

# **Slate Grocery REIT**

## **CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three and six months ended June 30, 2025

(Unaudited)

# Slate Grocery REIT

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

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

	Note	June 30, 2025	December 31, 2024
<b>ASSETS</b>			
Non-current assets			
Properties	4	\$ 2,065,464	\$ 2,054,511
Joint venture investments	5	118,961	112,429
Interest rate swaps	7	—	4,690
Other assets		3,558	3,624
		<b>\$ 2,187,983</b>	<b>\$ 2,175,254</b>
Current assets			
Cash		25,603	22,668
Accounts receivable	6	20,502	23,417
Other assets		4,572	4,327
Prepays		2,146	5,050
Interest rate swaps	7	663	2,983
		<b>\$ 53,486</b>	<b>\$ 58,445</b>
<b>Total assets</b>		<b>\$ 2,241,469</b>	<b>\$ 2,233,699</b>
<b>LIABILITIES</b>			
Non-current liabilities			
Debt	8	\$ 1,162,289	\$ 1,120,616
Interest rate swaps	7	1,545	—
Deferred income taxes		156,968	153,580
Other liabilities		4,256	4,378
		<b>\$ 1,325,058</b>	<b>\$ 1,278,574</b>
Current liabilities			
Debt	8	15,226	46,039
Accounts payable and accrued liabilities	10	42,449	42,071
Exchangeable units of subsidiaries	11	9,583	8,733
Distributions payable	12	4,323	4,323
		<b>\$ 71,581</b>	<b>\$ 101,166</b>
<b>Total liabilities</b>		<b>\$ 1,396,639</b>	<b>\$ 1,379,740</b>
<b>EQUITY</b>			
Unitholders' equity		\$ 666,007	\$ 673,474
Non-controlling interest	13	178,823	180,485
<b>Total equity</b>		<b>\$ 844,830</b>	<b>\$ 853,959</b>
<b>Total liabilities and equity</b>		<b>\$ 2,241,469</b>	<b>\$ 2,233,699</b>

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

## Slate Grocery REIT

### CONDENSED CONSOLIDATED INTERIM STATEMENTS OF INCOME

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

	Note	Three months ended June 30,		Six months ended June 30,	
		2025	2024	2025	2024
Rental revenue	14	\$ 52,385	\$ 51,818	\$ 105,452	\$ 103,733
Property operating expenses		(9,071)	(9,134)	(47,142)	(46,734)
General and administrative expenses	15	(3,996)	(3,949)	(8,194)	(7,894)
Interest and finance costs	16	(15,539)	(13,996)	(30,779)	(28,013)
Share of income in joint venture investments	5	1,898	2,012	6,891	4,707
Disposition costs		—	(290)	—	(290)
Change in fair value of financial instruments		(608)	272	(1,822)	2,458
Change in fair value of properties	4	(8,454)	(11,706)	11,845	1,976
<b>Net income before income taxes and unit (expense) income</b>		<b>\$ 16,615</b>	<b>\$ 15,027</b>	<b>\$ 36,251</b>	<b>\$ 29,943</b>
Deferred income tax expense	9	(2,174)	(1,570)	(5,209)	(3,161)
Current income tax (expense) recovery	9	(238)	221	(305)	(104)
Unit (expense) income	17	(1,122)	325	(1,574)	937
<b>Net income</b>		<b>\$ 13,081</b>	<b>\$ 14,003</b>	<b>\$ 29,163</b>	<b>\$ 27,615</b>
<b>Net income attributable to</b>					
Unitholders		\$ 9,763	\$ 10,776	\$ 22,065	\$ 21,634
Non-controlling interest	13	3,318	3,227	7,098	5,981

## Slate Grocery REIT

### CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

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

	Note	Three months ended June 30,		Six months ended June 30,	
		2025	2024	2025	2024
Net income		\$ 13,081	\$ 14,003	\$ 29,163	\$ 27,615
Items to be subsequently reclassified to profit or loss					
(Loss) gain on effective hedges of interest rate risk, net of tax	7	(1,101)	1,706	(2,481)	7,466
Reclassification of other comprehensive income reserve to profit or loss		(143)	(143)	(286)	(286)
Reclassification of effective hedges of interest rate risk to profit or loss	7	(1,273)	(2,176)	(2,529)	(4,377)
Other comprehensive (loss) income		(2,517)	(613)	(5,296)	2,803
<b>Comprehensive income</b>		<b>\$ 10,564</b>	<b>\$ 13,390</b>	<b>\$ 23,867</b>	<b>\$ 30,418</b>
<b>Comprehensive income attributed to</b>					
Unitholders		\$ 7,868	\$ 10,314	\$ 18,077	\$ 23,745
Non-controlling interest	13	2,696	3,076	5,790	6,673

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 (loss)	Capital reserve	Non-controlling interest	Total
December 31, 2024		\$ 584,769	\$ 84,027	\$ 6,102	\$ (1,424)	\$ 180,485	\$ 853,959
Net income and other comprehensive (loss) income		—	22,065	(3,988)	—	5,790	23,867
Distributions	12	—	(25,544)	—	—	(7,452)	(32,996)
<b>June 30, 2025</b>		<b>\$ 584,769</b>	<b>\$ 80,548</b>	<b>\$ 2,114</b>	<b>\$ (1,424)</b>	<b>\$ 178,823</b>	<b>\$ 844,830</b>

	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		—	21,634	2,111	—	6,673	30,418
Distributions	12	—	(25,544)	—	—	(5,961)	(31,505)
<b>June 30, 2024</b>		<b>\$ 584,769</b>	<b>\$ 92,925</b>	<b>\$ 9,374</b>	<b>\$ (1,424)</b>	<b>\$ 180,505</b>	<b>\$ 866,149</b>

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)

		Six months ended June 30,	
	Note	2025	2024
<b>OPERATING ACTIVITIES</b>			
Net income		\$ 29,163	\$ 27,615
Items not affecting cash			
Straight-line rent	4	(312)	(144)
Change in fair value of financial instruments	7	1,822	(2,458)
Change in fair value of properties	4	(11,845)	(1,976)
IFRIC 21 property tax adjustment	4	13,884	14,449
Deferred income tax expense		5,209	3,161
Unit expense (income)	17	1,574	(937)
Share of income in joint venture investments	5	(6,891)	(4,707)
Interest and finance costs	16	30,779	28,013
Cash interest paid, net	16	(28,941)	(27,167)
Changes in working capital items		6,304	772
		<b>\$ 40,746</b>	<b>\$ 36,621</b>
<b>INVESTING ACTIVITIES</b>			
Dispositions		—	11,889
Contributions to joint venture investments	5	(2,550)	(880)
Distributions from joint venture investments	5	2,909	1,625
Funds held in escrow		(444)	(45)
Capital expenditures	4	(2,967)	(2,143)
Leasing costs	4	(1,436)	(1,419)
Tenant improvements	4	(2,192)	(2,963)
Development and expansion capital	4	(6,085)	(5,343)
		<b>\$ (12,765)</b>	<b>\$ 721</b>
<b>FINANCING ACTIVITIES</b>			
Revolver advances, net of financing costs	22	3,900	10,045
Mortgage advances, net of financing costs	22	51,057	—
Revolver, term loan and mortgage repayments	22	(46,615)	(17,586)
REIT unit distributions	12	(25,544)	(25,544)
Exchangeable units of subsidiaries distributions	12, 17	(392)	(392)
Distributions to non-controlling interest		(7,452)	(5,961)
		<b>\$ (25,046)</b>	<b>\$ (39,438)</b>
<b>Increase (decrease) in cash</b>		<b>2,935</b>	<b>(2,096)</b>
<b>Cash, beginning of the period</b>		<b>22,668</b>	<b>23,587</b>
<b>Cash, end of the period</b>		<b>\$ 25,603</b>	<b>\$ 21,491</b>

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 1600, 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 August 6, 2025.

### 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 consolidated 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 consolidated financial statements of the REIT as at and for the year ended December 31, 2024. 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.

These consolidated financial statements do not include all of the information and disclosures required in the annual financial statements prepared under IFRS® Accounting Standards ("IFRS Accounting Standards") and should be read in conjunction with the REIT's audited consolidated financial statements as at and for the year ended December 31, 2024.

### Future accounting policies

#### IFRS 18, Presentation and Disclosure in Financial Statements

In April 2024, IFRS 18, *Presentation and Disclosure in Financial Statements* ("IFRS 18") was issued to replace IAS 1, *Presentation of Financial Statements*, with the aim to provide users with more transparent and comparable information. It requires the usage of new categories of income and expense in the consolidated statements of income and comprehensive income including operating, investing, financing, income taxes and discontinued operations sections, as well as new subtotals aligning with these categories. The standard further requires management-defined performance measures to be disclosed in the consolidated financial statements, along with disclosures related to how such measures are calculated and reconciled to the most comparable subtotals specified by IFRS Accounting Standards.

IFRS 18 is effective for reporting periods beginning on or after January 1, 2027, with early adoption permitted, and is to be applied retrospectively. The REIT is currently in the process of assessing the impact of adopting the new standard on its consolidated financial statements.

## Slate Grocery REIT

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

#### 4. PROPERTIES

As at June 30, 2025, the REIT owned 116 properties (December 31, 2024 - 116 properties), of which 101 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:

	June 30, 2025	December 31, 2024
Beginning of the period	\$ 2,054,511	\$ 2,062,599
Capital expenditures	2,967	3,931
Leasing costs	1,436	2,950
Tenant improvements	2,192	5,629
Development and expansion capital	6,085	12,433
Straight-line rent	312	363
Dispositions	—	(12,757)
IFRIC 21 property tax adjustment	(13,884)	—
Change in fair value of properties	11,845	(20,637)
<b>End of the period</b>	<b>\$ 2,065,464</b>	<b>\$ 2,054,511</b>

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

	June 30, 2025 <sup>1</sup>	December 31, 2024 <sup>1</sup>
Capitalization rate range	5.8% – 9.3%	5.6% – 10.2%
Weighted average capitalization rate	7.2 %	7.2 %

<sup>1</sup> 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 a decrease or increase to the capitalization rates as at June 30, 2025:

(Decrease) Increase in capitalization rate	Change in fair value of properties <sup>1</sup>
(1.00%)	\$ 400,531
(0.75%)	288,433
(0.50%)	184,929
(0.25%)	89,058
0.25%	(82,952)
0.50%	(160,411)
0.75%	(232,906)
1.00%	(300,905)

<sup>1</sup> 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 a decrease or increase to the REIT's stabilized net operating income as at June 30, 2025:

(Decrease) Increase in stabilized net operating income	Change in fair value of properties <sup>1</sup>
\$(100)	\$ (1,396)
\$100	1,396

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

## Slate Grocery REIT

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

#### 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:

Portfolio	State	June 30, 2025		December 31, 2024	
		Number of properties	Ownership interest	Number of properties	Ownership interest
Tom Thumb Portfolio	Texas, Florida, and California	10	90% – 95%	10	90% – 95%
Northeast Grocery Portfolio	New York and Indiana	4	85%	4	85%
Windmill Plaza	Michigan	1	50%	1	50%

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

		Tom Thumb Portfolio	Northeast Grocery Portfolio	Windmill Plaza	June 30, 2025	December 31, 2024
					Total	Total
Beginning of the period	\$	58,387	\$ 50,323	\$ 3,719	\$ 112,429	\$ 107,101
Contributions		—	2,550	—	2,550	880
Distributions		(1,884)	(426)	(599)	(2,909)	(4,287)
Share of income in joint venture investments		2,628	4,083	180	6,891	8,735
<b>End of the period</b>	<b>\$</b>	<b>59,131</b>	<b>\$ 56,530</b>	<b>\$ 3,300</b>	<b>\$ 118,961</b>	<b>\$ 112,429</b>

#### 6. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	June 30, 2025	December 31, 2024
Rent receivable	\$ 8,644	\$ 10,576
Allowance	(2,006)	(2,002)
Accrued recovery income	7,097	8,879
Other receivables	6,767	5,964
<b>Total</b>	<b>\$ 20,502</b>	<b>\$ 23,417</b>

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.

The change in the allowance for expected credit losses is as follows:

	June 30, 2025	December 31, 2024
Beginning of the period	\$ (2,002)	\$ (1,171)
Allowance	(973)	(1,198)
Bad debt write-off	853	121
Bad debt recovery	116	246
<b>End of the period</b>	<b>\$ (2,006)</b>	<b>\$ (2,002)</b>

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.



## Slate Grocery REIT

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(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:

Maturity date	Remaining term (years)	Pay-fixed rate	Receive-floating rate	Notional amount
August 22, 2025	0.1	2.822 %	One-month SOFR	\$ 175,000
July 22, 2027 <sup>1</sup>	2.1	2.400 %	One-month SOFR	137,500
July 22, 2027	2.1	3.615 %	One-month SOFR	137,500
August 22, 2028	3.1	3.465 %	One-month SOFR	175,000
June 1, 2030	4.9	3.738 %	One-month SOFR	39,300
<b>Total / Weighted average</b>	<b>2.0</b>	<b>3.122 %</b>		<b>\$ 664,300</b>

<sup>1</sup> The \$137.5 million interest rate swap, featuring a pay-fixed rate of 2.400%, includes a one-time cancellation option exercisable by the counterparty on July 24, 2025 and therefore has been classified as a current asset in the condensed consolidated interim statements of financial position.

On June 5, 2025, the REIT entered into a \$39.3 million pay-fixed, receive-float interest swap contract to hedge the cash flow risk associated with a \$39.3 million portfolio refinancing (note 8) and its monthly SOFR-based interest payments. The REIT has applied hedge accounting for the interest swap contract as a cash flow hedge, with changes in fair value recognized in other comprehensive income.

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 (expense) recovery	Net impact after tax
Balance, March 31, 2025		\$ 2,916	\$ (747)	\$ 2,169
Change in fair value of effective hedges of interest rate risk		(1,480)	379	(1,101)
Change in fair value of financial instrument through profit or loss		(362)	94	(268)
Net payments received on effective hedges of interest rate risk	16	(1,710)	437	(1,273)
Net payments received on financial instruments through profit or loss	16	(246)	63	(183)
<b>Balance, June 30, 2025</b>		<b>\$ (882)</b>	<b>\$ 226</b>	<b>\$ (656)</b>

	Note	Fair value of interest rate swaps	Deferred income tax (expense) recovery	Net impact after tax
Balance, December 31, 2024		\$ 7,673	\$ (1,964)	\$ 5,709
Change in fair value of effective hedges of interest rate risk		(3,335)	854	(2,481)
Change in fair value of financial instrument through profit or loss		(1,329)	340	(989)
Net payments received on effective hedges of interest rate risk	16	(3,398)	869	(2,529)
Net payments received on financial instruments through profit or loss	16	(493)	127	(366)
<b>Balance, June 30, 2025</b>		<b>\$ (882)</b>	<b>\$ 226</b>	<b>\$ (656)</b>

# Slate Grocery REIT

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

	Note	Fair value of interest rate swaps	Deferred income tax (expense) recovery	Net impact after tax
Balance, March 31, 2024		\$ 14,621	\$ (3,743)	\$ 10,878
Change in fair value of effective hedges of interest rate risk		2,292	(586)	1,706
Change in fair value of financial instrument through profit or loss		885	(226)	659
Net payments received on effective hedges of interest rate risk	16	(2,924)	748	(2,176)
Net payments received on financial instrument through profit or loss	16	(613)	157	(456)
<b>Balance, June 30, 2024</b>		<b>\$ 14,261</b>	<b>\$ (3,650)</b>	<b>\$ 10,611</b>

	Note	Fair value of interest rate swaps	Deferred income tax (expense) recovery	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		10,033	(2,567)	7,466
Change in fair value of financial instrument through profit or loss		3,670	(939)	2,731
Net payments received on effective hedges of interest rate risk	16	(5,882)	1,505	(4,377)
Net payments received on financial instrument through profit or loss	16	(1,212)	310	(902)
<b>Balance, June 30, 2024</b>		<b>\$ 14,261</b>	<b>\$ (3,650)</b>	<b>\$ 10,611</b>

## 8. DEBT

Debt held by the REIT at June 30, 2025 is as follows:

	Maturity	Interest rate	Properties provided as security	Fair value of security	Maximum available	Principal	Available to be drawn <sup>1</sup>
Revolver <sup>12</sup>	January 14, 2028	S+175 bps <sup>3,4</sup>	N/A <sup>5</sup>	N/A <sup>5</sup>	\$ 275,000	\$ 212,671	\$ 62,329
Term loan	July 15, 2027	S+160 bps <sup>3,4</sup>	N/A <sup>5</sup>	N/A <sup>5</sup>	275,000	275,000	—
Term loan 2	January 14, 2028	S+165 bps <sup>3,4</sup>	N/A <sup>5</sup>	N/A <sup>5</sup>	225,000	225,000	—
Mortgage	August 1, 2025	4.43%	1	13,333	7,700	7,700	—
Mortgage	April 11, 2027	DS+220 bps <sup>3</sup>	1	17,000	17,350	13,252	4,098
Mortgage	December 1, 2029	6.40%	10	141,333	100,500	100,500	—
Mortgage	January 1, 2030	5.51%	2	57,000	32,818	32,818	—
Mortgage	March 18, 2030	3.48%	8	158,600	74,334	74,334	—
Mortgage <sup>6</sup>	June 4, 2030	S+175 bps <sup>3</sup>	4	73,400	39,300	39,300	—
Mortgage	January 1, 2031	5.50%	1	24,000	4,357	4,357	—
Mortgage	May 1, 2031	3.75%	19	321,900	154,621	154,621	—
Mortgage	February 1, 2033	5.50%	5	101,900	54,985	54,985	—
<b>Total</b>				<b>\$ 1,260,965</b>	<b>\$ 1,194,538</b>	<b>\$ 66,427</b>	

# Slate Grocery REIT

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

	Maturity	Interest rate	Properties provided as security	Fair value of security	Maximum available	Principal	Available to be drawn <sup>1</sup>
Revolver <sup>1,2</sup>	January 14, 2028	S+175 bps <sup>3,4</sup>	N/A <sup>5</sup>	N/A <sup>5</sup>	\$ 275,000	\$ 220,771	\$ 54,229
Term loan	July 15, 2027	S+160 bps <sup>3,4</sup>	N/A <sup>5</sup>	N/A <sup>5</sup>	275,000	275,000	—
Term loan 2	January 14, 2028	S+165 bps <sup>3,4</sup>	N/A <sup>5</sup>	N/A <sup>5</sup>	225,000	225,000	—
Mortgage	July 1, 2025	4.14%	5	78,800	31,004	31,004	—
Mortgage	August 1, 2025	4.43%	1	13,333	7,700	7,700	—
Mortgage	December 1, 2029	6.40%	10	140,667	100,500	100,500	—
Mortgage	January 1, 2030	5.51%	2	57,800	33,000	33,000	—
Mortgage	March 18, 2030	3.48%	8	153,400	75,268	75,268	—
Mortgage	January 1, 2031	5.50%	1	24,000	4,686	4,686	—
Mortgage	May 1, 2031	3.75%	19	320,800	156,397	156,397	—
Mortgage	February 1, 2033	5.50%	5	102,300	55,374	55,374	—
<b>Total</b>				<b>\$ 1,238,929</b>	<b>\$ 1,184,700</b>	<b>\$ 54,229</b>	

<sup>1</sup> Debt available to be drawn is subject to certain calculations, as provided by the REIT's lending agreements.

<sup>2</sup> The revolver requires a stand-by fee to be paid in an amount equal to 0.25% of the unused portion of the revolver where the unused portion is greater than or equal to 50% of the maximum amount available and 0.15% of the unused portion of the revolver where the unused portion is less than 50% of the maximum amount available, calculated daily.

<sup>3</sup> "S" means one-month SOFR, "DS" means daily SOFR, and "bps" means basis points.

<sup>4</sup> The applicable spread for the revolver where the total indebtedness to gross asset value (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 175 bps (iv) greater than 55% but less than or equal to 60% is 200 bps; and (v) greater than 60% is 220 bps, and includes a 10 bps SOFR index adjustment. The applicable spread for the term loan where the consolidated leverage ratio is: (i) less than or equal to 45% is 135 bps; (ii) greater than 45% but less than or equal to 50% is 150 bps; (iii) greater than 50% but less than or equal to 55% is 160 bps (iv) greater than 55% but less than or equal to 60% is 185 bps; and (v) greater than 60% is 205 bps, and includes a 10 bps SOFR index adjustment. The applicable spread for the term loan 2 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 165 bps (iv) greater than 55% but less than or equal to 60% is 190 bps; and (v) greater than 60% is 210 bps, and includes a 10 bps SOFR index adjustment.

<sup>5</sup> 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 June 30, 2025 (December 31, 2024 - 50).

<sup>6</sup> Maturity date excludes two 12-month extension options exercisable at the REIT's option.

The carrying value of debt held by the REIT at June 30, 2025 is as follows:

	Interest rate	Principal	Deferred financing costs and mark-to-market ("MTM") adjustments	Accumulated amortization of costs and MTM adjustments	Carrying amount	Current	Non-current
Revolver <sup>1</sup>	6.07%	\$ 212,671	\$ (3,718)	\$ 837	\$ 209,790	\$ —	\$ 209,790
Term loan <sup>1</sup>	5.92%	275,000	(5,381)	3,080	272,699	—	272,699
Term loan 2 <sup>1</sup>	5.97%	225,000	(3,006)	676	222,670	—	222,670
Mortgage	4.43%	7,700	78	(76)	7,702	7,702	—
Mortgage <sup>1</sup>	6.65%	13,252	(622)	78	12,708	—	12,708
Mortgage	6.40%	100,500	(5,175)	690	96,015	—	96,015
Mortgage	5.51%	32,818	(588)	55	32,285	454	31,831
Mortgage	3.48%	74,334	(1,562)	816	73,588	1,918	71,670
Mortgage <sup>1</sup>	6.07%	39,300	(873)	—	38,427	—	38,427
Mortgage	5.50%	4,357	127	(52)	4,432	686	3,746
Mortgage	3.75%	154,621	(3,133)	1,425	152,913	3,654	149,259
Mortgage	5.50%	54,985	(929)	230	54,286	812	53,474
<b>Total</b>		<b>\$ 1,194,538</b>	<b>\$ (24,782)</b>	<b>\$ 7,759</b>	<b>\$ 1,177,515</b>	<b>\$ 15,226</b>	<b>\$ 1,162,289</b>

<sup>1</sup> The revolver, term loan, term loan 2, and floating-rate mortgage interest rates are based on the applicable SOFR as at June 30, 2025.

## Slate Grocery REIT

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

	Interest rate <sup>1</sup>	Principal	Deferred financing costs and MTM adjustments	Accumulated amortization of costs and MTM adjustments	Carrying amount	Current	Non-current
Revolver	6.08%	\$ 220,771	\$ (3,718)	\$ 279	\$ 217,332	\$ —	\$ 217,332
Term loan	5.93%	275,000	(5,381)	2,539	272,158	—	272,158
Term loan 2	5.98%	225,000	(3,006)	225	222,219	—	222,219
Mortgage	4.14%	31,004	(1,079)	1,030	30,955	30,955	—
Mortgage	4.43%	7,700	78	(66)	7,712	7,712	—
Mortgage	6.40%	100,500	(5,175)	172	95,497	—	95,497
Mortgage	5.51%	33,000	(588)	10	32,422	444	31,978
Mortgage	3.48%	75,268	(1,562)	732	74,438	1,885	72,553
Mortgage	5.50%	4,686	127	(47)	4,766	667	4,099
Mortgage	3.75%	156,397	(3,133)	1,266	154,530	3,586	150,944
Mortgage	5.50%	55,374	(929)	181	54,626	790	53,836
<b>Total</b>		<b>\$ 1,184,700</b>	<b>\$ (24,366)</b>	<b>\$ 6,321</b>	<b>\$ 1,166,655</b>	<b>\$ 46,039</b>	<b>\$ 1,120,616</b>

<sup>1</sup> The revolver, term loan, and term loan 2 interest rates are based on the applicable one-month SOFR as at December 31, 2024.

On June 5, 2025, the REIT entered into a \$39.3 million mortgage, secured by four properties, bearing interest at one-month SOFR plus an applicable spread of 175 bps and maturing on June 4, 2030. In connection with the refinancing, the REIT removed one property from the existing portfolio.

On April 11, 2025, the REIT entered into a mortgage for a total facility amount of \$17.4 million, of which \$11.6 million was advanced upon closing on a gross basis. The mortgage, secured by one property, bears interest at daily SOFR plus 220 bps and matures on April 11, 2027.

On December 13, 2024, the REIT entered into a \$33.0 million mortgage, which is secured by two properties, bearing interest at 5.51% and maturing on January 1, 2030. The proceeds of the mortgage were used to repay a portion of the existing mortgage on the portfolio. In connection with the repayment, the REIT transferred one property in the existing portfolio to the Revolver and term loans pool.

On November 20, 2024, the REIT entered into a \$100.5 million mortgage, secured by a portfolio of ten properties, bearing interest at 6.40% and maturing on December 1, 2029. The proceeds of the mortgage were used to repay a portion of the existing mortgage on the portfolio. In connection with the repayment, the REIT removed one property from the existing portfolio.

On October 21, 2024, the REIT refinanced its Revolver and Term loan 2 (collectively, the "Facility") for an aggregate principal amount of \$275.0 million and \$225.0 million, respectively. The Facility has a maturity date of January 14, 2028, and pays an interest rate of one-month SOFR plus an applicable spread based on a consolidated leverage ratio. The applicable spreads for the Revolver and Term loan 2 are 175 bps and 165 bps, respectively.

## 9. INCOME TAXES

Subsidiaries of the REIT, Slate Grocery Investment L.P. ("Investment L.P."), and GAR (1B) Limited Partnership ("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 Slate Grocery One L.P. ("LP1"), a subsidiary of the REIT, and any subsidiary limited partnership thereof.

Slate Grocery Investment Inc. ("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 Slate Grocery Investment US L.P. ("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, 2024 – 25.59%). Investment Inc. is subject to a combined federal and state income tax rate of 25.12% (December 31, 2024 – 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 for the six month period ended June 30, 2025 were \$1.3 million (six month period ended June 30, 2024 – \$1.6 million). Branch profit tax is tax imposed on U.S. earned income that is repatriated to Canada.

## Slate Grocery REIT

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

#### 10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consists of the following:

	June 30, 2025	December 31, 2024
Accounts payable and accrued liabilities	\$ 18,258	\$ 17,732
Prepaid rent	8,991	8,468
Tenant improvements payable	5,585	6,582
Other payables	9,615	9,289
<b>Total</b>	<b>\$ 42,449</b>	<b>\$ 42,071</b>

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 (expense) income.

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

	Note	June 30, 2025		December 31, 2024	
		Exchangeable Units	Value	Exchangeable Units	Value
Beginning of the period		907	\$ 8,733	907	\$ 8,269
Change in fair value	17	—	850	—	464
<b>End of the period</b>		<b>907</b>	<b>\$ 9,583</b>	<b>907</b>	<b>\$ 8,733</b>

#### 12. REIT UNITS

As at June 30, 2025, 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	111	10	59,009

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.

## Slate Grocery REIT

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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 allowed 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 were 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 six month periods ended June 30, 2025 and 2024, no units were issued under the ATM program.

#### Normal course issuer bid

On January 27, 2025, the REIT renewed its normal course issuer bid ("NCIB"), effective from February 3, 2025 until January 30, 2026, pursuant to which it may repurchase and cancel up to 5.5 million class U units of the REIT. For the six month periods ended June 30, 2025 and 2024, no class U units have been purchased and subsequently canceled under the NCIB.

#### 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 June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Class U units	59,009	58,995	59,009	58,996
Class A units	111	125	111	121
Class I units	10	10	10	13
Exchangeable units of subsidiaries	907	907	907	907
Deferred units	366	290	357	280
<b>Total</b>	<b>60,403</b>	<b>60,327</b>	<b>60,394</b>	<b>60,317</b>

#### 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:

	June 30, 2025	December 31, 2024
Class U units	59,009	59,009
Class A units	111	111
Class I units	10	10
Exchangeable units of subsidiaries	907	907
Deferred units	375	341
<b>Total</b>	<b>60,412</b>	<b>60,378</b>

## Slate Grocery REIT

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

#### 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 June 30,		Six months ended June 30,	
	2025	2024	2025	2024
<b>Declared</b>				
REIT unit distributions	\$ 12,772	\$ 12,772	\$ 25,544	\$ 25,544
Exchangeable units of subsidiaries distributions	196	196	392	392
	<b>\$ 12,968</b>	<b>\$ 12,968</b>	<b>\$ 25,936</b>	<b>\$ 25,936</b>
Add: Distributions payable, beginning of period	4,323	4,323	4,323	4,323
Less: Distributions payable, end of period	(4,323)	(4,323)	(4,323)	(4,323)
<b>Distributions paid</b>	<b>\$ 12,968</b>	<b>\$ 12,968</b>	<b>\$ 25,936</b>	<b>\$ 25,936</b>

#### 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 June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Beginning of the period	358	281	341	264
Reinvested distributions	5	6	13	12
Issued	12	15	21	26
<b>End of the period</b>	<b>375</b>	<b>302</b>	<b>375</b>	<b>302</b>
<b>Fair value of units</b>	<b>\$ 3,960</b>	<b>\$ 2,416</b>	<b>\$ 3,960</b>	<b>\$ 2,416</b>

### 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 \$180.0 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 1.4 million square feet in major metro markets in New York, Ohio, and Georgia.

Primary Investment	Number of properties	June 30, 2025	December 31, 2024
LP1, SGIUSLP	116	18.4 %	18.4 %
Tops Portfolio	11	10.0 %	10.0 %

## Slate Grocery REIT

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

#### 14. REVENUE

Revenue consists of the following:

	Three months ended June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Rental revenue	\$ 38,882	\$ 38,392	\$ 77,363	\$ 76,008
Common area maintenance recoveries	5,050	4,865	11,311	10,222
Property tax and insurance recoveries	7,225	7,026	14,247	14,268
Percentage rent	91	81	488	456
Other revenue <sup>1</sup>	1,137	1,454	2,043	2,779
<b>Total</b>	<b>\$ 52,385</b>	<b>\$ 51,818</b>	<b>\$ 105,452</b>	<b>\$ 103,733</b>

<sup>1</sup> Other revenue includes straight-line rent, ground rent, termination fees, storage rent, and other 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 4.5 years (December 31, 2024 – 4.7 years) in which certain leases 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:

	June 30, 2025	December 31, 2024
In one year or less	\$ 174,813	\$ 171,154
In more than one year but not more than five years	469,614	446,387
In more than five years	190,909	182,639
<b>Total<sup>1</sup></b>	<b>\$ 835,336</b>	<b>\$ 800,180</b>

<sup>1</sup> 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 June 30,		Six months ended June 30,	
	2025	2024	2025	2024
Asset management fees	\$ 2,288	\$ 2,255	\$ 4,577	\$ 4,534
Professional fees and other	1,431	1,354	2,941	2,670
Bad debt expense	196	270	522	515
Franchise and business taxes	81	70	154	175
<b>Total</b>	<b>\$ 3,996</b>	<b>\$ 3,949</b>	<b>\$ 8,194</b>	<b>\$ 7,894</b>



## Slate Grocery REIT

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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#### 16. INTEREST AND FINANCE COSTS

Interest and finance costs consists of the following:

	Note	Three months ended June 30,		Six months ended June 30,	
		2025	2024	2025	2024
Interest on debt and finance charges		\$ 16,516	\$ 17,119	\$ 32,832	\$ 34,261
Interest rate swaps, net settlement	7	(1,956)	(3,537)	(3,891)	(7,094)
Interest income		(119)	—	(252)	(103)
Amortization of finance charges and MTM premium	22	1,312	628	2,518	1,377
Amortization of gain on financial instrument	7	(192)	(192)	(384)	(384)
Amortization of deferred gain on TIF notes		(22)	(22)	(44)	(44)
<b>Total</b>		<b>\$ 15,539</b>	<b>\$ 13,996</b>	<b>\$ 30,779</b>	<b>\$ 28,013</b>

#### 17. UNIT (EXPENSE) INCOME

Unit (expense) income consists of the following:

	Note	Three months ended June 30,		Six months ended June 30,	
		2025	2024	2025	2024
Exchangeable units of subsidiaries distributions	11, 12	\$ (196)	\$ (196)	\$ (392)	\$ (392)
Change in fair value of DUP		(262)	124	(332)	324
Change in fair value of exchangeable units of subsidiaries	11	(664)	397	(850)	1,005
<b>Total</b>		<b>\$ (1,122)</b>	<b>\$ 325</b>	<b>\$ (1,574)</b>	<b>\$ 937</b>

## Slate Grocery REIT

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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#### 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:

June 30, 2025	Fair Value				
	Carrying amount	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Interest rate swaps	\$ 663	\$ —	\$ 663	\$ —	663
TIF notes receivable	543	—	—	650	650
<b>Total financial assets</b>	<b>\$ 1,206</b>	<b>\$ —</b>	<b>\$ 663</b>	<b>\$ 650</b>	<b>1,313</b>
<b>Financial liabilities</b>					
Interest rate swaps	\$ 1,545	\$ —	\$ 1,545	\$ —	1,545
Revolver	209,790	—	212,671	—	212,671
Term loan	272,699	—	275,000	—	275,000
Term loan 2	222,670	—	225,000	—	225,000
Mortgages	472,356	—	456,869	—	456,869
Exchangeable units of subsidiaries	9,583	9,583	—	—	9,583
<b>Total financial liabilities</b>	<b>\$ 1,188,643</b>	<b>\$ 9,583</b>	<b>\$ 1,171,085</b>	<b>\$ —</b>	<b>1,180,668</b>

December 31, 2024	Fair Value				
	Carrying amount	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Interest rate swaps	\$ 7,673	\$ —	\$ 7,673	\$ —	7,673
TIF notes receivable	677	—	—	810	810
<b>Total financial assets</b>	<b>\$ 8,350</b>	<b>\$ —</b>	<b>\$ 7,673</b>	<b>\$ 810</b>	<b>8,483</b>
<b>Financial liabilities</b>					
Revolver	\$ 217,332	\$ —	\$ 220,771	\$ —	220,771
Term loan	272,158	—	275,000	—	275,000
Term loan 2	222,219	—	225,000	—	225,000
Mortgages	454,946	—	427,258	—	427,258
Exchangeable units of subsidiaries	8,733	8,733	—	—	8,733
<b>Total financial liabilities</b>	<b>\$ 1,175,388</b>	<b>\$ 8,733</b>	<b>\$ 1,148,029</b>	<b>\$ —</b>	<b>1,156,762</b>

#### 19. CAPITAL MANAGEMENT

The REIT's capital management objectives are to:

- ensure compliance with the REIT's Declaration of Trust;
- ensure compliance with restrictions in debt agreements; and
- 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.

## Slate Grocery REIT

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(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	June 30, 2025	December 31, 2024
Debt	8	\$ 1,177,515	\$ 1,166,655
Exchangeable units of subsidiaries	11	9,583	8,733
Equity		844,830	853,959
<b>Total</b>		<b>\$ 2,031,928</b>	<b>\$ 2,029,347</b>

The Declaration of Trust provides that the REIT is not permitted to exceed financial leverage in excess of 60% of gross book value, as defined by the Declaration of Trust, and is calculated as follows:

	Note	June 30, 2025	December 31, 2024
Gross book value		\$ 2,241,469	\$ 2,233,699
Debt	8	1,177,515	1,166,655
<b>Leverage ratio</b>		<b>52.5 %</b>	<b>52.2%</b>

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	June 30, 2025	December 31, 2024
Maximum leverage ratio: consolidated total indebtedness shall not exceed 60% of gross asset value	< 60%	53.2%	53.4%
Minimum fixed charge coverage ratio: adjusted EBITDA to consolidated fixed charges shall not be less than 1.5x <sup>1</sup>	> 1.5x	1.9x	2.0x

<sup>1</sup> Adjusted EBITDA and consolidated fixed charges are defined by the Third Amended and Restated Credit Agreement for the revolver and term loan 2, as well as the Second Amended Credit Agreement for the term loan, and are calculated on a trailing twelve-month basis.

As at June 30, 2025 and December 31, 2024, the REIT is in compliance with all of its applicable financial covenants.

## 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 June 30, 2025, one individual tenant accounted for 5.8% (December 31, 2024 – 5.8%) 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.

# Slate Grocery REIT

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

The REIT's contractual commitments as at June 30, 2025 are as follows:

	Total contractual cash flow	Remaining in 2025	2026-2027	2028-2029	Thereafter
Accounts payable and accrued liabilities	\$ 42,449	\$ 42,449	\$ —	\$ —	\$ —
Distributions payable	4,323	4,323	—	—	—
Revolver <sup>12</sup>	212,671	—	—	212,671	—
Revolver interest payable <sup>123</sup>	28,132	6,330	21,396	406	—
Term loan <sup>12</sup>	275,000	—	275,000	—	—
Term loan interest payable <sup>12</sup>	28,421	7,918	20,503	—	—
Term loan 2 <sup>12</sup>	225,000	—	—	225,000	—
Term loan 2 interest payable <sup>12</sup>	28,944	6,535	21,988	421	—
Mortgages <sup>12</sup>	481,867	11,423	28,938	117,540	323,966
Mortgage interest payable <sup>12</sup>	114,193	11,626	43,882	41,178	17,507
Interest rate swaps	2,560	—	2,040	490	30
Exchangeable units of subsidiaries	9,583	9,583	—	—	—
<b>Total</b>	<b>\$ 1,453,143</b>	<b>\$ 100,187</b>	<b>\$ 413,747</b>	<b>\$ 597,706</b>	<b>\$ 341,503</b>

<sup>1</sup> Interest payable on floating-rate instruments is calculated on the outstanding principal using forward curves plus the applicable margins through maturity.

<sup>2</sup> Excludes the impact of the REIT's \$664.3 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.

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

The REIT maintains \$8.0 million in cash and cash equivalents to satisfy a mortgage covenant that is recorded in the cash balance in the condensed consolidated interim statements 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 2, and the floating-rate mortgages, the 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:

	June 30, 2025	December 31, 2024
<b>Variable-rate instruments</b>		
Revolver	\$ 212,671	\$ 220,771
Term loan	275,000	275,000
Term loan 2	225,000	225,000
Mortgage	39,300	—
Mortgage	13,252	—
Effect of interest rate swaps	(664,300)	(625,000)
<b>Total effective variable-rate debt</b>	<b>\$ 100,923</b>	<b>\$ 95,771</b>
<b>Effective fixed rate debt as a total of all debt</b>	<b>91.6%</b>	<b>91.9%</b>
<b>Annual impact of a 25 bps change on interest rates</b>	<b>\$ 252</b>	<b>\$ 239</b>

# Slate Grocery REIT

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(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. A rate of 0.40% (the "rate") 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.

Related party transactions incurred and payable to the Manager for the three and six month periods ended June 30, 2025 were \$2.3 million and \$4.6 million, respectively (three and six month periods ended June 30, 2024 - \$2.3 million and \$4.5 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 the contract, 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 and six month periods ended June 30, 2025, trustee fees amounted to \$0.2 million and \$0.4 million, respectively (three and six month periods ended June 30, 2024 - \$0.2 million and \$0.4 million). Trustee fees are recorded as general and administrative expenses in the condensed consolidated statements of income.

## 22. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in liabilities arising from financing activities are as follows:

	Revolver <sup>1</sup>	Term Loans <sup>1</sup>	Mortgages	Exchangeable units of subsidiaries	Total
Balance, December 31, 2024	\$ 217,332	\$ 494,377	\$ 454,946	\$ 8,733	
<b>Cash flows</b>					
Advances, net <sup>1</sup>	3,900	—	51,057	—	<b>54,957</b>
Debt repayments	(12,000)	—	(34,615)	—	<b>(46,615)</b>
<b>Non-cash changes</b>					
Amortization of deferred financing costs and MTM adjustments	558	992	968	—	<b>2,518</b>
Change in fair value	—	—	—	850	<b>850</b>
<b>Balance, June 30, 2025</b>	<b>\$ 209,790</b>	<b>\$ 495,369</b>	<b>\$ 472,356</b>	<b>\$ 9,583</b>	

<sup>1</sup>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**

The following events occurred subsequent to June 30, 2025:

- i. On July 15, 2025, the REIT declared monthly distributions of \$0.072 per class U unit. Holders of class A units, class I units, and units of subsidiaries of the REIT were also entitled to receive an equivalent distribution.
- ii. On July 11, 2025, the REIT entered into an amending agreement on an existing \$13.6 million mortgage within the Northeast Grocery Portfolio joint venture investment. The amendment extended the maturity to July 1, 2026, and the interest rate to 7.0%.
- iii. On July 1, 2025, the REIT amended its \$137.5 million interest rate swap with a pay-fixed rate of 2.400% and a maturity date of July 22, 2027. The amendment adjusted the pay-fixed rate to 3.438% and removed a one-time cancellation option that was exercisable on July 24, 2025. There were no changes to the swap's notional amount.
- iv. On July 1, 2025, the REIT amended its \$175.0 million interest rate swap with a pay-fixed rate of 2.822% and a maturity date of August 22, 2025. The amendment adjusted the pay-fixed rate to 3.355% and the maturity to August 22, 2028. There were no changes to the swap's notional amount.