771	—	771	592	—	592
AFFO	**$ 13,061**	**$ —**	**$ 13,061**	**$ 14,596**	**$ —**	**$ 14,596**

	Nine months ended September 30, 2023			Nine months ended September 30, 2022		
	Consolidated	Joint venture investments	Proportionate Share (Non-GAAP)	Consolidated	Joint venture investments	Proportionate Share (Non-GAAP)
Rental revenue	$ 151,742	$ 25,069	$ 176,811	$ 126,830	$ 24,039	$ 150,869
Property operating expenses	(54,582)	(9,855)	(64,437)	(42,719)	(9,433)	(52,152)
General and administrative expenses	(11,567)	(617)	(12,184)	(10,882)	(723)	(11,605)
Interest and finance costs	(38,634)	(5,761)	(44,395)	(33,215)	(5,034)	(38,249)
Share of income in joint venture investments	3,891	(3,891)	—	30,956	(30,956)	—
Transaction costs	—	—	—	(254)	—	(254)
Change in fair value of financial instruments	730	(130)	600	—	1,720	1,720
Change in fair value of properties	(37,914)	(4,815)	(42,729)	78,505	20,387	98,892
Deferred income tax (expense) recovery	2,544	—	2,544	(29,965)	—	(29,965)
Current income tax expense	(2,442)	—	(2,442)	(751)	—	(751)
Unit income	2,719	—	2,719	1,862	—	1,862
Net income	**$ 16,487**	**$ —**	**$ 16,487**	**$ 120,367**	**$ —**	**$ 120,367**
Transaction costs	—	—	—	254	—	254
Change in fair value of financial instruments	(730)	130	(600)	—	(1,720)	(1,720)
Change in fair value of properties	37,914	4,815	42,729	(78,505)	(20,387)	(98,892)
Deferred income tax (recovery) expense	(2,544)	—	(2,544)	29,965	—	29,965
Unit income	(2,719)	—	(2,719)	(1,862)	—	(1,862)
Adjustments for joint venture investments	6,209	(6,209)	—	(20,862)	20,862	—
Non-controlling interest	(13,180)	—	(13,180)	(3,991)	—	(3,991)
IFRIC 21 property tax adjustment	7,360	1,264	8,624	4,660	1,245	5,905
FFO	**$ 48,797**	**$ —**	**$ 48,797**	**$ 50,026**	**$ —**	**$ 50,026**
Straight-line rental revenue	(665)	110	(555)	(63)	(220)	(283)
Capital expenditures	(4,116)	(472)	(4,588)	(4,789)	(504)	(5,293)
Leasing costs	(2,131)	(942)	(3,073)	(985)	(478)	(1,463)
Tenant improvements	(2,301)	(255)	(2,556)	(1,660)	(565)	(2,225)
Adjustments for joint venture investments	(1,559)	1,559	—	(1,767)	1,767	—
Non-controlling interest	2,036	—	2,036	601	—	601
AFFO	**$ 40,061**	**$ —**	**$ 40,061**	**$ 41,363**	**$ —**	**$ 41,363**

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 for the three month period ended September 30, 2023 decreased by $0.2 million over the comparative period primarily due to the repurchase of 1.2 million units under the REIT's NCIB issuance in the current year. Distributions paid for the nine month period ended September 30, 2023 increased by $0.1 million over the comparative period primarily due to the the issuance of 1.4 million units from the REIT's at the market equity program ("ATM program") during the 2022 year partially offset by the aforementioned repurchases under the REIT's NCIB.

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

	Three months ended September 30,			Nine months ended September 30,		
	2023	2022	Variance	2023	2022	Variance
Declared						
REIT units distributions	$ 12,810	$ 13,040	$ (230)	$ 38,731	$ 38,785	$ (54)
Exchangeable units of subsidiaries distributions	196	196	—	588	613	(25)
	$ 13,006	**$ 13,236**	**$ (230)**	**$ 39,319**	**$ 39,398**	**$ (79)**
Add: Distributions payable, beginning of period	4,349	4,412	(63)	4,412	4,309	103
Less: Distributions payable, end of period	(4,323)	(4,412)	89	(4,323)	(4,412)	89
Distributions paid or settled	**$ 13,032**	**$ 13,236**	**$ (204)**	**$ 39,408**	**$ 39,295**	**$ 113**

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
2022	34.9%	6.3%	59.9%	(1.1%)
2021	58.9%	12.3%	30.8%	(2.0%)
2020	33.9%	12.3%	59.3%	(5.5%)

FFO payout ratio

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

The FFO payout ratio was 79.6% for the three month period ended September 30, 2023, which represents a 4.8% increase from the comparative period. The change is mainly driven by the aforementioned decreases to FFO, partially offset by a decrease in distributions declared due to the repurchase of units under the REIT's NCIB over the comparative period. The FFO payout ratio was 80.6% for the nine month period ended September 30, 2023, which represents a 1.8% increase from the comparative period. This change is primarily due to the aforementioned decreases to FFO, partially offset by a decrease in distributions declared as a result of the repurchase of units under the REIT's NCIB over the comparative period.

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
FFO	$ 16,329	$ 17,696	$ 48,797	$ 50,026
Distributions declared [1]	(13,006)	(13,236)	(39,319)	(39,398)
Excess of FFO over distributions declared	**$ 3,323**	**$ 4,460**	**$ 9,478**	**$ 10,628**
FFO payout ratio	**79.6%**	**74.8%**	**80.6%**	**78.8%**

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

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 September 30, 2023 increased by 8.9% to 99.6% over the comparative period. The AFFO payout ratio for the nine month period ended September 30, 2023 was 98.1%, which represents a 2.9% increase from the comparative period. The change is mainly driven by the aforementioned decreases to FFO, as well as an increase in leasing costs and tenant improvements attributable to increases in occupancy, partially offset by a decrease in distributions declared due to the repurchase of units under the REIT's NCIB over the comparative period.

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
AFFO	$ 13,061	$ 14,596	$ 40,061	$ 41,363
Distributions declared [1]	(13,006)	(13,236)	(39,319)	(39,398)
Excess of AFFO over distributions declared	**$ 55**	**$ 1,360**	**$ 742**	**$ 1,965**
AFFO payout ratio	**99.6%**	**90.7%**	**98.1%**	**95.2%**

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

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, 96.1% of the REIT's debt is now subject to fixed rates. The weighted average fixed rate of the REIT's interest rate swaps was 2.66% in comparison to one-month SOFR at 5.32% at September 30, 2023 with a weighted average term to maturity of 3.6 years.

On May 18, 2023, the REIT entered into a forward pay-fixed, receive-float swap contract to hedge the cash flow risk associated with monthly SOFR based interest payments, effective August 22, 2023, for $175.0 million. The swap is for a 5-year term maturing on August 22, 2028 with a pay-fixed rate of 3.465%.

On May 18, 2023, the REIT amended the $137.5 million interest rate swap with a pay-fixed rate of 1.691% to add a one-time cancellation option by the REIT's counterparty on July 24, 2024. The realized gain as a result of the amendment was blended into the pay-fixed rate of the swap, reducing the pay-fixed rate from 2.650% to 1.691%, effective May 22, 2023. As a result of this amendment, the cash flow hedge was deemed no longer to be an effective hedge and hedge accounting was discontinued. On the day of the amendment, $0.9 million was reclassified from the cash flow hedge reserve to profit or loss as the underlying cash flow was no longer expected to occur. The remaining $3.3 million cash flow hedge reserve will be amortized on a straight-line basis over the remaining expected terms of the hedged cash flows. Subsequent to the amendment, the interest rate swap is carried at fair value through profit or loss.

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.

The terms of the interest rate swaps are as follows:

					Total/ Weighted average
Pay-fixed rate	2.822 %	2.400 %	1.691 %	3.465 %	**2.660%**
Notional amount	$ 175,000	$ 137,500	$ 137,500	$ 175,000	**$ 625,000**
Receive-floating rate	One-month SOFR	One-month SOFR	One-month SOFR	One-month SOFR	
Maturity date	August 22, 2025	July 22, 2027 [1]	July 22, 2027 [2]	August 22, 2028	
Remaining term (years)	1.9	3.8	3.8	4.9	**3.6**

[1] The $137.5 million interest rate swap with a pay-fixed rate of 2.400% contains a one-time cancellation option by the REIT'S counterparty on July 24, 2025.
[2] The $137.5 million interest rate swap with a pay-fixed rate of 1.691% contains a one-time cancellation option by the REIT'S counterparty on July 24, 2024.

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 September 30, 2023, the deferred income tax expense was $1.6 million compared to the deferred tax recovery of $0.7 million in the same quarter of 2022. For the nine month period ended September 30, 2023, the deferred tax recovery was $2.5 million compared to the deferred tax expense of $30.0 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.

Fees to the Manager are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Asset management	$ 2,322	$ 2,098	$ 6,689	$ 5,981
Acquisition	—	2,403	—	2,684
Total	**$ 2,322**	**$ 4,501**	**$ 6,689**	**$ 8,665**

Related party transactions incurred and payable to the Manager for the three and nine month periods ended September 30, 2023 were $2.3 million and $6.7 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.

The REIT's key personnel include trustees and officers of the REIT. For the three and nine month periods ended September 30, 2023, trustee fees amounted to $0.2 million and $0.5 million, respectively (three and nine month periods ended September 30, 2022 – $0.1 million and $0.5 million, respectively).

MAJOR CASH FLOW COMPONENTS

The REIT is able to meet all of its obligations as they become due and has 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.

	Nine months ended September 30, 2023	2022
Operating activities	$ 64,878	$ 52,812
Investing activities	(11,473)	(429,987)
Financing activities	(52,061)	390,745
Increase in cash	**$ 1,344**	**$ 13,570**

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

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

Cash flows from financing activities relate to distributions paid to unitholders, repayments of debt, and repurchases of REIT units, partially offset by advances on the REIT's revolver and mortgages.

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 and term loans 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 swaps, 96.1% of the REIT's debt is subject to fixed rates.

Debt held by the REIT is as follows:

						September 30, 2023	December 31, 2022
	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	0.5	6.95 %	$ 169,560	$ (227)	$ 169,333	$ 123,027
Term loan [1 2 4]	March 21, 2025	1.5	6.85 %	225,000	(424)	224,576	224,368
Term loan 2 [1 2 4]	February 9, 2023	—	— %	—	—	—	82,951
Term loan 3 [1 2 4]	July 15, 2027	3.8	6.85 %	275,000	(4,206)	270,794	269,979
Mortgage	December 6, 2024	1.2	4.03 %	103,950	210	104,160	104,293
Mortgage	January 1, 2025	1.3	3.80 %	39,227	(207)	39,020	39,776
Mortgage	July 1, 2025	1.8	4.14 %	33,659	(145)	33,514	34,974
Mortgage	August 1, 2025	1.8	4.43 %	7,700	39	7,739	7,755
Mortgage	March 18, 2030	6.5	3.48 %	77,535	(1,042)	76,493	77,667
Mortgage	January 1, 2031	7.3	5.50 %	5,469	93	5,562	6,014
Mortgage	May 1, 2031	7.6	3.75 %	160,695	(2,272)	158,423	160,683
Mortgage	February 1, 2033	9.3	5.50 %	56,000	(872)	55,128	—
Total / weighted average		**2.9** [5]	**4.20** [6]	**$ 1,153,795**	**$ (9,053)**	**$ 1,144,742**	**$ 1,131,487**
Share of joint venture investments' debt						**208,112**	**209,978**
Total / weighted average, proportionate basis						**$ 1,352,854**	**$ 1,341,465**

[1] The weighted average interest rate has been calculated using the September 30, 2023 one-month SOFR for purposes of the revolver, term loan 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 (iv) 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 (iv) 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, 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 50 of the REIT's properties.

[5] Excludes 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 3.4 years.

[6] Includes the REIT's share of debt held in its joint ventures.

During the nine month period ended September 30, 2023, the REIT made principal drawdowns, net of repayments totaling $11.4 million on the REIT's existing revolver and mortgages.

On February 1, 2023, the REIT entered into a $56.0 million mortgage with a 2033 maturity. The net proceeds from the mortgage were used to paydown the REIT's term loan 2.

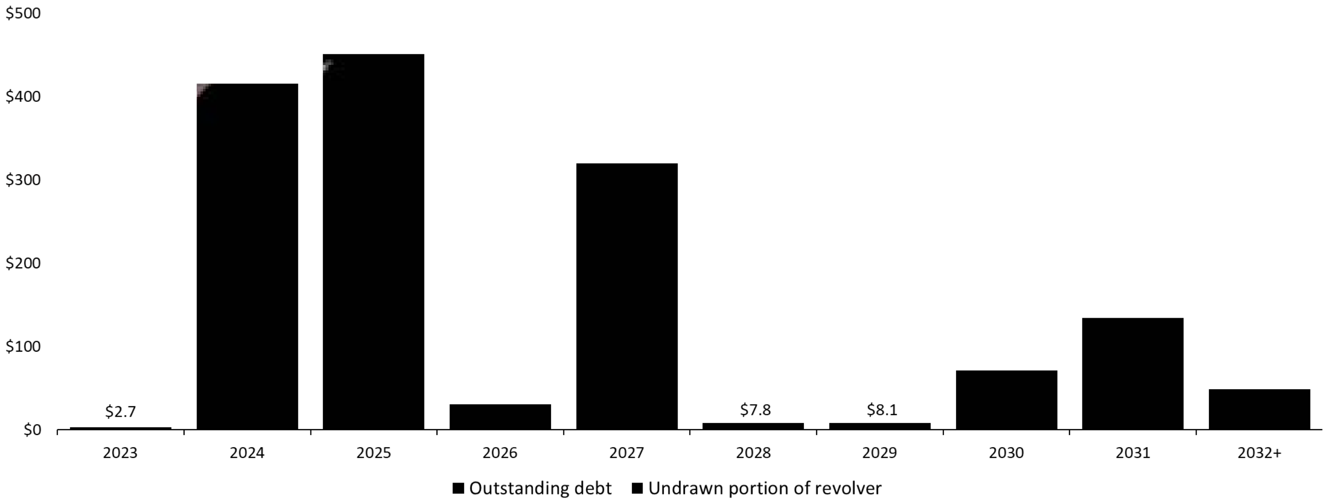
On July 15, 2022, the REIT entered into a $275.0 million term loan, with a 5-year term bearing interest at 175 basis points over adjusted one-month SOFR, subject to certain covenants. The proceeds from the term loan were used to fund acquisitions during the third quarter of 2022 and reduce borrowings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

On July 15, 2022, the REIT amended the interest rate benchmark from one-month LIBOR to one-month SOFR for its revolving credit facility, term loan and term loan 2 totaling $608.0 million.

The carrying amount of debt was $1.1 billion at September 30, 2023, which represents an increase of $13.3 million compared to December 31, 2022. The increase is mainly due to the aforementioned mortgage financing and revolver drawdowns partially offset by the repayment of term loan 2.

The weighted-average term of the REIT's debt is 2.9 years at a weighted average cost of 4.20%.

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 3.4 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:

	September 30, 2023	December 31, 2022
GBV	$ 2,244,401	$ 2,270,400
Debt	1,144,742	1,131,487
Leverage ratio	**51.0%**	**49.8%**

The REIT's leverage ratio is 51.0%, which is a 1.2% increase from December 31, 2022, primarily due to a decrease 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 and term loans are subject to financial and other covenants. The following are the primary financial covenants, with all terms defined by the lending agreement:

	Threshold	September 30, 2023	December 31, 2022
Maximum leverage ratio: consolidated total indebtedness shall not exceed 65% of gross asset value	< 65%	54.1%	54.2%
Minimum fixed charge coverage ratio: adjusted EBITDA to consolidated fixed charges shall not be less than 1.50x [1]	> 1.50x	2.13x	2.34x

[1] Adjusted EBITDA is a non-IFRS measure defined as earnings before interest, tax, depreciation, and amortization, as specified 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 September 30,			Nine months ended September 30,		
	2023	2022	Variance	2023	2022	Variance
Net income	**$ 12,370**	**$ 33,553**	**$ (21,183)**	**$ 16,487**	**$ 120,367**	**$ (103,880)**
Interest and finance costs	12,854	12,750	104	38,634	33,215	5,419
Change in fair value of financial instruments	782	—	782	(730)	—	(730)
Transaction costs	—	250	(250)	—	254	(254)
Change in fair value of properties	9,621	(1,442)	11,063	37,914	(78,505)	116,419
Deferred income tax (recovery) expense	1,583	(687)	2,270	(2,544)	29,965	(32,509)
Current income tax expense	981	37	944	2,442	751	1,691
Unit income	(1,685)	(1,858)	173	(2,719)	(1,862)	(857)
Adjustments for joint venture investment	6,664	(46)	6,710	12,587	(15,105)	27,692
Straight-line rent revenue	(391)	(254)	(137)	(665)	(63)	(602)
IFRIC 21 property tax adjustment	(6,532)	(6,333)	(199)	7,360	4,660	2,700
Adjusted EBITDA	**$ 36,247**	**$ 35,970**	**$ 277**	**$ 108,766**	**$ 93,677**	**$ 15,089**

	Three months ended September 30,			Nine months ended September 30,		
	2023	2022	Variance	2023	2022	Variance
Rental revenue	$ 50,629	$ 48,404	$ 2,225	$ 151,742	$ 126,830	$ 24,912
Property operating expenses	(8,830)	(7,675)	(1,155)	(54,582)	(42,719)	(11,863)
General and administrative expenses	(3,935)	(3,485)	(450)	(11,567)	(10,882)	(685)
Adjustments for joint venture investment	5,306	5,313	(7)	16,478	15,851	627
Straight-line rent revenue	(391)	(254)	(137)	(665)	(63)	(602)
IFRIC 21 property tax adjustment	(6,532)	(6,333)	(199)	7,360	4,660	2,700
Adjusted EBITDA	**$ 36,247**	**$ 35,970**	**$ 277**	**$ 108,766**	**$ 93,677**	**$ 15,089**

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 September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
NOI	$ 40,182	$ 39,455	$ 120,333	$ 104,559
General and administrative expenses	(3,935)	(3,485)	(11,567)	(10,882)
Adjusted EBITDA	**$ 36,247**	**$ 35,970**	**$ 108,766**	**$ 93,677**
Cash interest paid	(12,458)	(12,251)	(37,170)	(31,921)
Interest coverage ratio	**2.91x**	**2.94x**	**2.93x**	**2.93x**

The interest coverage ratio decreased from 2.94x to 2.91x for the three month period ended September 30, 2023. The decrease is due to the increases in cash interest paid and general and administrative expenses, partially offset by the aforementioned increases to NOI. For the nine month period ended September 30, 2023, the interest coverage ratio is in line with the comparative period.

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 September 30, 2023 is 51.0% (December 31, 2022 – 49.8%).

Contractual commitments

The REIT has the following contractual commitments:

	Total contractual cash flow	Remaining in 2023	2024-2025	2026-2027	Thereafter
Accounts payable and accrued liabilities [1]	$ 53,081	$ 53,081	$ —	$ —	$ —
Revolver [2 3]	169,560	—	169,560	—	—
Revolver interest payable [2 3 4]	5,892	3,139	2,753	—	—
Term loan [2 3]	225,000	—	225,000	—	—
Term loan interest payable [2 3]	22,353	3,966	18,387	—	—
Term loan 3 [3 5]	275,000	—	—	275,000	—
Term loan 3 interest payable [3 5]	63,842	4,847	35,059	23,936	—
Mortgages [1]	689,821	2,726	341,891	75,132	270,072
Mortgage interest payable [1]	120,769	7,266	50,019	25,780	37,704
Exchangeable units of subsidiaries	7,427	—	—	—	7,427
Total [5]	**$ 1,632,745**	**$ 75,025**	**$ 842,669**	**$ 399,848**	**$ 315,203**

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

[2] Revolver and term loan interest payable is calculated on $169.6 million and $225.0 million (balance outstanding) using an estimated "all in" interest rate of 7.09% and 6.99%, respectively under the "Remaining in 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 7.16% and 6.70%, respectively. The total revolver and term loan interest payable is calculated until maturity of the initial term.

[3] 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.

[4] 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.

[5] Term loan 3 interest payable is calculated on its balance outstanding at quarter end, using an estimated "all in" interest rate of 6.99%, respectively, under the "Remaining in 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 "all-in" interest rate to 6.07%. The total term loan 3 interest payable is calculated until maturity.

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 income.

REIT units and exchangeable units of subsidiaries outstanding for the nine month period ended September 30, 2023 and their respective class U equivalent amounts if converted are as follows:

	REIT units			Exchangeable units of subsidiaries			Total class U units equivalent
Class / type	U	A	I	LP1	LP2	GAR B	
Balance, December 31, 2022	60,205	147	18	28	747	132	61,277
Repurchased	(1,240)	—	—	—	—	—	(1,240)
Exchanged	20	(20)	—	—	—	—	—
Class U units equivalent, September 30, 2023	**58,985**	**127**	**18**	**28**	**747**	**132**	**60,037**

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. For the nine month period ended September 30, 2023, no units were issued under the ATM program (nine month period ended September 30, 2022 – 1.4 million units).

Normal Course Issuer Bid

On February 1, 2023, the REIT established an NCIB ending January 31, 2024. For the three month period ended September 30, 2023, 0.4 million class U units have been purchased and subsequently canceled under the NCIB for a total cost, including transaction costs, of $3.5 million, at a weighted average price of $9.43 (C$12.78) (three month period ended September 30, 2022 – nil). For the nine month period ended September 30, 2023, 1.2 million class U units have been purchased and subsequently canceled under the NCIB for a total cost, including transaction costs, of $11.9 million at an average price of $9.61 (C$13.00) (nine month period ended September 30, 2022 - nil).

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

	September 30, 2023	December 31, 2022
Accounts payable and accrued liabilities	$ 23,734	$ 16,315
Prepaid rent	6,899	6,438
Tenant improvements payable	5,950	5,844
Taxes payable	129	597
Other payables	10,451	9,179
Total	**$ 47,163**	**$ 38,373**

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:

	September 30, 2023	December 31, 2022
Rent receivable	$ 6,949	$ 7,193
Allowance	(1,367)	(1,096)
Accrued recovery income	10,077	9,279
Other receivables	6,301	8,273
Total	**$ 21,960**	**$ 23,649**

Rent receivable consists of base rent and operating expense recoveries. Management has provided for $1.4 million (December 31, 2022 – $1.1 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 period. 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:

	September 30, 2023	December 31, 2022
Current to 30 days	$ 1,850	$ 2,226
31 to 60 days	469	1,188
61 to 90 days	362	261
Greater than 90 days	2,901	2,422
Total	**$ 5,582**	**$ 6,097**

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:

			September 30, 2023		December 31, 2022	
Portfolio	Anchors	State	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:

				September 30, 2023	December 31, 2022
	Tom Thumb Portfolio	Other Grocery Portfolio	Other	Total	Total
Beginning of the period	$ 59,902	$ 46,146	$ 3,408	$ 109,456	$ 87,304
Distributions, net of contributions	(3,587)	(1,848)	—	(5,435)	(7,118)
Share of income in joint venture investments	3,373	466	52	3,891	29,270
End of the period	**$ 59,688**	**$ 44,764**	**$ 3,460**	**$ 107,912**	**$ 109,456**

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

				September 30, 2023	December 31, 2022
	Tom Thumb Portfolio	Other Grocery Portfolio	Other	Total	Total
Assets					
Properties	$ 182,497	$ 151,294	$ 20,800	$ 354,591	$ 359,647
Other non-current assets	—	1,012	—	1,012	1,165
Current assets	7,973	4,715	1,706	14,394	11,208
Total assets	**$ 190,470**	**$ 157,021**	**$ 22,506**	**$ 369,997**	**$ 372,020**
Liabilities					
Debt	$ 122,850	$ 101,214	$ 14,682	$ 238,746	$ 240,923
Other non-current liabilities	11	644	37	692	639
Current liabilities	3,577	2,499	867	6,943	5,107
Total liabilities	**$ 126,438**	**$ 104,357**	**$ 15,586**	**$ 246,381**	**$ 246,669**
Net assets at 100%	**$ 64,032**	**$ 52,664**	**$ 6,920**	**$ 123,616**	**$ 125,351**
At the REIT's interest	**$ 59,688**	**$ 44,764**	**$ 3,460**	**$ 107,912**	**$ 109,456**

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

	Tom Thumb Portfolio	Other Grocery Portfolio	Other	Three months ended September 30, 2023	2022
Rental revenue	$ 4,557	$ 4,325	$ 550	$ 9,432	$ 9,405
Property operating expenses	(1,009)	(656)	(72)	(1,737)	(1,671)
General and administrative expenses	(72)	(85)	(16)	(173)	(245)
Interest and finance costs	(1,057)	(1,041)	(125)	(2,223)	(2,201)
Change in fair value of financial instruments	—	(191)	—	(191)	695
Change in fair value of properties	(1,792)	(4,540)	(554)	(6,886)	282
Net income and comprehensive income at 100%	**$ 627**	**$ (2,188)**	**$ (217)**	**$ (1,778)**	**$ 6,265**
At the REIT's interest	**$ 613**	**$ (1,862)**	**$ (109)**	**$ (1,358)**	**$ 5,359**

	Tom Thumb Portfolio	Other Grocery Portfolio	Other	Nine months ended September 30, 2023	2022
Rental revenue	$ 13,971	$ 13,173	$ 1,639	$ 28,783	$ 27,643
Property operating expenses	(5,078)	(5,567)	(752)	(11,397)	(10,910)
General and administrative expenses	(417)	(264)	(16)	(697)	(822)
Interest and finance costs	(3,137)	(3,110)	(378)	(6,625)	(5,780)
Change in fair value of financial instruments	—	(153)	—	(153)	2,023
Change in fair value of properties	(1,701)	(3,529)	(389)	(5,619)	23,175
Net income and comprehensive income at 100%	**$ 3,638**	**$ 550**	**$ 104**	**$ 4,292**	**$ 35,329**
At the REIT's interest	**$ 3,373**	**$ 466**	**$ 52**	**$ 3,891**	**$ 30,956**

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 refinancings

On August 1, 2023, the REIT amended the interest rate benchmark from one-month London Inter-Bank Offering Rate ("LIBOR") to one-month Secured Overnight Financing Rate ("SOFR") in relation to the Other Grocery Portfolio's existing mortgage and interest rate swap, which both mature on September 1, 2025.

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%, which 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.

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.

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:

	September 30, 2023	December 31, 2022
Assets		
Property	$ 2,058,135	$ 2,086,638
Other non-current assets	127,768	127,038
Current assets	56,709	50,909
Total assets	**$ 2,242,612**	**$ 2,264,585**
Liabilities		
Debt	$ 1,144,745	$ 1,131,486
Other non-current liabilities	20,760	29,161
Current liabilities	42,910	33,078
Total liabilities	**$ 1,208,415**	**$ 1,193,725**
Net assets	**$ 1,034,197**	**$ 1,070,860**
Net assets attributable to		
Unitholders of the REIT	$ 850,197	$ 880,268
Non-controlling interest	$ 184,000	$ 190,592

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Rental revenue	$ 50,629	$ 41,308	$ 151,742	$ 51,574
Property operating expenses	(8,830)	(6,599)	(54,582)	(12,900)
General and administrative expenses	(3,010)	(2,269)	(8,676)	(2,357)
Interest and finance costs	(12,863)	(11,005)	(38,659)	(13,182)
Transaction costs	—	(212)	—	(212)
Change in fair value of property	(9,621)	(226)	(37,914)	9,737
Exchange unit distributions	—	(156)	—	(156)
Share of (loss) income in joint venture investments	(1,357)	5,987	3,891	5,987
Change in fair value of financial instruments	(782)	—	730	—
Change in fair value of exchangeable units of subsidiaries	—	1,201	—	1,201
Current income tax recovery (expense)	—	3	(149)	(17)
Deferred income tax recovery (expense)	—	676	—	(3,469)
Net income	**$ 14,166**	**$ 28,708**	**$ 16,383**	**$ 36,206**
Items to be subsequently reclassified to profit or loss				
Gain on effective hedges of interest rate risk, net of tax	6,765	15,361	13,589	15,361
Reclassification of other comprehensive income reserve to profit or loss	(192)	—	(1,234)	—
Reclassification of effective hedges of interest rate risk to profit or loss	(3,069)	426	(9,042)	426
Other comprehensive income	3,504	15,787	3,313	15,787
Comprehensive income	**$ 17,670**	**$ 44,495**	**$ 19,696**	**$ 51,993**
Comprehensive income attributable to				
Unitholders of the REIT	$ 13,729	$ 36,079	$ 14,195	$ 42,827
Non-controlling interest	$ 3,941	$ 8,416	$ 5,501	$ 9,166

SUBSEQUENT EVENTS

i. On October 16, 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.

PART V – ACCOUNTING AND CONTROL

USE OF ESTIMATES

The preparation of the REIT's consolidated financial statements in accordance 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 the 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 September 30, 2023 is included on page 26 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 nine month period ended September 30, 2023.

The REIT's CEO and CFO, along with the assistance of others, have designed disclosure controls and procedures to provide reasonable assurance that material information relating to the REIT is made known to the CEO and CFO, and have designed internal controls over financial reporting and disclosure to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS, as at September 30, 2023.

No changes were made in the REIT's design of ICFR during the nine month period ended September 30, 2023 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 September 30, 2023, 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 94.1%.

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		79.5%	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		92.5%	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		90.6%	Winn-Dixie
Wedgewood Commons	Stuart	Martin/St. Lucie	167,972		83.8%	Publix
Mission Hills Shopping Center	Naples	Naples-Marco Island	85,078		100.0%	Winn-Dixie
Barclay Square	Largo	Tampa-St. Petersburg-Clearwater	89,149		82.4%	Walmart
River Run	Miramar	Miami-Fort Lauderdale-West Palm Beach	93,643		97.6%	Publix
Sheridan Square	Dania Beach	Miami-Fort Lauderdale-West Palm Beach	66,913		93.0%	Center
Flamingo Falls	Pembroke Pines	Miami-Fort Lauderdale-West Palm Beach	108,385		94.8%	The Fresh Market
Northlake Commons (FL)	Palm Beach	Miami-Fort Lauderdale-West Palm Beach	123,556		95.3%	Ross Dress for Less
Countryside Shoppes	Naples	Naples-Marco Island	73,986		95.5%	Aldi
Creekwood Crossing	Bradenton	North Port-Sarasota-Bradenton	235,459		98.8%	Beall's
Skyview Plaza	Orlando	Orlando	265,285		96.5%	Presidente Supermarket
Total Florida			**2,469,396**	**16.1%**		
11 Galleria	Greenville	Greenville-Anderson	55,608		83.3%	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		93.9%	Walmart
Mooresville Town Square	Mooresville	Charlotte-Concord-Gastonia	98,262		96.8%	Lowe's Foods
Harper Hills Commons	Winston-Salem	Winston-Salem	96,914		91.9%	Harris Teeter
Renaissance Square	Davidson	Charlotte-Concord-Gastonia	80,813		94.1%	Harris Teeter
Alexander Pointe	Salisbury	Charlotte-Concord-Gastonia	57,710		100.0%	Harris Teeter
North Summit Square	Winston-Salem	Winston-Salem	224,530		96.0%	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		87.3%	Food Lion
Clayton Corners	Clayton	Raleigh	125,708		98.0%	Lowe's Foods
Total North Carolina			**1,917,938**	**12.5%**		
Beach Shopping Center	Peekskill	New York–Newark	204,532		88.1%	Stop & Shop
Mid Valley Mall	Newburgh	New York–Newark	210,348		82.6%	Market 32 (Price Chopper)
Panorama Plaza	Penfield	Rochester	250,807		75.7%	Tops Markets
Crossroads Centre-Orchard Park	Orchard Park	Buffalo-Niagara Falls	150,990		96.7%	Tops Markets
Cheektowaga	Cheektowaga	Buffalo-Niagara Falls	136,312		93.1%	Tops Markets
Amherst	Amherst	Buffalo-Niagara Falls	128,896		90.5%	Tops Markets
Ontario	Ontario	Rochester	69,343		100.0%	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		91.9%	Tops Markets
Culver Ridge Plaza	Irondequoit	Rochester	202,875		65.2%	Vacant
Mahopac Village Centre	Mahopac	New York–Newark	126,379		96.4%	Acme Markets
Total New York			**1,691,848**	**11.1%**		

Property	Location	Associated MSA	Area (SF)	% of Total	Occ. %	Anchor
Abbott's Village	Alpharetta	Atlanta-Sandy Springs-Alpharetta	109,586		87.2%	Publix
Birmingham Shoppes	Milton	Atlanta-Sandy Springs-Alpharetta	82,905		98.8%	Publix
Duluth Station	Duluth	Atlanta-Sandy Springs-Alpharetta	94,966		100.0%	Publix
Locust Grove	Locust Grove	Atlanta-Sandy Springs-Alpharetta	89,567		95.3%	Publix
Merchants Crossing	Newnan	Atlanta-Sandy Springs-Alpharetta	174,059		97.5%	Kroger
Robson Crossing	Flowery Branch	Atlanta-Sandy Springs-Alpharetta	103,840		100.0%	Publix
Midway Plaza	Loganville	Atlanta-Sandy Springs-Alpharetta	82,076		95.4%	Kroger
Parkway Station	Warner Robins	Atlanta-Sandy Springs-Alpharetta	94,317		98.2%	Kroger
Riverstone Plaza	Canton	Atlanta	307,661		96.7%	Publix
Total Georgia			**1,138,977**	**7.4%**		
Lake Raystown Plaza	Huntingdon	Harrisburg	140,159		100.0%	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		96.9%	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		96.8%	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		92.6%	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		98.7%	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	Carrolton	Dallas-Ft Worth-Arlington	85,698		95.9%	Tom Thumb
Total Texas			**832,039**	**5.4%**		
East Little Creek	Norfolk	Virginia Beach-Norfolk-Newport News	66,120		100.0%	Kroger
Bermuda Crossroads	Chester	Richmond	122,566		88.9%	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		100.0%	Harris Teeter
Smithfield Shopping Plaza	Smithfield	Virginia Beach-Norfolk-Newport News	134,664		94.8%	Kroger
Apple Blossom Corners	Winchester	Winchester-Frederick	242,703		99.5%	Martin's
Total Virginia			**719,888**	**4.7%**		
East Brainerd Mall	Brainerd	Minneapolis-St Paul	193,689		95.5%	Cub Foods
Mapleridge Center	Maplewood	Minneapolis-St Paul	118,828		87.3%	Hy-Vee
North Branch Marketplace	North Branch	Minneapolis-St Paul	72,895		98.2%	County Market
Phalen Retail Center	St Paul	Minneapolis-St Paul	73,678		97.8%	Cub Foods
Plymouth Station	Plymouth	Minneapolis-St Paul	114,069		95.0%	Hy-Vee
Total Minnesota			**573,159**	**3.7%**		
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	162,374		92.0%	Kroger
Total Ohio			**556,850**	**3.6%**		

Property	Location	Associated MSA	Area (SF)	% of Total	Occ. %	Anchor
Highland Square	Crossville	Nashville-Davidson-Murfreesboro-Franklin	179,732		98.2%	Kroger
North Hixson Marketplace	Hixson	Chattanooga	64,254		98.1%	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**	**3.4%**		
Cambridge Crossings	Troy	Detroit-Warren-Dearborn	238,963		96.8%	Walmart
Canton Shopping Center	Canton	Detroit-Warren-Dearborn	72,631		99.0%	ALDI
City Center Plaza	Westland	Detroit-Warren-Dearborn	97,670		94.1%	Kroger
Windmill Plaza	Sterling Heights	Detroit-Warren-Dearborn	101,611		96.3%	Kroger
Total Michigan			**510,875**	**3.3%**		
Glidden Crossing	DeKalb	Chicago-Naperville-Elgin	98,683		90.9%	Schnucks
North Lake Commons	Lake Zurich	Chicago-Naperville-Elgin	121,099		89.8%	Jewel-Osco
Prairie Point	Aurora	Chicago-Naperville-Elgin	91,535		100.0%	Mariano's
Plaza St. Clair	Fairview Heights	St. Louis	97,535		78.6%	Schnucks
Total Illinois			**408,852**	**2.7%**		
Charles Town Plaza	Charles Town	Washington-Baltimore	208,888		99.2%	Walmart
Eastpointe Shopping Center	Clarksburg	Morgantown	181,016		99.8%	Kroger
Total West Virginia			**389,904**	**2.6%**		
Riverdale Shops	West Springfield	Springfield	273,531		96.0%	Stop & Shop
Total Massachusetts			**273,531**	**1.8%**		
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%**		
Crossroads Shopping Center	Schererville	Chicago-Naperville-Elgin	129,307		90.6%	Strack & Van Til
Glenlake Plaza	Indianapolis	Indianapolis-Carmel-Anderson	104,679		92.4%	Kroger
Total Indiana			**233,986**	**1.5%**		
Pine Creek Shopping Center	Grass Valley	Sacramento-Roseville	194,872		95.7%	Raley's
Total California			**194,872**	**1.3%**		
Centerplace of Greeley	Greeley	Greeley	151,548		100.0%	Safeway
Total Colorado			**151,548**	**1.0%**		
Derry Meadows Shoppes	Derry	Manchester-Nashua	151,945		93.2%	Hannaford Brothers
Total New Hampshire			**151,945**	**1.0%**		
Taylorsville Town Center	Taylorsville	Salt Lake City	127,507		69.2%	Macey's Inc
Total Utah			**127,507**	**0.8%**		
Forest Plaza	Fond du Lac	Fond du Lac	123,028		100.0%	Pick 'n Save
Total Wisconsin			**123,028**	**0.8%**		
Stone House Square	Hagerstown	Washington-Baltimore	112,274		89.9%	Weis Markets
Total Maryland			**112,274**	**0.7%**		
Stonefield Square	Louisville	Louisville	80,866		90.9%	Crunch Fitness
Total Kentucky			**80,866**	**0.5%**		
Total / WA			**15,316,802**	**100.0%**	**94.1%**	

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

Christopher Chee [3]
Corporate Director

Patrick Flatley [3]
Corporate Director

Marc Rouleau [1 2]
Corporate Director

Mary Vitug [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

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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).

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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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