

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

Sairam Srinivas
ATB Capital Markets

Golden Nguyen-Halfyard
TD Securities

Brad Sturges
Raymond James

Tal Woolley
CIBC Capital Markets

PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to Slate Grocery REIT Fourth Quarter 2025 Financial Results Conference Call. At this time, all lines are in a listen-only mode. Following the presentation, we will conduct a question-and-answer session. If anyone has any difficulties hearing the conference, please press star zero for operator assistance at any time. I would now like to turn the conference call over to Shivi Agarwal. Please go ahead.

Shivi Agarwal, Manager, Finance

Thank you, operator, and good morning, everyone. Welcome to the Q4 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 Q4 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 strong fourth quarter and year-end results for Slate Grocery REIT. The REIT completed over 1.7 million square feet of total leasing throughout the year at attractive rental spreads that continue to drive strong performance. Renewal spreads were completed at 14.9% above expiring rents, and new deals were completed at 34.9% above comparable average in-place rent. Adjusting for completed redevelopments, same property net operating income increased by 3.3 million or 2% on a trailing 12-month basis. Portfolio occupancy remained stable at 94.4%, and our portfolio's average in-place rent of \$12.86 per square foot remains well below the market average of \$24.34, providing significant runway for continued rent increases.

The REIT has a weighted average interest rate of 5%, with over 87% of its debt having a fixed interest rate. This provides a stable outlook for the REIT's near-term financing costs. Subsequent to quarter end, the REIT refinanced an eight-property portfolio for \$90 million to consolidate existing property-level mortgage loans. We continue to see strong demand for high-quality grocery-anchored real estate among the lender community, and 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.

During the fourth quarter, the REIT completed two strategic transactions to strengthen tenant mix and

further de-lever the portfolio. In December, the REIT acquired the remaining minority interest in a 10-asset joint venture portfolio for \$5.7 million, bringing its ownership to 100%. This provides the REIT with enhanced refinancing flexibility and the ability to capture further mark-to-market opportunities. In the same month, the REIT strategically disposed of a non-grocery-anchored property in Flower Mound, Texas, using proceeds to further de-lever the portfolio.

We continue to have strong conviction in the outlook for grocery-anchored real estate. Recent investments by leading grocery operators in store-based fulfillment reinforce the critical importance of the physical grocery store. At the same time, fundamentals remain favorable, with elevated construction costs and tight lending conditions continuing to constrain new retail development and overall availability.

We believe these fundamentals, combined with the resilience of consumer spending on food and essential goods, underscore the long-term stability of our portfolio of grocery-anchored real estate.

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

Operator

Thank you, ladies and gentlemen. We will now begin the question-and-answer session. Should you have a question, please press the star followed by the 1 on your touch-tone phone. Should you wish to cancel your request, please press the star followed by the 2. If you are using a speakerphone, please lift the handset before pressing any keys. Once again, that is star 1. Should you wish to ask a question? Your first question is from Sairam Srinivas from ATB Capital Markets. Your line is now open.

Sairam Srinivas, ATB Capital Markets

Thank you, operator. Good morning. Just looking at the cadence of option-based renewals this year, how do you see them impact your 2026 leasing? What I'm trying to get to is essentially the proportion of GLA that's coming

up for renewals and how much of that is essentially option-based leasing.

Blair Welch, Chief Executive Officer

We have had 11 straight quarters of very strong leasing spreads on new leases and renewals. Every quarter is different. It depends on how many square feet each quarter renews and what their in-place rent is, so it changes every quarter. I think the 11 quarters in a row speak to what we will continue to see in 2026 and going forward. We are excited about the rents that are coming due in the spaces that we have.

We can talk more, but we are not afraid of getting space back. We are focused on essential goods, but we've had some good stories as it relates to getting space back from retail tenants that might go through restructuring. It's very competitive, and we see that as an opportunity to increase rents. Also, less than 10% of our gross leasable area is expiring in 2026.

Sairam Srinivas, ATB Capital Markets

Yes, and I was looking at the number, the GLA overall is actually pretty low. So, again, I think this was the biggest year of leasing for you guys. Probably just looking at same-property NOI, I know the leasing numbers, as you said, have been really strong over the last 13 quarters now. But now looking ahead when do you think it will start showing up in your NOI numbers?

Blair Welch, Chief Executive Officer

We have been seeing it, and I think we will continue to see single-digit NOI growth, whether that's 2% to 4% to 5% over the coming years. We have been performing that way. We are confident in leasing spreads, it is a tight market. Our management team is strong. Our leasing team is strong. We are seeing demand across the space, so I think it will just continue to be a very defensive, stable business for us.

Sairam Srinivas, ATB Capital Markets

That makes sense. Lastly, what's your outlook on leverage? I know you guys have made some progress on paying some of that debt down, but where do you see that number stabilizing this year?

Blair Welch, Chief Executive Officer

I will let Joe speak here, but it shot up from the reporting. We waited to refine and de-lever post-quarter end because we had to consolidate the joint venture acquisition that we did. Our target is to continually de-lever, and I think we're on that target. When quarter end happened, we had acquired some JV interest, consolidated them, and then post-quarter end we have subsequently, and we will continue to de-lever the business.

Joe Pleckaitis, Chief Financial Officer

That's exactly right, and it's more of a point in time right now and a timing issue. We refinanced that eight-asset portfolio post-quarter end. We used the sale proceeds from that asset to de-lever and some net proceeds from that refinancing to repay the revolver. It was more of a point in time, it crept up the last couple of quarters, but I see that normalizing moving forward.

Sairam Srinivas, ATB Capital Markets

Sounds good, guys. That's all from me. Thank you.

Operator

Thank you. Your next question is from Golden Nguyen-Halfyard from TD Securities. Your line is now open.

Golden Nguyen-Halfyard, TD Securities

Good morning, everybody. Nice to see an uptick in leasing activity this quarter. I recall you had some larger vacancies in the portfolio from earlier in the first half of

2025. I was wondering if you had any updates on these properties.

Connor O'Brien, Managing Director

On the vacancies, the team did a really good job continuing to engage with our tenant relationships that we have across the portfolio, and meet the headwinds that have come online. We see a lot of those leases coming on throughout 2026. One of the redevelopments we've been working through is at Culver Ridge, with the third and final tenant of that redevelopment coming on later this year and will start contributing to the NOI of the portfolio in the second half of this year.

Golden Nguyen-Halfyard, TD Securities

Great thanks. Just one more from my end. Turning to the transaction market, maybe you could talk about what you're seeing in the market today and how that outlook has changed from a few months ago. Do you think that could signal acquisitions this year for you guys?

Blair Welch, Chief Executive Officer

When it comes to capital allocation, we continuously speak to our Board on how we deploy capital. As it relates to the broader market, the availability of debt financing is strong for this asset class and in the United States. Over the last several years, one of the breaks on transaction volume has been the bid-ask spread. Financing costs, if you think 4% to 4.5%, 10-year, and you add 170 to 190 basis points, your borrowing costs are six, six-plus, so cap rates need to be wider than that, and people were not willing to sell for that.

People have come to the realization of where the market is, and you will see more transactions because people are comfortable with that now, but it has taken time for those fundamental agreements to take place. Slate Grocery REIT is in a really good place because where our IFRS cap rate is to financing has positive leverage, and we're seeing the market in that space, which is different than some of our Canadian peers, but we're confident that there will be more acquisition activity that will be interesting for us to look at in 2026.

Golden Nguyen-Halfyard, TD Securities

Appreciate the color. I'll turn it back now.

Operator

Thank you. Your next question is from Brad Sturges from Raymond James. Your line is now open.

Brad Sturges, Raymond James

Good morning, guys. Just on the consolidation of the JV interest there, I wonder if you could give a little bit of color of what was driving out of the mechanics of it for the acquisition to occur in the quarter.

Blair Welch, Chief Executive Officer

Good morning, Brad. Joe, why don't you tackle that one for us.

Joe Pleckaitis, Chief Financial Officer

Thanks, Brad. With that purchase, we now acquire 100% ownership of that portfolio, and from an accounting standpoint, it becomes fully consolidated on our financials, so we took that investment from a joint venture investment on our balance sheet to full consolidation of all the assets and liabilities. With that acquisition, what it also showed us to do is simplify the structure from a financing standpoint.

Once we purchased that remaining interest, what we were able to do is consolidate three separate mortgages into portfolio refinancing, which we closed post-quarter end. We got very favorable pricing, competitive pricing, and really what we're seeing in the market today. That loan is an eight-asset portfolio, \$90 million of principal at SOFR plus 180 basis points. Again, that just shows you the competitiveness of the lending environment right now for grocery-anchored real estate.

Brad Sturges, Raymond James

Was that a negotiated deal with the minority interest, or was it a trigger of a right or an option type thing?

Blair Welch, Chief Executive Officer

It was negotiated, Brad. We have a very strong relationship with our partner. I think they're great at what they do. They had some needs outside of this portfolio they wanted to deal with and needed a use of proceeds. We negotiated a very good acquisition price for Slate Grocery REIT and our unitholders, so I think it worked for both. There wasn't a trigger event.

Brad Sturges, Raymond James

Okay. That makes sense. In terms of remaining minority interest, there are a few assets still that are equity counted. Is that something you would pursue consolidating further, or how should we think about that?

Blair Welch, Chief Executive Officer

We have absolutely no issues with any of our JV partners. Those were acquired through our acquisition of the Annaly Portfolio. That being said, on the Pine Tree JV that we were talking about, the world changes, and different partners have different needs at different times.

If that comes up and it makes sense for the REIT, we will look at it. There is no trigger event or need at this time. Everything is moving well. We will look to be opportunistic because we like the assets that we own. If the situation comes up, we will do it. We're fine with how it is now, too.

Brad Sturges, Raymond James

Okay. Last question. On the asset sale, can you comment on cap rate?

Connor O'Brien, Managing Director

There was a lot of interest from the buyer community for a non-grocer anchored asset in the Dallas MSA, and the cap rate came in at a mid-7 cap for that asset.

Operator

Thank you. Once again, ladies and gentlemen, please press star 1 should you wish to ask a question. Your next question is from Tal Woolley from CIBC Capital Markets. Your line is now open.

Tal Woolley, CIBC Capital Markets

Hey, good morning, everybody. I just wanted to start off just wondering, you mentioned earlier maybe you expect to see acquisition activity pick up over the course of 2026. I'm just wondering if there are any particular markets, property types that you're particularly interested in.

And then longer term, given that you just said you like your own assets as well, instead of acquiring new assets, should the focus for the REIT be trying to bring in the non-controlling interest, the joint venture interest first?

Blair Welch, Chief Executive Officer

Good morning, Tal. To your first question, since the inception of Slate Grocery REIT, we've had a thesis that given our performance over the last one, three, and five years has been really strong, we focus on the best one or two grocers in a market buying low in-place rents. That has been our thesis, and we will continue that thesis.

It is expensive to build this stuff. The market is tight, and it's really about understanding our tenants. That's why we want to be with the best tenants in the regional market. Our team has built those relationships over the last 15 years that are very strong, and we would love to add scale in the markets we're in. As we look to new markets, we think, can we buy more than one over time?

That has not changed. We have always been that way. We are focused on low in-place rents with a good grocer,

and that's our strategy. In the U.S., there are 40,000 grocery stores, so there is a lot of product to look at.

As it relates to our own assets, Slate was able to bring in our North American Essential Fund a couple years ago. That's the JV interest you're talking about. We talk to our Board all the time about how to maximize value, and we thought that that was a great deal.

Should we buy assets? Should we redevelop our own assets? That's a continuous thing, and the team has proven that we are creative to do that. We'll work with our Board to do what's right in the best interest of all the unitholders, of which Slate Asset Management is the largest.

I think we're creative. We'll continue to look at the market. We love this business. Slate Asset Management has over 600 grocery stores globally now, and we want to continue to grow and we think the U.S. is a great market to do that.

Tal Woolley, CIBC Capital Markets

Okay. On the \$90 million refinance, do you have the rate you achieved on that?

Joe Pleckaitis, Chief Financial Officer

It is a floating rate loan at SOFR plus 180 basis points, and we also entered into a 12-month pay fix swap at close, which would bring the all-in rate for that loan to 5.3%.

Tal Woolley, CIBC Capital Markets

Okay. Is that 5.3% a pretty fair representation of where you guys could borrow at right now?

Joe Pleckaitis, Chief Financial Officer

I think it depends on the credit worthiness of the anchor and location, so there are a couple of factors to consider there. Over the last few deals we've done, you're in that 170 to 185 range over SOFR right now, or over the 10-

year treasury, or whatever term you're using. I think that's pretty indicative of what pricing is today.

Tal Woolley, CIBC Capital Markets

Okay. That's great. Thank you very much, gentlemen. Appreciate it.

Operator

Thank you. Once again, please press star 1 should you wish to ask a question. There are no further questions at this time. I will now hand the call back over to Shivi Agarwal for the closing remarks.

Shivi Agarwal, Manager, Finance

Thank you, everyone, for joining the Q4 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.
