Slate Grocery REIT

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three month period ended March 31, 2024

(Unaudited)

Slate Grocery REIT

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(unaudited – in thousands of United States dollars, unless otherwise stated)

	Note	March 31, 2024	December 31, 2023
ASSETS			
Non-current assets			
Properties	4	$ 2,061,799	$ 2,062,599
Joint venture investments	5	108,486	107,101
Interest rate swaps	7	14,621	7,652
Other assets		558	718
		$ 2,185,464	**$ 2,178,070**
Current assets			
Cash		23,407	23,587
Accounts receivable	6	21,846	22,172
Other assets		6,167	6,985
Prepaids		4,307	4,984
		$ 55,727	**$ 57,728**
Total assets		**$ 2,241,191**	**$ 2,235,798**
LIABILITIES			
Non-current liabilities			
Debt	8	$ 595,634	$ 859,637
Deferred income taxes		149,417	146,651
Other liabilities		4,365	4,346
		$ 749,416	**$ 1,010,634**
Current liabilities			
Debt	8	569,402	302,119
Accounts payable and accrued liabilities	10	41,292	43,217
Distributions payable	12	4,323	4,323
Exchangeable units of subsidiaries	11	7,661	8,269
		$ 622,678	**$ 357,928**
Total liabilities		**$ 1,372,094**	**$ 1,368,562**
EQUITY			
Unitholders' equity		$ 688,102	$ 687,443
Non-controlling interest	13	180,995	179,793
Total equity		**$ 869,097**	**$ 867,236**
Total liabilities and equity		**$ 2,241,191**	**$ 2,235,798**

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

Slate Grocery REIT

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME (LOSS)

(unaudited – in thousands of United States dollars, unless otherwise stated)

		Three months ended March 31,	
	Note	2024	2023
Rental revenue	14	$ 51,915	$ 50,789
Property operating expenses		(37,600)	(36,917)
General and administrative expenses	15	(3,945)	(3,847)
Interest and finance costs	16	(14,017)	(13,237)
Share of income in joint venture investments	5	2,695	1,459
Change in fair value of financial instruments		2,186	—
Change in fair value of properties	4	13,682	(17,880)
Net income (loss) before income taxes and unit income		**$ 14,916**	**$ (19,633)**
Deferred income tax (expense) recovery	9	(1,591)	4,624
Current income tax expense	9	(325)	(724)
Unit income	17	612	902
Net income (loss)		**$ 13,612**	**$ (14,831)**
Net income (loss) attributable to			
Unitholders		$ 10,858	$ (12,100)
Non-controlling interest	13	2,754	(2,731)

Slate Grocery REIT

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(unaudited – in thousands of United States dollars, unless otherwise stated)

		Three months ended March 31,	
	Note	2024	2023
Net income (loss)		$ 13,612	$ (14,831)
Items to be subsequently reclassified to profit or loss			
Gain (loss) on effective hedges of interest rate risk, net of tax	7	5,760	(1,903)
Reclassification of other comprehensive income reserve to profit or loss		(143)	—
Reclassification of effective hedges of interest rate risk to profit or loss	7	(2,201)	(2,130)
Other comprehensive income (loss)		**$ 3,416**	**$ (4,033)**
Comprehensive income (loss)		**$ 17,028**	**$ (18,864)**
Comprehensive income (loss) attributed to			
Unitholders		$ 13,431	$ (15,137)
Non-controlling interest	13	3,597	(3,727)

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

Slate Grocery REIT

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(unaudited – in thousands of United States dollars, unless otherwise stated)

	Note	REIT units	Retained earnings	Accumulated comprehensive income	Capital reserve	Non-controlling interest	**Total**
December 31, 2023		$ 584,769	$ 96,835	$ 7,263	$ (1,424)	$ 179,793	**$ 867,236**
Net income and other comprehensive income		—	10,858	2,573	—	3,597	**17,028**
Distributions	12	—	(12,772)	—	—	(2,395)	**(15,167)**
March 31, 2024		**$ 584,769**	**$ 94,921**	**$ 9,836**	**$ (1,424)**	**$ 180,995**	**$ 869,097**

	Note	REIT units	Retained earnings	Accumulated comprehensive income (loss)	Capital reserve	Non-controlling interest	**Total**
December 31, 2022		$ 596,701	$ 133,314	$ 11,919	$ (1,424)	$ 190,592	**$ 931,102**
Net loss and other comprehensive loss		—	(12,100)	(3,037)	—	(3,727)	**(18,864)**
Distributions	12	—	(13,022)	—	—	(3,582)	**(16,604)**
Repurchases, net of costs	12	(2,392)	—	—	—	—	**(2,392)**
March 31, 2023		**$ 594,309**	**$ 108,192**	**$ 8,882**	**$ (1,424)**	**$ 183,283**	**$ 893,242**

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

Slate Grocery REIT

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(unaudited – in thousands of United States dollars, unless otherwise stated)

		Three months ended March 31,	
	Note	2024	2023
OPERATING ACTIVITIES			
Net income (loss)		$ 13,612	$ (14,831)
Items not affecting cash			
Straight-line rent	4	(114)	(118)
Change in fair value of financial instruments		(2,186)	—
Change in fair value of properties	4	(13,682)	17,880
IFRIC 21 property tax adjustment	4	21,145	20,547
Deferred income tax expense (recovery)	9	1,591	(4,624)
Unit income	17	(612)	(902)
Share of income in joint venture investments	5	(2,695)	(1,459)
Interest and finance costs	16	14,017	13,237
Cash interest paid, net	16	(13,585)	(12,637)
Changes in working capital items		(452)	2,086
		$ 17,039	**$ 19,179**
INVESTING ACTIVITIES			
Distributions from joint venture investments	5	1,310	1,782
Funds held in escrow		852	593
Capital expenditures	4	(736)	(1,082)
Leasing costs	4	(808)	(684)
Tenant improvements	4	(1,558)	(807)
Development and expansion capital	4	(3,447)	(1,925)
		$ (4,387)	**$ (2,123)**
FINANCING ACTIVITIES			
Revolver advances, net of financing costs	22	4,875	34,571
Term loan advances, net of financing costs	22	—	55,071
Revolver, term loan and mortgage repayments	22	(2,344)	(87,196)
Repurchases of REIT units, net	12	—	(2,392)
REIT unit distributions	12	(12,772)	(13,040)
Exchangeable units of subsidiaries distributions	17	(196)	(196)
Distributions to non-controlling interest		(2,395)	(3,582)
		$ (12,832)	**$ (16,764)**
(Decrease) increase in cash		**(180)**	**292**
Cash, beginning of the period		**23,587**	**20,392**
Cash, end of the period		**$ 23,407**	**$ 20,684**

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

1. DESCRIPTION OF THE REIT AND OPERATIONS

Slate Grocery REIT (the "REIT") is an unincorporated, open-ended mutual fund trust 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 "properties") in the United States of America (the "U.S.").

The class U units of the REIT trade on the Toronto Stock Exchange ("TSX") under the symbols SGR.U and SGR.UN. The principal, registered, and head office of the REIT is 121 King Street West, Suite 200, Toronto, Ontario, M5H 3T9.

The objectives of the REIT are to:

- provide unitholders with stable cash distributions from a portfolio of grocery-anchored real estate properties in the U.S.;
- enhance the value of the REIT's assets in order to maximize long-term unitholder value through active management; and
- expand the asset base of the REIT and increase the REIT's earnings on a per unit basis, including through accretive acquisitions.

2. BASIS OF PREPARATION

i. Statement of compliance

These condensed consolidated interim financial statements, (the "consolidated financial statements") have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting,* as issued by the International Accounting Standards Board ("IASB").

ii. Approval of the consolidated financial statements

The consolidated financial statements were approved by the trustees of the REIT and authorized for issuance on April 30, 2024.

iii. Basis of measurement

These consolidated financial statements have been prepared on a going concern basis and measured at historical cost except for properties and certain financial instruments, which are measured at fair value.

The application of the going concern basis of preparation assumes that the REIT will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The REIT expects to continue as a going concern for the foreseeable future.

iv. Functional and presentation currency

These consolidated financial statements are presented in U.S. dollars, which is the REIT's functional currency and the functional currency of all its subsidiaries.

v. Comparative information

Certain comparative balances have been reclassified in the consolidated financial statements to provide consistency with the current period classification. The aforementioned changes are not material to the financial statements as a whole.

3. MATERIAL ACCOUNTING POLICY INFORMATION

A summary of material accounting policy information is included in note 3 of the audited comparative consolidated financial statements of the REIT as at and for the year ended December 31, 2023. These consolidated financial statements follow the same accounting policies and methods of computation as used in the REIT's most recent annual consolidated financial statements, except as described below.

These consolidated financial statements do not include all the information and disclosures required in the annual financial statements prepared under International Financial Reporting Standards ("IFRS") and should be read in conjunction with the REIT's audited comparative consolidated financial statements as at and for the year ended December 31, 2023.

Application of new and revised IFRS

Amendments to IAS 1

In January 2020 and October 2022, the IASB issued amendments to IAS 1, *Classification of Liabilities as Current or Non-Current,* to specify the requirements for the classification of liabilities as either current or non-current. The amendments clarified the following:

i. Right to defer settlement – that if an entity's right to defer settlement is subject to compliance with future covenants, the entity has a right to defer settlement of the liability regardless of compliance with such covenants at the end of the reporting period.

ii. Expected deferrals – that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer the settlement of the liability for at least twelve months following the reporting period even if settlement occurs prior to the authorization of the issuance of the financial statements.

(unaudited – in thousands of United States dollars, unless otherwise stated)

iii. Settlement by way of own instruments – that settlement by way of an entity's own equity instruments is considered settlement for classification purposes with the exception of a conversion option that itself is classified as an equity instrument.

The amendment also provided for additional disclosures surrounding non-current liabilities for which a right to defer settlement is subject to compliance with future covenants within twelve months.

The REIT adopted the amendments, on a retrospective basis, effective for the annual period beginning on January 1, 2024. As a result of the amendments, the REIT reclassified the following liabilities from non-current to current in the consolidated statements of financial position:

	March 31, 2024	December 31, 2023
Exchangeable units of subsidiaries	$ 7,661	$ 8,269
Other liabilities	861	736
Total	**$ 8,522**	**$ 9,005**

The other liabilities transferred to current were reclassified to the accounts payable and accrued liabilities line item in the condensed consolidated interim statements of financial position. There were no further material changes as a result of the adoption of the amendments.

4. PROPERTIES

On March 31, 2024, the REIT owned 117 properties (March 31, 2023 - 117 properties), of which, 102 are in entities consolidated by the REIT. The remaining 15 properties are accounted as joint venture investments (note 5) and not included in the table below.

The change in properties is as follows:

	Three months ended March 31,		Year ended December 31,
	2024	2023	2023
Beginning of the period	$ 2,062,599	$ 2,087,432	$ 2,087,432
Acquisitions	—	—	201
Capital expenditures	736	1,082	4,521
Leasing costs	808	684	3,083
Tenant improvements	1,558	807	3,891
Development and expansion capital	3,447	1,925	13,100
Straight-line rent	114	118	760
IFRIC 21 property tax adjustment	(21,145)	(20,547)	—
Change in fair value	13,682	(17,880)	(50,389)
End of the period	**$ 2,061,799**	**$ 2,053,621**	**$ 2,062,599**

Valuation assumptions used to estimate the fair value of all the REIT's properties are as follows:

	March 31, 2024 [1]	December 31, 2023 [1]
Capitalization rate range	5.9% – 9.2%	6.0% – 9.2%
Weighted average capitalization rate	7.2 %	7.2 %

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

(unaudited – in thousands of United States dollars, unless otherwise stated)

The following table presents the estimated change to the fair value of the REIT's properties when there is an increase or decrease to the capitalization rates as at March 31, 2024:

(Decrease) Increase in capitalization rate	Change in fair value of properties [1]
(1.00%)	$ 394,936
(0.75%)	284,525
(0.50%)	182,495
(0.25%)	87,917
0.25%	(81,941)
0.50%	(158,500)
0.75%	(230,192)
1.00%	(297,470)

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

The following table presents the estimated change to the fair value of the REIT's properties when there is an increase or decrease to the REIT's stabilized net operating income as at March 31, 2024:

(Decrease) Increase in stabilized net operating income	Change in fair value of properties [1]
$(100)	$ (1,387)
$100	1,387

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

5. 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:

			March 31, 2024		December 31, 2023	
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%
Other	Kroger	Michigan	1	50%	1	50%

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

				March 31, 2024	December 31, 2023
	Tom Thumb Portfolio	Other Grocery Portfolio	Other	Total	Total
Beginning of the period	$ 58,388	$ 45,193	$ 3,520	$ 107,101	$ 109,456
Distributions	(1,310)	—	—	(1,310)	(6,063)
Share of (loss) income in joint venture investments	(1,028)	3,656	67	2,695	3,708
End of the period	**$ 56,050**	**$ 48,849**	**$ 3,587**	**$ 108,486**	**$ 107,101**

(unaudited – in thousands of United States dollars, unless otherwise stated)

6. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	March 31, 2024	December 31, 2023
Rent receivable	$ 7,621	$ 7,501
Allowance	(1,295)	(1,171)
Accrued recovery income	8,312	8,949
Other receivables	7,208	6,893
Total	**$ 21,846**	**$ 22,172**

Rent receivable consists of base rent and operating expense recoveries billed to tenants. Accrued recovery income represents amounts that have not been billed to the tenants and are generally billed and paid subsequent to the period in which they were incurred. Other receivables is primarily comprised of the gross amount of consideration for property taxes paid directly by tenants.

The change in the allowance is as follows:

	March 31, 2024	December 31, 2023
Beginning of the period	$ (1,171)	$ (1,096)
Allowance	(153)	(854)
Bad debt write-off	—	415
Bad debt recovery	29	364
End of the period	**$ (1,295)**	**$ (1,171)**

The REIT measures the allowance at an amount equal to lifetime expected losses by taking into account past default experience and considering both current and potential bankruptcy, abandonment by tenants and certain tenant disputes.

The aging analysis of rent receivable balances, net of allowance, is as follows:

	March 31, 2024	December 31, 2023
Current to 30 days	$ 2,730	$ 3,332
31 to 60 days	773	446
61 to 90 days	324	125
Greater than 90 days	2,499	2,427
Total	**$ 6,326**	**$ 6,330**

(unaudited – in thousands of United States dollars, unless otherwise stated)

7. INTEREST RATE SWAPS

The REIT has entered into certain pay-fixed receive-float interest rate swap contracts to hedge the cash flow risk associated with monthly SOFR based interest payments on the REIT's floating rate debt.

The terms of the interest rate swaps are as follows:

					Total/ Weighted average
Pay-fixed rate	2.822 %	2.400 %	3.615 %	3.465 %	**3.084%**
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	August 22, 2028	
Remaining term (years)	1.4	3.3	3.3	4.4	**3.1**

[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.

On November 15, 2023, the REIT amended the $137.5 million interest rate swap with a pay-fixed rate of 3.615% and maturity date of July 22, 2027. The one-time cancellation option that was in place prior to the amendment was removed and this swap is carried at fair value through profit or loss.

On May 18, 2023, the REIT amended the $137.5 million interest rate swap with a pay-fixed rate of 1.691% and maturity date of July 22, 2027 by adding a one-time cancellation option by the REIT's counterparty on July 24, 2024. 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 is amortized on a straight-line basis over the remaining expected terms of the hedged cash flows. Subsequent to the amendment, the swap is carried at fair value through profit or loss.

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%.

A reconciliation of the change in the fair value of the interest rate swaps and related deferred tax impact is as follows:

	Note	Fair value of interest rate swaps	Deferred income tax	Net impact after tax
Balance, December 31, 2023		$ 7,652	$ (1,959)	$ 5,693
Change in fair value of effective hedges of interest rate risk		7,741	(1,981)	5,760
Change in fair value of financial instrument through profit or loss		2,785	(713)	2,072
Net payments received on effective hedges of interest rate risk	16	(2,958)	757	(2,201)
Net payments received on financial instrument through profit or loss	16	(599)	153	(446)
Balance, March 31, 2024		**$ 14,621**	**$ (3,743)**	**$ 10,878**

	Note	Fair value of interest rate swaps	Deferred income tax	Net impact after tax
Balance, December 31, 2022		$ 18,731	$ (4,793)	$ 13,938
Change in fair value of effective hedges of interest rate risk		(2,558)	655	(1,903)
Net payments received on effective hedges of interest rate risk	16	(2,863)	733	(2,130)
Balance, March 31, 2023		**$ 13,310**	**$ (3,405)**	**$ 9,905**

(unaudited – in thousands of United States dollars, unless otherwise stated)

8. DEBT

Debt held by the REIT at March 31, 2024 is as follows:

	Maturity	Remaining extension options	Coupon	Properties provided as security	Fair value of security	Maximum available	Principal	Available to be drawn [1]
Revolver [1 2]	September 21, 2024	One six-month	S+170 bps [3 4]	N/A [5]	N/A [5]	$ 300,000	$ 193,460	$ 106,540
Term loan	March 21, 2025	None	S+160 bps [3 4]	N/A [5]	N/A [5]	225,000	225,000	—
Term loan 3	July 15, 2027	None	S+160 bps [3 4]	N/A [5]	N/A [5]	275,000	275,000	—
Mortgage	December 6, 2024	None	4.03%	11	153,889	103,950	103,950	—
Mortgage	January 1, 2025	None	3.80%	3	92,000	38,625	38,625	—
Mortgage	July 1, 2025	None	4.14%	5	80,700	32,614	32,614	—
Mortgage	August 1, 2025	None	4.43%	1	12,111	7,700	7,700	—
Mortgage	March 18, 2030	None	3.48%	8	153,100	76,640	76,640	—
Mortgage	January 1, 2031	None	5.50%	1	23,400	5,162	5,162	—
Mortgage	May 1, 2031	None	3.75%	19	317,000	159,000	159,000	—
Mortgage	February 1, 2033	None	5.50%	5	102,300	55,939	55,939	—
Total						**$ 1,279,630**	**$ 1,173,090**	**$ 106,540**

Debt held by the REIT at December 31, 2023 is as follows:

	Maturity	Remaining extension options	Coupon	Properties provided as security	Fair value of security	Maximum available	Principal	Available to be drawn [1]
Revolver [1 2]	March 21, 2024	Two six-month	S+170 bps [3 4]	N/A [5]	N/A [5]	$ 300,000	$ 188,360	$ 111,640
Term loan	March 21, 2025	None	S+160 bps [3 4]	N/A [5]	N/A [5]	225,000	225,000	—
Term loan 3	July 15, 2027	None	S+160 bps [3 4]	N/A [5]	N/A [5]	275,000	275,000	—
Mortgage	December 6, 2024	None	4.03%	11	156,333	103,950	103,950	—
Mortgage	January 1, 2025	None	3.80%	3	92,000	38,927	38,927	—
Mortgage	July 1, 2025	None	4.14%	5	80,500	33,139	33,139	—
Mortgage	August 1, 2025	None	4.43%	1	13,667	7,700	7,700	—
Mortgage	March 18, 2030	None	3.48%	8	154,000	77,089	77,089	—
Mortgage	January 1, 2031	None	5.50%	1	23,400	5,317	5,317	—
Mortgage	May 1, 2031	None	3.75%	19	314,200	159,852	159,852	—
Mortgage	February 1, 2033	None	5.50%	5	100,900	56,000	56,000	—
Total						**$ 1,281,974**	**$ 1,170,334**	**$ 111,640**

[1] Debt available to be drawn is subject to certain covenants as provided in the REIT's lending agreements, including generally, a maximum of 65% consolidated total indebtedness to gross asset value (the "consolidated leverage ratio"). The calculation of the consolidated leverage ratio is provided in note 19.

[2] 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.

[3] "S" means one-month SOFR, and "bps" means basis points.

[4] 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 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.

[5] Debt is 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 at March 31, 2024 (December 31, 2023 – 50).

(unaudited – in thousands of United States dollars, unless otherwise stated)

The carrying value of debt held by the REIT at March 31, 2024 is as follows:

	Effective rate[1]	Principal	Mark-to-market ("MTM") adjustments and costs	Accumulated amortization of MTM adjustments and costs[2]	Carrying amount	Current	Non-current
Revolver	7.04%	$ 193,460	$ (2,297)	$ 2,072	$ 193,235	$ 193,235	$ —
Term loan	6.94%	225,000	(1,377)	1,096	224,719	224,719	—
Term loan 3	6.94%	275,000	(5,381)	1,717	271,336	—	271,336
Mortgage	4.03%	103,950	570	(449)	104,071	104,071	—
Mortgage	3.80%	38,625	(1,549)	1,422	38,498	38,498	—
Mortgage	4.14%	32,614	(1,079)	970	32,505	2,157	30,348
Mortgage	4.43%	7,700	78	(49)	7,729	—	7,729
Mortgage	3.48%	76,640	(1,562)	606	75,684	1,837	73,847
Mortgage	5.50%	5,162	127	(39)	5,250	640	4,610
Mortgage	3.75%	159,000	(3,133)	1,025	156,892	3,487	153,405
Mortgage	5.50%	55,939	(929)	107	55,117	758	54,359
Total		**$ 1,173,090**	**$ (16,532)**	**$ 8,478**	**$ 1,165,036**	**$ 569,402**	**$ 595,634**

The carrying value of debt held by the REIT at December 31, 2023 is as follows:

	Effective rate[1]	Principal	MTM adjustments and costs	Accumulated amortization of MTM adjustments and costs[2]	Carrying amount	Current	Non-current
Revolver	7.04%	$ 188,360	$ (2,072)	$ 1,820	$ 188,108	$ 188,108	$ —
Term loan	6.94%	225,000	(1,377)	1,024	224,647	—	224,647
Term loan 3	6.94%	275,000	(5,381)	1,446	271,065	—	271,065
Mortgage	4.03%	103,950	570	(405)	104,115	104,115	—
Mortgage	3.80%	38,927	(1,549)	1,382	38,760	1,228	37,532
Mortgage	4.14%	33,139	(1,079)	953	33,013	2,135	30,878
Mortgage	4.43%	7,700	78	(44)	7,734	—	7,734
Mortgage	3.48%	77,089	(1,562)	564	76,091	1,821	74,270
Mortgage	5.50%	5,317	127	(36)	5,408	631	4,777
Mortgage	3.75%	159,852	(3,133)	943	157,662	3,455	154,207
Mortgage	5.50%	56,000	(929)	82	55,153	626	54,527
Total		**$ 1,170,334**	**$ (16,307)**	**$ 7,729**	**$ 1,161,756**	**$ 302,119**	**$ 859,637**

[1] The effective interest rate for the revolver, term loan and term loan 3 includes the impact of unamortized financing costs not yet recorded in interest expense under the effective interest method. The revolver, term loan and term loan 3 effective rates are based on the applicable one-month SOFR rate under borrowings as at March 31, 2024 and December 31, 2023.
[2] Excludes the impact of any available extension options not yet exercised.

On January 19, 2024, the REIT exercised the first six-month extension option on its $300.0 million revolver, extending maturity to September 21, 2024.

On February 1, 2023, the REIT entered into a $56.0 million mortgage, with a 10-year term bearing interest at 5.50%. The net proceeds from the mortgage were used to paydown the REIT's term loan 2.

9. INCOME TAXES

Investment L.P. and GAR B made an election to be classified as corporations for U.S. federal tax purposes. Investment L.P. and GAR B are subject to U.S. federal and state income taxation on their allocable shares in LP1, a subsidiary of the REIT, and any subsidiary limited partnership thereof.

Investment Inc. is a U.S. corporation formed in the state of Delaware. It is subject to federal and state income taxation on its allocable share in SGIUSLP, a subsidiary of the REIT, and any subsidiaries thereof.

The REIT is therefore subject to U.S. federal income taxation on its allocable share of rental income derived directly or indirectly through such subsidiary limited partnerships and corporations, on a net basis taking into account allowable deductions. Investment L.P. and GAR B are each subject to a combined federal and state income tax rate of 25.59% (December 31, 2023 – 25.59%). Investment Inc. is subject to a combined federal and state income tax rate of 25.12% (December 31, 2023 – 25.12%). To the extent U.S. taxes are paid by Investment L.P., GAR B and Investments Inc. such amounts will be creditable against an investor's Canadian federal income tax liability to the extent permitted by Canadian tax law.

Total taxes paid as of March 31, 2024 was $0.1 million (March 31, 2023 – $0.6 million). Branch profit tax is tax imposed on U.S. earned income that is repatriated to Canada.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consists of the following:

	March 31, 2024	December 31, 2023
Accounts payable and accrued liabilities	$ 16,884	$ 16,714
Prepaid rent	6,250	7,019
Tenant improvements payable	7,767	7,793
Other payables	10,391	11,691
Total	**$ 41,292**	**$ 43,217**

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

11. EXCHANGEABLE UNITS OF SUBSIDIARIES

Each class of the exchangeable units issued by the REIT's subsidiaries are presented as financial liabilities in accordance with IAS 32.

Exchangeable units of subsidiaries

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. Exchangeable units of subsidiaries are re-measured based on the quoted closing price of REIT units into which they are exchangeable with changes in fair value recognized in net income as unit income.

The change in the total exchangeable units of subsidiaries and carrying amount during the period are as follows:

	March 31, 2024		December 31, 2023	
	Exchangeable Units	Value	Exchangeable Units	Value
Beginning of the period	907	$ 8,269	907	$ 10,082
Change in fair value	—	(608)	—	(1,813)
End of the period	**907**	**$ 7,661**	**907**	**$ 8,269**

12. REIT UNITS

At March 31, 2024, the REIT has the following REIT units issued and outstanding, in thousands of units:

	Class A	Class I	Class U
Authorized for issue	Unlimited	Unlimited	Unlimited
Issued and outstanding	126	10	58,994

Each REIT unit confers the right to one vote at any meetings of REIT unitholders. The REIT is also authorized to issue an unlimited number of special voting units. Special voting units are only issued in tandem with the issuance of securities redeemable for or exchangeable into REIT units. The special voting units do not have any economic entitlement in the REIT with respect to distributions but provide the holder with the same voting rights in the REIT as a holder of REIT units. GAR B exchangeable units are accompanied by an equivalent number of special voting units.

Each REIT unit entitles the holder to the same rights and obligations as any other REIT unitholder and no REIT unitholder is entitled to any privilege, priority or preference in relation to any other holder of REIT units of class A units, class I units and class U units of the REIT to participate in distributions made by the REIT including distributions of net income, net realized capital gains or other amounts and, in the event of termination or winding-up of the REIT, in the net assets of the REIT remaining after satisfaction of all liabilities. REIT units will be fully paid and non-assessable when issued and are transferable.

The REIT's Declaration of Trust grants holders of class A units and class I units of the REIT the right to convert all or any portion of their class A units and class I units of the REIT, at any time (the “conversion date”), into class U units by giving written notice to the REIT. On the applicable conversion date, the REIT will deliver to the class A unitholder or class I unitholder the applicable number of class U units for each class A unit or class I unit converted by such unitholder.

With certain restrictions, the unitholders have the right to require the REIT to redeem their units on demand. Upon receipt of the redemption notice by the REIT, all rights to and under the units tendered for redemption shall be surrendered and the holder thereof shall be entitled to receive a price per unit as determined by a market formula and shall be paid in accordance with the conditions provided for in the Declaration of Trust.

At the Market Program

On March 30, 2022, the REIT established an at the market equity program ("ATM program") that allows the REIT to issue, at its discretion, up to $150.0 million of class U units of the REIT to the public from time to time through an agent. Distributions pursuant to the ATM program will be made in accordance with the terms of an equity distribution agreement dated March 30, 2022 entered into among the REIT and the agent. The ATM program was effective until April 28, 2024 and was not renewed thereafter. For the three month period ended March 31, 2024, no units were issued under the ATM program (three month period ended March 31, 2023 – nil).

Normal course issuer bid

On February 1, 2024, the REIT renewed its normal course issuer bid ("NCIB"), which is effective until January 31, 2025. For the three month period ended March 31, 2024, no class U units have been purchased and subsequently canceled under the NCIB (for the three month period ended March 31, 2023 - 0.2 million class U units were purchased and subsequently canceled for a total cost, including transaction costs, of $2.4 million).

Total REIT units outstanding during the period and their respective class U equivalent amounts if converted is as follows, in thousands of units:

	March 31, 2024		March 31, 2023	
	REIT units	Value	REIT units	Value
Beginning of the period	59,130	$ 584,769	60,370	$ 596,701
Repurchased	—	—	(243)	(2,392)
End of the period	**59,130**	**$ 584,769**	**60,127**	**$ 594,309**

Weighted average class U units outstanding

The following is the weighted average number of class U units outstanding on a fully diluted basis, in thousands of units:

	Three months ended March 31,	
	2024	2023
Class U units	58,988	60,188
Class A units	126	147
Class I units	16	18
Exchangeable units of subsidiaries	907	907
Deferred units	270	200
Total	**60,307**	**61,460**

Class U units outstanding

The following is the total number of class U units outstanding, if all other units of the REIT, its subsidiaries, and its deferred unit plans ("DUP"), were converted or exchanged, as applicable, for class U units of the REIT, in thousands of units:

	March 31, 2024	December 31, 2023
Class U units	58,994	58,986
Class A units	126	126
Class I units	10	18
Exchangeable units of subsidiaries	907	907
Deferred units	281	264
Total	**60,318**	**60,301**

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

	Three months ended March 31,	
	2024	2023
Declared		
REIT unit distributions	$ 12,772	$ 13,022
Exchangeable units of subsidiaries distributions	196	196
	$ 12,968	**$ 13,218**
Add: Distributions payable, beginning of period	4,323	4,412
Less: Distributions payable, end of period	(4,323)	(4,394)
Distributions paid	**$ 12,968**	**$ 13,236**

Deferred unit plans

Trustees of the REIT who are not members of management may elect to receive all or a portion of their trustee fees in the form of deferred units that vest immediately upon grant.

The REIT also offers DUP for officers of the REIT whereby officers may elect to receive deferred class U units, which represent a right to receive class U units, in lieu of an equivalent amount of asset management fees for management services rendered by Slate Asset Management (Canada) L.P. (the "Manager").

The deferred units are equivalent in value to REIT units and accumulate additional deferred units at the same rate that distributions are paid on REIT units in relation to the market value of REIT units.

The change in deferred units is as follows, in thousands of units:

	Three months ended March 31,	
	2024	2023
Beginning of the period	264	196
Reinvested distributions	6	3
Issued	11	7
End of the period	**281**	**206**
Fair value of units	**$ 2,372**	**$ 2,085**

(unaudited – in thousands of United States dollars, unless otherwise stated)

13. NON-CONTROLLING INTEREST

The REIT has an established partnership with the North America Essential Fund ("NA Essential Fund"), a vehicle with management services provided by the Manager. The NA Essential Fund made an initial cash investment of $180 million indirectly into the REIT's assets through the purchase of an 18.37% partnership interest in two of the REIT's subsidiaries, LP1 and SGIUSLP. The non-controlling interest in SGIUSLP includes the proportionate interest in the Tops Portfolio, a grocery anchored portfolio comprising 11 properties and 1.3 million square feet in major metro markets in New York, Ohio, and Georgia.

Primary Investment	Number of properties	March 31, 2024	December 31, 2023
LP1, SGIUSLP	117	18.4 %	18.4 %
Tops Portfolio	11	10.0 %	10.0 %

14. REVENUE

Revenue consists of the following:

	Three months ended March 31, 2024	Three months ended March 31, 2023
Rental revenue	$ 37,616	$ 37,127
Common area maintenance recoveries	5,358	4,935
Property tax and insurance recoveries	7,242	7,262
Percentage rent	375	440
Other revenue [1]	1,324	1,025
Total	**$ 51,915**	**$ 50,789**

[1] Other revenue includes straight-line rent, ground rent, termination fees, storage rent, and non-rental income.

The REIT enters into long-term lease contracts with tenants for space in the REIT’s properties. Leases generally provide for the tenant to pay base rent, with provisions for contractual increases in base rent over the term of the lease, plus operating costs and property tax recoveries. Certain leases have limitations or escalation restrictions on the amount of recoveries or cost reimbursements, which the tenant is obligated to pay regardless of the actual costs incurred by the REIT to operate and maintain the properties.

The REIT’s existing leases have a weighted average outstanding term of 4.8 years (December 31, 2023 – 4.7 years) certain of which include clauses to enable periodic increases in rental rates.

The future minimum lease payments from the REIT’s non-cancellable operating leases as a lessor are as follows:

	March 31, 2024	December 31, 2023
In one year or less	$ 161,594	$ 162,806
In more than one year but not more than five years	428,231	426,916
In more than five years	186,453	188,842
Total [1]	**$ 776,278**	**$ 778,564**

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

15. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses consists of the following:

	Note	Three months ended March 31, 2024	Three months ended March 31, 2023
Asset management fees	21	$ 2,279	$ 2,392
Professional fees and other		1,316	1,042
Bad debt expense		245	179
Franchise and business taxes		105	234
Total		**$ 3,945**	**$ 3,847**

(unaudited – in thousands of United States dollars, unless otherwise stated)

16. INTEREST AND FINANCE COSTS

Interest and finance costs consists of the following:

		Three months ended March 31,	
	Note	2024	2023
Interest on debt and finance charges		$ 17,142	$ 15,500
Interest rate swaps, net settlement	7	(3,557)	(2,863)
Interest income		(103)	(8)
Amortization of finance charges and MTM premium	22	749	630
Amortization of gain on financial instrument	7	(192)	—
Amortization of deferred gain on TIF notes		(22)	(22)
Total		**$ 14,017**	**$ 13,237**

17. UNIT INCOME

Unit income consists of the following:

		Three months ended March 31,	
	Note	2024	2023
Exchangeable units of subsidiaries distributions	11, 12	$ (196)	$ (196)
Change in fair value of DUP		200	196
Change in fair value of exchangeable units of subsidiaries	11	608	902
Total		**$ 612**	**$ 902**

(unaudited – in thousands of United States dollars, unless otherwise stated)

18. FAIR VALUES

Except as noted, the carrying value of financial assets and financial liabilities including cash, accounts receivable, funds held in escrow, accounts payable and accrued liabilities, distributions payable, and rental security deposits recorded within other liabilities, approximate their fair values because of the short period until receipt or payment of cash.

The carrying amounts and fair value hierarchy of the REIT's financial instruments are as follows:

		Fair Value			
March 31, 2024	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets					
Interest rate swaps	$ 14,621	$ —	$ 14,621	$ —	$ 14,621
TIF notes receivable	848	—	—	964	964
Total financial assets	**$ 15,469**	**$ —**	**$ 14,621**	**$ 964**	**$ 15,585**
Financial liabilities					
Revolver	$ 193,235	$ —	$ 193,460	$ —	$ 193,460
Term loan	224,719	—	225,000	—	225,000
Term loan 3	271,336	—	275,000	—	275,000
Mortgages	475,746	—	439,825	—	439,825
Exchangeable units of subsidiaries	7,661	7,661	—	—	7,661
Total financial liabilities	**$ 1,172,697**	**$ 7,661**	**$ 1,133,285**	**$ —**	**$ 1,140,946**

		Fair Value			
December 31, 2023	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets					
Interest rate swaps	$ 7,652	$ —	$ 7,652	$ —	$ 7,652
TIF notes receivable	999	—	—	1,115	1,115
Total financial assets	**$ 8,651**	**$ —**	**$ 7,652**	**$ 1,115**	**$ 8,767**
Financial liabilities					
Revolver	$ 188,108	$ —	$ 188,360	$ —	$ 188,360
Term loan	224,647	—	225,000	—	225,000
Term loan 3	271,065	—	275,000	—	275,000
Mortgages	477,936	—	449,284	—	449,284
Exchangeable units of subsidiaries	8,269	8,269	—	—	8,269
Total financial liabilities	**$ 1,170,025**	**$ 8,269**	**$ 1,137,644**	**$ —**	**$ 1,145,913**

19. CAPITAL MANAGEMENT

The REIT's capital management objectives are to:

i. ensure compliance with the REIT's Declaration of Trust;

ii. ensure compliance with restrictions in debt agreements; and

iii. provide sufficient liquidity to operate the REIT's properties, fund obligations as they become due and build unitholder value.

Procedures to monitor compliance with the Declaration of Trust and debt agreements are performed as a part of the overall management of operations and periodically by review of the REIT's board of trustees and reporting to the REIT's lender. In order to maintain or adjust the capital structure, the REIT may issue trust units, debentures, or mortgage debt, adjust the amount of distributions paid to unitholders, return capital to unitholders, or reduce or increase debt.

(unaudited – in thousands of United States dollars, unless otherwise stated)

The REIT considers its debt and equity instruments to be its capital as follows:

	Note	March 31, 2024	December 31, 2023
Debt	8	$ 1,165,036	$ 1,161,756
Exchangeable units of subsidiaries	11	7,661	8,269
Equity		869,097	867,236
Total		**$ 2,041,794**	**$ 2,037,261**

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, and is calculated as follows:

	Note	March 31, 2024	December 31, 2023
Gross book value		$ 2,241,191	$ 2,235,798
Debt	8	1,165,036	1,161,756
Leverage ratio		**52.0%**	**52.0%**

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 respective lending agreement:

	Threshold	March 31, 2024	December 31, 2023
Maximum leverage ratio: consolidated total indebtedness shall not exceed 65% of gross asset value	< 65%	54.3%	54.4%
Minimum fixed charge coverage ratio: adjusted EBITDA to consolidated fixed charges shall not be less than 1.50x [1]	> 1.50x	2.22x	2.22x

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

20. RISK MANAGEMENT

The REIT’s risk management policies are established to identify, analyze, and manage the risks faced by the REIT and to implement appropriate procedures to monitor risks and adherence to established controls. Risk management policies and systems are reviewed periodically in response to the REIT’s activities and to ensure applicability.

In the normal course of business, the main risks arising from the REIT’s use of financial instruments include credit risk, liquidity risk and market risk. These risks, and the actions taken to manage them, include:

i. Credit risk

Credit risk is the risk of financial loss to the REIT associated with the failure of a tenant or other party to meet its contractual obligations related to lease agreements, including future lease payments, loan arrangements and TIF notes receivables. This risk is mitigated by diversifying the REIT's tenant base through the limitation of concentration in individual tenants and geographical areas. In addition, the risk is mitigated by carrying out appropriate credit checks and related due diligence on any significant tenants.

As of March 31, 2024, one individual tenant accounted for 5.9% (December 31, 2023 – 6.4%) of the REIT’s base rent.

ii. Liquidity risk

Liquidity risk is the risk that the REIT will not be able to meet its financial obligations as they fall due. The REIT’s approach to managing liquidity is to ensure sufficient financial resources are available to meet its liabilities as they become due. This includes monitoring of cash, current receivables, current payables, and non-current liabilities as they become current.

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to the demand for and the perceived desirability of such investments. Such illiquidity can limit the REIT’s ability to vary its portfolio promptly in response to changing economic or investment conditions. If the REIT were required to liquidate a real property investment promptly, the proceeds to the REIT might be significantly less than the aggregate carrying value of such property.

(unaudited – in thousands of United States dollars, unless otherwise stated)

The REIT's contractual commitments as at March 31, 2024 are as follows:

	Total contractual cash flow	Remaining in 2024	2025-2026	2027-2028	Thereafter
Accounts payable and accrued liabilities	$ 41,292	$ 41,292	$ —	$ —	$ —
Distributions payable	4,323	4,323	—	—	—
Revolver [1 2]	193,460	193,460	—	—	—
Revolver interest payable [1 2 3]	6,532	6,532	—	—	—
Term loan [1 2]	225,000	—	225,000	—	—
Term loan interest payable [1 2]	14,141	11,196	2,945	—	—
Term loan 3 [2 4]	275,000	—	—	275,000	—
Term loan 3 interest payable [2 4]	51,020	13,684	29,856	7,480	—
Mortgages	479,630	111,501	90,547	15,335	262,247
Mortgage interest payable	87,367	14,465	24,120	21,842	26,940
Exchangeable units of subsidiaries	7,661	7,661	—	—	—
Total	**$ 1,385,426**	**$ 404,114**	**$ 372,468**	**$ 319,657**	**$ 289,187**

[1] Revolver and term loan interest payable is calculated on its balance outstanding using an estimated "all in" interest rate of 6.83% and 6.60%, respectively, under the "Remaining in 2024" column. The term loan long-term average interest rate is based on the one-month SOFR forward curve plus the specified margin for the SOFR rate option under the term loan resulting in "all-in" interest rate of 6.05%. The total revolver and term loan interest payable is calculated until maturity of the initial term.
[2] Excludes the impact of the REIT's $625.0 million pay-fixed, receive-float interest rate swaps that hedge a portion of the cash flow risk associated with one-month SOFR based interest payments.
[3] Includes stand-by fee on the revolver to be paid in an amount equal to 0.25% of the unused portion of the revolver where the unused portion is greater than or equal to 50% of the maximum amount available and 0.15% of the unused portion of the revolver where the unused portion is less than 50% of the maximum amount available, calculated daily.
[4] Term loan 3 interest payable is calculated on its balance outstanding at period end, using an estimated "all in" interest rate of 6.60%, under the ""Remaining in 2024" column. The long-term average interest rate is based on the one-month SOFR curve plus the specified margin for the SOFR rate option under the term loan 3 resulting in an anticipated increase to the "all-in" interest rate to 5.36%. The total term loan 3 interest payable is calculated until maturity.

The REIT maintains $8.0 million in cash to satisfy a mortgage covenant that is recorded in the cash balance on the statement of financial position.

iii. Interest rate risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will vary as a result of changes in market interest rates. The REIT manages its financial instruments with the objective of mitigating any potential interest rate risks. For the revolver, term loan, and term loan 3, interest rate on the loans will vary depending on changes in base rate and/or SOFR rate. The REIT is subject to interest rate risks mainly from non-current debt that has variable interest rate. The REIT manages these cash flow interest rate risks using pay-fixed received-float interest rate swap contracts to swap the floating-rate payments on the credit facility for fixed rate payments.

Cash flow sensitivity analysis

The interest rate profile of variable rate interest bearing debt and associated interest rate sensitivity to changes in interest rates is as follows:

	March 31, 2024	December 31, 2023
Variable-rate instruments		
Revolver	$ 193,460	$ 188,360
Term loan	225,000	225,000
Term loan 3	275,000	275,000
Effect of interest rate swaps	(625,000)	(625,000)
Total effective variable-rate debt	**$ 68,460**	**$ 63,360**
Effective fixed rate debt as a total of all debt	**94.2%**	**94.6%**
Annual impact of a 25 bps change on interest rates	**$ 171**	**$ 158**

(unaudited – in thousands of United States dollars, unless otherwise stated)

iv. Unit price risk

The REIT is exposed to unit price risk in net income as a result of its exchangeable units of subsidiaries. Exchangeable units of subsidiaries have been classified as liabilities and measured at fair value based on market trading prices. Exchangeable units of subsidiaries negatively impact net income when the unit price rises and positively impact net income when unit prices decline. An increase of $1.00 in the underlying price of exchangeable units of subsidiaries results in an increase to liabilities and a decrease in net income of $0.9 million.

v. Currency risk

Currency risk is associated with a fluctuation in the value of the U.S. dollar relative to other foreign currencies. Although not material, the REIT is exposed to currency risk as certain of the REIT's expenses are denominated in Canadian dollars.

21. RELATED PARTIES

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 gross book value ("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. The asset management fee is recognized in net income as a general and administrative expense; 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. The acquisition fee is capitalized to the properties at the time of acquisition.

Asset management fees incurred and payable to the Manager for the three month period ended March 31, 2024 were $2.3 million (three month period ended March 31, 2023 – $2.4 million). No acquisition fees were incurred for the three month period ended March 31, 2024 (three month period ended March 31, 2023 – nil). 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.

Trustee fees

The REIT's key personnel include trustees and officers of the REIT. For the three month period ended March 31, 2024, trustee fees amounted to $0.2 million (three month period ended March 31, 2023 – $0.1 million).

22. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in liabilities arising from financing activities are as follows:

	Revolver [1]	Term Loan [1]	Term loan 3 [1]	Mortgages	Exchangeable units of subsidiaries	**Total**
Balance, December 31, 2023	$ 188,108	$ 224,647	$ 271,065	$ 477,936	$ 8,269	
Cash flows						
Advances, net	4,875	—	—	—	—	**4,875**
Debt repayments	—	—	—	(2,344)	—	**(2,344)**
Non-cash changes						
Amortization of MTM adjustments and costs	252	72	271	154	—	**749**
Change in fair value	—	—	—	—	(608)	**(608)**
Balance, March 31, 2024	**$ 193,235**	**$ 224,719**	**$ 271,336**	**$ 475,746**	**$ 7,661**	

[1] Changes in financial instruments that hedge the REIT's liabilities arising from financing activities include the REIT's interest rate swaps. Refer to note 7 for more detail.

23. SUBSEQUENT EVENTS

On April 15, 2024, 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.