CORPORATE PARTICIPANTS

Blair Welch
Chief Executive Officer

Joe Pleckaitis
Chief Financial Officer

Connor O'Brien
Managing Director

Allen Gordon
Senior Vice President

Braden Lyons
Vice President

Shivi Agarwal
Manager, Finance

CONFERENCE CALL PARTICIPANTS

Brad Sturges
Raymond James

Golden Nguyen-Halfyard
TD Cowan

PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to the Slate Grocery REIT Third Quarter 2025 Financial Results Conference Call. At this time, all lines are in listen-only mode. Following the presentation, we will conduct a question-and-answer session.

If at any time during this call you require immediate assistance, please press star zero for the operator. This call is being recorded on Thursday, November 6, 2025. I would now like to turn the conference over to Shivi Agrawal, Manager, Finance at Slate Grocery REIT. Please go ahead.

Shivi Agarwal, Manager, Finance

Thank you, operator, and good morning, everyone. Welcome to the Q3 2025 conference call for Slate Grocery REIT. I'm joined this morning by Blair Welch, Chief Executive Officer, Joe Pleckaitis, Chief Financial Officer, Connor O'Brien, Managing Director, Allen Gordon, Senior Vice President, and Braden Lyons, Vice President.

Before getting started, I would like to remind participants that our discussion today may contain forward-looking statements, and therefore, we ask you to review the disclaimers regarding forward-looking statements as well as non-IFRS measures, both of which can be found in Management's Discussion and Analysis.

You can visit Slate Grocery REIT's website to access all of the REIT's financial disclosure, including our Q3 2025 Investor Update, which is available now. I will now hand over the call to Blair Welch for opening remarks.

Blair Welch, Chief Executive Officer

Thank you, Shivi, and hello, everyone. We are pleased to report another quarter of strong financial and operating results for Slate Grocery REIT. Our team continues to convert resilient demand for grocery-anchored retail spaces into robust leasing at attractive rental spreads.

The REIT completed over 417,000 square feet of total leasing throughout the quarter. Renewal spreads were completed at 15% above expiring rents, and new deals were completed at 35% above comparable average in-place rent. Adjusting for completed redevelopments, same-property net operating income increased by $4.3 million, or 2.7 percent, on a trailing 12-month basis. Portfolio occupancy remained stable at 94%, and our portfolio's average in-place rent of $12.82 per square foot remains well below the market average of $24.09 per square foot, providing significant runway for continued rent increases.

The REIT has a weighted average interest rate of 5%, with over 90% of its debt having a fixed interest rate, on a proportionate basis. This provides a stable outlook for the REIT's near-term financing costs.

The REIT's weighted average capitalization rate remains well above the REIT's weighted average interest rate for outstanding debt, allowing the REIT to maintain positive leverage. The REIT's attractive valuation, combined with continued net operating income growth, is expected to continue increasing the value of our portfolio over time.

We continue to have strong conviction in the outlook for grocery-anchored real estate and the ability of this asset class to perform in today's economic environment.

Recent consumer spending data shows that essential goods are expected to remain a top priority for shoppers over the next three months, underscoring the stability and resilience of the grocery sector and grocery-anchored real estate. At the same time, fundamentals remain favorable, with elevated construction costs and tight lending conditions continuing to constrain new retail development and overall availability. This dynamic creates a favorable environment for landlords to retain existing tenants and achieve meaningful increases in rents as leases expire.

Against this backdrop, we are staying focused on operational execution, prudent management of our balance sheet, and strong relationships with our tenants to position the REIT to deliver sustained growth and lasting value for all unitholders.

On behalf of the Slate Grocery REIT team and the Board, I would like to thank the investor community for all their continued confidence and support. I will now hand it over for questions.

Operator

Thank you. As a reminder, if you do wish to ask an audio question, please press star 1 on your telephone keypad. If you wish to withdraw your question, you may do so by pressing star 1 again to cancel. Once again, please press star 1 to register a question. There will be a brief pause while questions are being registered. Our first question comes from the line of Brad Sturges at Raymond James. Your line is now open.

Brad Sturges, Raymond James

Good morning. Good quarter. Obviously, the organic growth number has been trending where you expected, I think your trailing 12-months is 3-4%. Is that a level that you expect to continue to see continue over the course of 2026?

Blair Welch, Chief Executive Officer

Good morning, Brad. Yes, it is. I think the moves in it are due to expiring leases when they come on, but that 3-4% is what we expect going forward.

Brad Sturges, Raymond James

Okay. What are you seeing from a market rent perspective? Obviously, you continue to highlight and showcase the mark-to-market available as you're able to bring in place rents to market, but what's happening from a market rent perspective?

Blair Welch, Chief Executive Officer

Great question. The easiest way to point to something is, we quote that it is just over $24 per square foot now, the CBRE market average. That is increasing at the same or maybe above our in-place rents. I would say our rental growth is very strong and the market is also growing. Those are both positive things.

Brad Sturges, Raymond James

Okay. Last question from me, just switching gears towards the investment or transaction market. Any readthroughs in terms of pricing you're seeing as it relates to Slate Grocery REIT's underlying NAV or valuation? Are there more trades starting to percolate or how should we think about that?

Blair Welch, Chief Executive Officer

We feel very comfortable with our IFRS cap rate and I think we've been prudent on that. The rest of the market is coming to a place where the execution where you have to do deals has moved up, with the transaction volume having been muted. I think it is more situational. We are looking at the pipeline of new acquisition opportunities in the billions and that could be platforms, it could be one-off deals, but it really speaks to positive leverage. If you think of Slate Grocery REIT's balance sheet, we are around 200 basis points of positive leverage from our IFRS cap rate to our weighted average cost of financing.

I think that's pretty attractive. If we continue to see that with our peers and where transactions are, I think you'll see that volume pick up. The U.S. market is getting there. If you look at other international jurisdictions, Europe is also a positive leverage situation. Canada is getting there, but maybe not there yet. That is how we look at the market.

The fundamentals of grocery-anchored real estate are extremely strong. If you can buy an asset that is performing well and finance it well, I think that will show more volume in transactions.

Brad Sturges, Raymond James

Okay, I appreciate that. Thank you. I'll turn it back.

Operator

Thank you. Your next question comes to the line of Golden Nguyen-Halfyard at TD Cowan. Your line is now open.

Golden Nguyen-Halfyard, TD Cowan

Good morning, everyone. Just one question from my end. Nice to see occupancy move up a little bit in Q3. Can you talk about your progress on some of the vacancies that you had earlier in the year?.

Blair Welch, Chief Executive Officer

Good morning, Golden. I'll pass it over to the team to talk about specific occupancy. Thanks for the question.

Allen Gordon, Senior Vice President

This is Allen. Good morning. We continue to see a strong pipeline of new deals throughout the portfolio, both on junior anchor leasing and small shop leasing. As you have seen, we continue to do deals in both.

Golden Nguyen-Halfyard, TD Cowan

Thanks for the color. I'll turn it back.

Operator

Thank you. As a reminder, if you do wish to ask a question, please press star one on your telephone keypad. At this time, we have no further questions. I'd like to turn it back over to Shivi Agarwal for closing remarks.

Shivi Agarwal, Manager, Finance

Thank you, everyone, for joining the Q3 2025 conference call for Slate Grocery REIT. Have a great day.

Operator

Thank you, everyone, for attending. This does conclude today's presentation. You may now disconnect.