

Slate Grocery REIT

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and six months ended June 30, 2026, and 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, 2026	December 31, 2025
ASSETS			
Non-current assets			
Properties	4	\$ 2,233,133	\$ 2,231,184
Joint venture investments	5	62,274	63,138
Interest rate swaps	7	5,238	—
Other assets		3,206	3,379
		\$ 2,303,851	\$ 2,297,701
Current assets			
Cash		24,821	21,819
Accounts receivable	6	22,189	24,774
Property held for sale	4	16,600	—
Other assets		4,309	6,980
Prepays		2,469	5,806
Interest rate swaps	7	151	—
		\$ 70,539	\$ 59,379
Total assets		\$ 2,374,390	\$ 2,357,080
LIABILITIES			
Non-current liabilities			
Debt	8	\$ 1,277,962	\$ 1,225,490
Interest rate swaps	7	—	2,655
Deferred income taxes		164,835	157,211
Other liabilities		4,891	4,793
		\$ 1,447,688	\$ 1,390,149
Current liabilities			
Debt	8	24,752	77,966
Accounts payable and accrued liabilities	10	47,337	39,880
Exchangeable units of subsidiaries	11	9,216	8,612
Distributions payable	12	4,321	4,323
		\$ 85,626	\$ 130,781
Total liabilities		\$ 1,533,314	\$ 1,520,930
EQUITY			
Unitholders' equity		\$ 661,317	\$ 659,124
Non-controlling interest	13	179,759	177,026
Total equity		\$ 841,076	\$ 836,150
Total liabilities and equity		\$ 2,374,390	\$ 2,357,080

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,	
		2026	2025	2026	2025
Rental revenue	14	\$ 57,932	\$ 52,385	\$ 117,254	\$ 105,452
Property operating expenses		(10,470)	(9,071)	(52,160)	(47,142)
General and administrative expenses	15	(4,283)	(3,996)	(8,321)	(8,194)
Interest and finance costs	16	(18,152)	(15,539)	(36,122)	(30,779)
Share of income in joint venture investments	5	3,009	1,898	4,517	6,891
Other expenses	17	(6,328)	—	(7,408)	—
Change in fair value of financial instruments		436	(608)	1,143	(1,822)
Change in fair value of properties	4	(4,436)	(8,454)	22,861	11,845
Net income before income taxes and unit expense		\$ 17,708	\$ 16,615	\$ 41,764	\$ 36,251
Deferred income tax expense	9	(1,198)	(2,174)	(5,957)	(5,209)
Current income tax expense	9	(407)	(238)	(901)	(305)
Unit expense	18	(1,769)	(1,122)	(1,675)	(1,574)
Net income		\$ 14,334	\$ 13,081	\$ 33,231	\$ 29,163
Net income attributable to					
Unitholders		\$ 9,764	\$ 9,763	\$ 24,138	\$ 22,065
Non-controlling interest	13	4,570	3,318	9,093	7,098

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,	
		2026	2025	2026	2025
Net income		\$ 14,334	\$ 13,081	\$ 33,231	\$ 29,163
Items to be subsequently reclassified to profit or loss					
Gain (loss) on effective hedges of interest rate risk, net of tax	7	2,854	(1,101)	5,617	(2,481)
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	(211)	(1,273)	(478)	(2,529)
Other comprehensive income (loss)		\$ 2,500	\$ (2,517)	\$ 4,853	\$ (5,296)
Comprehensive income		\$ 16,834	\$ 10,564	\$ 38,084	\$ 23,867
Comprehensive income attributed to					
Unitholders		\$ 11,648	\$ 7,868	\$ 27,794	\$ 18,077
Non-controlling interest	13	5,186	2,696	10,290	5,790

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, 2025		\$ 586,159	\$ 73,730	\$ 659	\$ (1,424)	\$ 177,026	\$ 836,150
Net income and other comprehensive income		—	24,138	3,656	—	10,290	38,084
Distributions, net	12	—	(25,601)	—	—	(7,557)	(33,158)
June 30, 2026		\$ 586,159	\$ 72,267	\$ 4,315	\$ (1,424)	\$ 179,759	\$ 841,076

	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)
June 30, 2025		\$ 584,769	\$ 80,548	\$ 2,114	\$ (1,424)	\$ 178,823	\$ 844,830

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	2026	2025
OPERATING ACTIVITIES			
Net income		\$ 33,231	\$ 29,163
Items not affecting cash and other			
Straight-line rent	4	(330)	(312)
Change in fair value of financial instruments	7	(1,143)	1,822
Change in fair value of properties	4	(22,861)	(11,845)
IFRIC 21 property tax adjustment	4	15,281	13,884
Deferred income tax expense		5,957	5,209
Unit expense	18	1,675	1,574
Share of income in joint venture investments	5	(4,517)	(6,891)
Interest and finance costs	16	36,122	30,779
Cash interest paid, net	16	(33,671)	(28,941)
Changes in working capital items		15,263	6,304
		\$ 45,007	\$ 40,746
INVESTING ACTIVITIES			
Contributions to joint venture investments	5	—	(2,550)
Distributions from joint venture investments	5	5,381	2,909
Funds held in escrow		(645)	(444)
Capital expenditures	4	(3,048)	(2,967)
Leasing costs	4	(2,234)	(1,436)
Tenant improvements	4	(2,333)	(2,192)
Development and expansion capital	4	(3,024)	(6,085)
		\$ (5,903)	\$ (12,765)
FINANCING ACTIVITIES			
Revolver advances, net of financing costs	23	—	3,900
Mortgage advances, net of financing costs	23	89,497	51,057
Revolver, term loan and mortgage repayments	23	(93,286)	(46,615)
REIT unit distributions	12	(25,601)	(25,544)
Exchangeable units of subsidiaries distributions	12, 18	(335)	(392)
Distributions to non-controlling interest		(7,557)	(7,452)
		\$ (37,282)	\$ (25,046)
Increase in cash		\$ 1,822	\$ 2,935
Cash, beginning of the period (prior to IFRS 9 amendments)		21,819	22,668
Adjustment on initial application of IFRS 9 amendments		1,180	—
Cash, beginning of the period		\$ 22,999	\$ 22,668
Cash, end of the period		\$ 24,821	\$ 25,603

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

Slate Grocery REIT

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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, 2026.

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.

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, 2025. 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 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, 2025.

Properties

Properties held for sale

Properties are classified as held for sale in accordance with IFRS 5, *Non-current Assets Held for Sale*, when their carrying amount is expected to be recovered principally through a sale transaction rather than from continuing use. For a property to be classified as held for sale, it must be available for immediate sale in its present condition and the sale must be highly probable, with completion expected within one year. Upon classification as held for sale, properties continue to be measured at fair value and are presented separately as current assets in the consolidated statements of financial position.

Slate Grocery REIT

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

Application of new and revised IFRS

Amendments to IFRS 9 and IFRS 7

In May 2024, the IASB issued amendments to IFRS 9, *Financial Instruments* ("IFRS 9"), and IFRS 7, *Financial Instruments: Disclosures* ("IFRS 7"), which the REIT adopted effective January 1, 2026. The amendments clarified the recognition and derecognition requirements for financial assets and financial liabilities, including confirmation that financial liabilities are derecognized on the settlement date.

The amendments also enhanced guidance on the assessment and classification of financial assets with contingent features, including those linked to environmental, social, and governance-related metrics, and introduced additional disclosure requirements for investments in equity instruments designated at fair value through other comprehensive income.

The amendments were applied retrospectively in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* ("IAS 8"), with no restatement of comparative information. As a result of the adoption, certain cash payments that were previously reflected as a reduction to cash and cash equivalents and accounts payable are no longer derecognized as of December 31, 2025. Accordingly, an adjustment was made to the opening cash and cash equivalents balance presented in the consolidated statement of cash flows as an addition to the balance of \$1.2 million. This adjustment affected only the presentation of cash flows and did not impact net comprehensive income or equity.

The adoption of these amendments did not have a material impact on the REIT's consolidated financial statements.

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.

4. PROPERTIES

As at June 30, 2026, the REIT owned 115 properties (December 31, 2025 - 115 properties), of which 110 are in entities consolidated by the REIT. The remaining 5 properties (December 31, 2025 - 5 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, 2026	December 31, 2025
Beginning of the period	\$ 2,231,184	\$ 2,054,511
Acquisitions	—	180,879
Capital expenditures	3,048	6,256
Leasing costs	2,234	3,317
Tenant improvements	2,333	4,100
Development and expansion capital	3,024	9,662
Straight-line rent	330	746
Dispositions	—	(16,211)
IFRIC 21 property tax adjustment	(15,281)	—
Change in fair value of properties	22,861	(12,076)
End of the period	\$ 2,249,733	\$ 2,231,184
Properties	\$ 2,233,133	\$ 2,231,184
Properties held for sale	16,600	—
End of the period	\$ 2,249,733	\$ 2,231,184

Slate Grocery REIT

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

	June 30, 2026 ¹	December 31, 2025 ¹
Capitalization rate range	5.7% – 9.8%	5.9% – 9.8%
Weighted average capitalization rate	7.2 %	7.2 %

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 a decrease or increase to the capitalization rates as at June 30, 2026:

(Decrease) Increase in capitalization rate	Change in fair value of properties ¹
(1.00%)	\$ 402,269
(0.75%)	289,754
(0.50%)	185,816
(0.25%)	89,503
0.25%	(83,395)
0.50%	(161,290)
0.75%	(234,215)
1.00%	(302,633)

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 a decrease or increase to the REIT's stabilized net operating income as at June 30, 2026:

(Decrease) Increase in stabilized net operating income	Change in fair value of properties ¹
\$(100)	\$ (1,394)
\$100	1,394

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

Acquisition

The REIT did not acquire any properties during the six month period ended June 30, 2026.

During the year ended December 31, 2025, the REIT acquired the remaining interest in the Pine Creek Shopping Center, Barclay Square, and Dallas Portfolio (collectively, the "Tom Thumb Portfolio"), previously held by its joint venture partner, increasing its ownership to 100% of the 10-property portfolio (the "Acquisition") for a purchase price of \$108.3 million. Prior to the acquisition, the REIT accounted for its interest in the Tom Thumb Portfolio as a joint venture investment using the equity method. Upon obtaining control of the Tom Thumb Portfolio resulting from its increase in ownership, the portfolio was accounted for as a subsidiary and was fully consolidated in the REIT's consolidated financial statements from the date of acquisition.

The consideration transferred for the Acquisition consisted of \$10.0 million, of which \$5.7 million was settled in cash.

Disposition

The REIT did not dispose of any properties during the six month period ended June 30, 2026.

During the year ended December 31, 2025, the REIT disposed of Flower Mound Crossing for \$16.2 million.

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, 2026		December 31, 2025	
		Number of properties	Ownership interest	Number of properties	Ownership interest
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:

	Note	June 30, 2026		December 31, 2025	
		Northeast Grocery Portfolio	Windmill Plaza	Total	Total
Beginning of the period		\$ 59,527	\$ 3,611	\$ 63,138	\$ 112,429
Contributions		—	—	—	41,200
Distributions		(5,381)	—	(5,381)	(2,909)
Share of income in joint venture investments		3,255	1,262	4,517	10,714
Acquisition	4	—	—	—	(98,296)
End of the period		\$ 57,401	\$ 4,873	\$ 62,274	\$ 63,138

Prior to the Acquisition, the REIT held a 90%–95% ownership interest in the Tom Thumb portfolio, which comprised 10 properties. Upon Acquisition, the REIT derecognized its previously held interest as a joint venture investment.

6. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	June 30, 2026	December 31, 2025
Rent receivable	\$ 10,165	\$ 12,217
Allowance	(2,704)	(2,278)
Accrued recovery income	7,590	8,096
Other receivables	7,138	6,739
Total	\$ 22,189	\$ 24,774

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, 2026	December 31, 2025
Beginning of the period	\$ (2,278)	\$ (2,002)
Allowance	(707)	(2,018)
Bad debt write-off	67	1,439
Bad debt recovery	214	303
End of the period	\$ (2,704)	\$ (2,278)

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
January 4, 2027	0.5	3.520 %	One-month SOFR	\$ 90,000
July 22, 2027	1.1	3.438 %	One-month SOFR	137,500
July 22, 2027	1.1	3.615 %	One-month SOFR	137,500
August 1, 2028	2.1	3.540 %	One-month SOFR	9,000
August 22, 2028	2.1	3.355 %	One-month SOFR	175,000
August 22, 2028	2.1	3.465 %	One-month SOFR	175,000
June 1, 2030	3.9	3.738 %	One-month SOFR	39,300
Total / Weighted average	1.7	3.483 %		\$ 763,300

On January 2, 2026, the REIT entered into a \$90.0 million pay-fixed, receive-float interest swap contract to hedge the cash flow risk associated with a \$90.0 million asset 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.

On August 8, 2025, the REIT entered into a \$9.0 million pay-fixed, receive-float interest swap contract to hedge the cash flow risk associated with a \$9.0 million asset 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.

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. As a result of the amendment, the \$0.2 million cash flow hedge reserve related to the derecognized swap contract was reclassified from other comprehensive income into net income. The REIT has applied hedge accounting for the amended swap contract as a cash flow hedge, with changes in fair value recognized in other comprehensive income.

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. As a result of the amendment, the \$0.4 million cash flow hedge reserve related to the derecognized swap contract was reclassified from other comprehensive income into net income. The REIT has applied hedge accounting for the amended swap contract as a cash flow hedge, with changes in fair value recognized in other comprehensive income.

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.

Slate Grocery REIT

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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, 2026		\$ 1,405	\$ (360)	\$ 1,045
Change in fair value of effective hedges of interest rate risk		3,832	(978)	2,854
Change in fair value of financial instrument through profit or loss		444	(113)	331
Net payments received on effective hedges of interest rate risk	16	(284)	73	(211)
Net payments received on financial instruments through profit or loss	16	(8)	2	(6)
Balance, June 30, 2026		\$ 5,389	\$ (1,376)	\$ 4,013

	Note	Fair value of interest rate swaps	Deferred income tax recovery (expense)	Net impact after tax
Balance, December 31, 2025		\$ (2,655)	\$ 678	\$ (1,977)
Change in fair value of effective hedges of interest rate risk		7,546	(1,929)	5,617
Change in fair value of financial instrument through profit or loss		1,177	(301)	876
Net payments received on effective hedges of interest rate risk	16	(645)	167	(478)
Net payments received on financial instruments through profit or loss	16	(34)	9	(25)
Balance, June 30, 2026		\$ 5,389	\$ (1,376)	\$ 4,013

	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 instrument through profit or loss	16	(246)	63	(183)
Balance, June 30, 2025		\$ (882)	\$ 226	\$ (656)

	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)
Balance, June 30, 2025		\$ (882)	\$ 226	\$ (656)

Slate Grocery REIT

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

8. DEBT

Debt balances held by the REIT at June 30, 2026 and December 31, 2025 are as follows:

			Properties provided as security	Fair value of security	Maximum available	Principal	Available to be drawn		
June 30, 2026	Maturity	Interest rate							
Revolver ¹²	January 14, 2028	S+175 bps ^{3,4}	N/A ⁵	N/A ⁵	\$ 275,000	\$ 245,821	\$ 29,179		
Term loan	July 15, 2027	S+160 bps ^{3,4}	N/A ⁵	N/A ⁵	275,000	275,000	—		
Term loan 2	January 14, 2028	S+165 bps ^{3,4}	N/A ⁵	N/A ⁵	225,000	225,000	—		
Mortgage	April 11, 2027	DS+220 bps ³	1	20,000	17,350	17,144	206		
Mortgage ⁶	July 1, 2027	S+180 bps ³	8	154,700	90,000	90,000	—		
Mortgage	December 1, 2029	6.40%	10	137,778	100,500	100,500	—		
Mortgage	January 1, 2030	5.51%	2	57,100	32,364	32,364	—		
Mortgage	March 18, 2030	3.48%	8	158,600	72,415	72,415	—		
Mortgage ⁷	June 4, 2030	S+175 bps ³	4	72,700	39,300	39,300	—		
Mortgage	August 7, 2030	S+165 bps ³	1	13,556	9,000	9,000	—		
Mortgage	January 1, 2031	5.50%	1	23,800	3,671	3,671	—		
Mortgage	May 1, 2031	3.75%	19	328,300	150,966	150,966	—		
Mortgage	February 1, 2033	5.50%	5	102,200	54,173	54,173	—		
Total				\$	1,344,739	\$	1,315,354	\$	29,385

December 31, 2025	Maturity	Interest rate	Properties provided as security	Fair value of security	Maximum available	Principal	Available to be drawn		
Revolver ¹²	January 14, 2028	S+175 bps ^{3,4}	N/A ⁵	N/A ⁵	\$ 275,000	\$ 265,021	\$ 9,979		
Term loan	July 15, 2027	S+160 bps ^{3,4}	N/A ⁵	N/A ⁵	275,000	275,000	—		
Term loan 2	January 14, 2028	S+165 bps ^{3,4}	N/A ⁵	N/A ⁵	225,000	225,000	—		
Mortgage	January 11, 2026	4.61%	7	99,200	70,285	70,285	—		
Mortgage	April 11, 2027	DS+220 bps ³	1	20,333	17,350	16,492	858		
Mortgage	December 1, 2029	6.40%	10	142,000	100,500	100,500	—		
Mortgage	January 1, 2030	5.51%	2	56,800	32,594	32,594	—		
Mortgage	March 18, 2030	3.48%	8	157,600	73,383	73,383	—		
Mortgage ⁷	June 4, 2030	S+175 bps ³	4	72,400	39,300	39,300	—		
Mortgage	August 7, 2030	S+165 bps ³	1	13,556	9,000	9,000	—		
Mortgage	January 1, 2031	5.50%	1	23,800	4,019	4,019	—		
Mortgage	May 1, 2031	3.75%	19	321,800	152,811	152,811	—		
Mortgage	February 1, 2033	5.50%	5	101,900	54,585	54,585	—		
Total				\$	1,328,827	\$	1,317,990	\$	10,837

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

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, "DS" means daily SOFR, and "bps" means basis points.

⁴ 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.

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 June 30, 2026 (December 31, 2025 - 50).

⁶ Maturity date excludes one 6-month extension option exercisable at the REIT's option.

⁷ Maturity date excludes two 12-month extension options exercisable at the REIT's option.

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 June 30, 2026 is as follows:

	Interest rate ¹	Principal	Deferred financing costs and mark-to-market ("MTM") adjustments	Accumulated amortization of costs and MTM adjustments	Carrying amount	Current	Non-current
Revolver ¹	5.40%	\$ 245,821	\$ (3,718)	\$ 1,952	\$ 244,055	\$ —	\$ 244,055
Term loan ¹	5.25%	275,000	(5,381)	4,164	273,783	—	273,783
Term loan 2 ¹	5.30%	225,000	(3,006)	1,578	223,572	—	223,572
Mortgage ¹	5.88%	17,144	(622)	389	16,911	16,911	—
Mortgage ¹	5.45%	90,000	(1,155)	385	89,230	—	89,230
Mortgage	6.40%	100,500	(5,175)	1,725	97,050	—	97,050
Mortgage	5.51%	32,364	(588)	175	31,951	480	31,471
Mortgage	3.48%	72,415	(1,562)	978	71,831	1,986	69,845
Mortgage ¹	5.40%	39,300	(873)	175	38,602	—	38,602
Mortgage ¹	5.30%	9,000	(175)	29	8,854	—	8,854
Mortgage	5.50%	3,671	127	(63)	3,735	724	3,011
Mortgage	3.75%	150,966	(3,133)	1,737	149,570	3,794	145,776
Mortgage	5.50%	54,173	(929)	326	53,570	857	52,713
Total		\$ 1,315,354	\$ (26,190)	\$ 13,550	\$ 1,302,714	\$ 24,752	\$ 1,277,962

¹ The revolver, term loan, term loan 2, and floating-rate mortgage interest rates are based on the applicable SOFR as at June 30, 2026.

The carrying value of debt held by the REIT at December 31, 2025 is as follows:

	Interest rate ¹	Principal	Deferred financing costs and MTM adjustments	Accumulated amortization of costs and MTM adjustments	Carrying amount	Current	Non-current
Revolver ¹	5.44%	\$ 265,021	\$ (3,718)	\$ 1,394	\$ 262,697	\$ —	\$ 262,697
Term loan ¹	5.29%	275,000	(5,381)	3,622	273,241	—	273,241
Term loan 2 ¹	5.34%	225,000	(3,006)	1,127	223,121	—	223,121
Mortgage	4.61%	70,285	4,059	(4,059)	70,285	70,285	—
Mortgage ¹	6.07%	16,492	(622)	233	16,103	—	16,103
Mortgage	6.40%	100,500	(5,175)	1,207	96,532	—	96,532
Mortgage	5.51%	32,594	(588)	118	32,124	467	31,657
Mortgage	3.48%	73,383	(1,562)	898	72,719	1,952	70,767
Mortgage ¹	5.44%	39,300	(873)	87	38,514	—	38,514
Mortgage ¹	5.34%	9,000	(175)	12	8,837	—	8,837
Mortgage	5.50%	4,019	127	(57)	4,089	705	3,384
Mortgage	3.75%	152,811	(3,133)	1,582	151,260	3,723	147,537
Mortgage	5.50%	54,585	(929)	278	53,934	834	53,100
Total		\$ 1,317,990	\$ (20,976)	\$ 6,442	\$ 1,303,456	\$ 77,966	\$ 1,225,490

¹ The revolver, term loan, and term loan 2, and floating-rate mortgage interest rates are based on the applicable SOFR as at December 31, 2025.

On January 2, 2026, the REIT entered into a \$90.0 million mortgage secured by eight properties, bearing interest at one-month SOFR plus an applicable spread of 180 bps and maturing on July 1, 2027, with one six-month extension option available.

Slate Grocery REIT

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

In connection with the Acquisition on December 1, 2025, the REIT recorded a \$81.4 million mortgage bearing interest at 4.61% and maturing on January 11, 2026. Subsequent to the disposition of Flower Mound Crossing on December 9, 2025, the REIT repaid \$11.0 million of the mortgage's outstanding balance. The remaining amount outstanding was subsequently repaid in full using proceeds from the January 2, 2026 refinancing.

On August 8, 2025, the REIT entered into a \$9.0 million mortgage, secured by one property, bearing interest at one-month SOFR plus an applicable spread of 165 bps and maturing on August 7, 2030.

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, with two twelve-month extension options available. In connection with the refinancing, the REIT removed one property from the existing secured 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.

9. INCOME TAXES

Slate Grocery Investment L.P. ("Investment L.P."), a subsidiary of the REIT, made an election to be classified as a corporation for U.S. federal tax purposes. Investment L.P. is subject to U.S. federal and state income taxation on its 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. is subject to a combined federal and state income tax rate of 25.59% (December 31, 2025 – 25.59%). Investment Inc. is subject to a combined federal and state income tax rate of 25.12% (December 31, 2025 – 25.12%). To the extent U.S. taxes are paid by Investment L.P. and Investment 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, 2026 were \$1.5 million (six month period ended June 30, 2025 – \$1.3 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:

	June 30, 2026	December 31, 2025
Accounts payable and accrued liabilities	\$ 18,019	\$ 14,690
Prepaid rent	7,756	8,275
Tenant improvements payable	6,343	6,088
Other payables	15,219	10,827
Total	\$ 47,337	\$ 39,880

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.

Slate Grocery REIT

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

	Note	June 30, 2026		December 31, 2025	
		Exchangeable Units	Value	Exchangeable Units	Value
Beginning of the period		775	\$ 8,612	907	\$ 8,733
Exchanged		—	—	(132)	(1,390)
Redeemed		(21)	(265)	—	—
Change in fair value	18	—	869	—	1,269
End of the period		754	\$ 9,216	775	\$ 8,612

12. REIT UNITS

As at June 30, 2026, 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	33	10	59,219

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.

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.

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 could repurchase and cancel up to 5.5 million class U units of the REIT. The NCIB was not renewed upon expiration and for the six month period ended June 30, 2026 and 2025, no class U units were purchased and subsequently canceled under the NCIB.

Slate Grocery REIT

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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,	
	2026	2025	2026	2025
Class U units	59,187	59,009	59,167	59,009
Class A units	65	111	84	111
Class I units	10	10	10	10
Exchangeable units of subsidiaries	774	907	775	907
Deferred units	429	366	420	357
Total	60,465	60,403	60,456	60,394

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, 2026	December 31, 2025
Class U units	59,219	59,148
Class A units	33	104
Class I units	10	10
Exchangeable units of subsidiaries	754	775
Deferred units	437	407
Total	60,453	60,444

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,	
	2026	2025	2026	2025
Declared				
REIT unit distributions	\$ 12,800	\$ 12,772	\$ 25,601	\$ 25,544
Exchangeable units of subsidiaries distributions	166	196	333	392
	\$ 12,966	\$ 12,968	\$ 25,934	\$ 25,936
Add: Distributions payable, beginning of period	4,323	4,323	4,323	4,323
Less: Distributions payable, end of period	(4,321)	(4,323)	(4,321)	(4,323)
Distributions paid	\$ 12,968	\$ 12,968	\$ 25,936	\$ 25,936

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.

Slate Grocery REIT

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Beginning of the period	422	358	407	341
Reinvested distributions	6	5	14	13
Issued	9	12	16	21
End of the period	437	375	437	375
Fair value of units	\$ 5,345	\$ 3,960	\$ 5,345	\$ 3,960

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 1.6 million square feet in major metro markets in New York, Ohio, and Georgia.

Primary Investment	Number of properties	June 30, 2026	December 31, 2025
LP1, SGIUSLP	115	18.4 %	18.4 %
Tops Portfolio	11	10.0 %	10.0 %

14. REVENUE

Revenue consists of the following:

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Rental revenue	\$ 42,361	\$ 38,882	\$ 84,686	\$ 77,363
Common area maintenance recoveries	5,881	5,050	12,741	11,311
Property tax and insurance recoveries	7,898	7,225	15,785	14,247
Percentage rent	358	91	836	488
Other revenue ¹	1,434	1,137	3,206	2,043
Total	\$ 57,932	\$ 52,385	\$ 117,254	\$ 105,452

¹ 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 4.4 years (December 31, 2025 – 4.3 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, 2026	December 31, 2025
In one year or less	\$ 171,036	\$ 166,101
In more than one year but not more than five years	431,864	385,736
In more than five years	183,714	161,456
Total¹	\$ 786,614	\$ 713,293

¹ 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)

15. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses consists of the following:

	Note	Three months ended June 30,		Six months ended June 30,	
		2026	2025	2026	2025
Asset management fees	22	\$ 2,500	\$ 2,288	\$ 4,833	\$ 4,577
Professional fees and other		1,348	1,431	2,687	2,941
Bad debt expense		351	196	667	522
Franchise and business taxes		84	81	134	154
Total		\$ 4,283	\$ 3,996	\$ 8,321	\$ 8,194

16. INTEREST AND FINANCE COSTS

Interest and finance costs consists of the following:

	Note	Three months ended June 30,		Six months ended June 30,	
		2026	2025	2026	2025
Interest on debt and finance charges		\$ 17,211	\$ 16,516	\$ 34,350	\$ 32,832
Interest rate swaps, net settlement	7	(292)	(1,956)	(679)	(3,891)
Interest income		(81)	(119)	(168)	(252)
Amortization of finance charges and MTM premium	23	1,528	1,312	3,047	2,518
Amortization of gain on financial instrument	7	(192)	(192)	(384)	(384)
Amortization of deferred gain on TIF notes		(22)	(22)	(44)	(44)
Total		\$ 18,152	\$ 15,539	\$ 36,122	\$ 30,779

17. OTHER EXPENSES

On May 22, 2026, the board of trustees announced a special committee of independent trustees (the "Special Committee") to evaluate a broad range of strategic alternatives, including, but not limited to, a sale of the REIT. Other expenses comprise financial advisory, legal, and professional fees, as well as fees paid to members of the Special Committee in connection with the strategic review. Other expenses for the three and six month periods ended June 30, 2026, were \$6.3 million and \$7.4 million, respectively.

18. UNIT EXPENSE

Unit expense consists of the following:

	Note	Three months ended June 30,		Six months ended June 30,	
		2026	2025	2026	2025
Exchangeable units of subsidiaries distributions	11, 12	\$ (166)	\$ (196)	\$ (333)	\$ (392)
Change in fair value of DUP		(565)	(262)	(473)	(332)
Change in fair value of exchangeable units of subsidiaries	11	(1,038)	(664)	(869)	(850)
Total		\$ (1,769)	\$ (1,122)	\$ (1,675)	\$ (1,574)

Slate Grocery REIT

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

19. 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				
June 30, 2026	Carrying amount	Level 1	Level 2	Level 3	Total	
Financial assets						
Interest rate swaps	\$ 5,389	\$ —	\$ 5,389	\$ —	\$ 5,389	
TIF notes receivable	214	—	—	314	314	
Total financial assets	\$ 5,603	\$ —	\$ 5,389	\$ 314	\$ 5,703	
Financial liabilities						
Revolver	\$ 244,055	\$ —	\$ 245,821	\$ —	\$ 245,821	
Term loan	273,783	—	275,000	—	275,000	
Term loan 2	223,572	—	225,000	—	225,000	
Mortgages	561,304	—	551,277	—	551,277	
Exchangeable units of subsidiaries	9,216	9,216	—	—	9,216	
Total financial liabilities	\$ 1,311,930	\$ 9,216	\$ 1,297,098	\$ —	\$ 1,306,314	

December 31, 2025	Carrying amount	Fair Value				Total
		Level 1	Level 2	Level 3		
Financial assets						
TIF notes receivable	\$ 377	\$ —	\$ —	\$ 485	\$ 485	
Financial liabilities						
Interest rate swaps	\$ 2,655	\$ —	\$ 2,655	\$ —	\$ 2,655	
Revolver	262,697	—	265,021	—	265,021	
Term loan	273,241	—	275,000	—	275,000	
Term loan 2	223,121	—	225,000	—	225,000	
Mortgages	544,397	—	535,660	—	535,660	
Exchangeable units of subsidiaries	8,612	8,612	—	—	8,612	
Total financial liabilities	\$ 1,314,723	\$ 8,612	\$ 1,303,336	\$ —	\$ 1,311,948	

20. 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, 2026	December 31, 2025
Debt	8	\$ 1,302,714	\$ 1,303,456
Exchangeable units of subsidiaries	11	9,216	8,612
Equity		841,076	836,150
Total		\$ 2,153,006	\$ 2,148,218

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	June 30, 2026	December 31, 2025
Gross book value		\$ 2,374,390	\$ 2,357,080
Debt	8	1,302,714	1,303,456
Leverage ratio		54.9%	55.3%

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, 2026	December 31, 2025
Maximum leverage ratio: consolidated total indebtedness shall not exceed 60% of gross asset value	< 60%	53.1%	53.3%
Minimum fixed charge coverage ratio: adjusted EBITDA to consolidated fixed charges shall not be less than 1.5x ¹	> 1.5x	1.9x	1.9x

¹ 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, 2026 and December 31, 2025, the REIT is in compliance with all of its applicable financial covenants.

21. 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, 2026, one individual tenant accounted for 5.7% (December 31, 2025 – 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, 2026 are as follows:

	Total contractual cash flow	Remaining in 2026	2027-2028	2029-2030	Thereafter
Accounts payable and accrued liabilities	\$ 47,337	\$ 47,337	\$ —	\$ —	\$ —
Distributions payable	4,321	4,321	—	—	—
Revolver ¹²	245,821	—	245,821	—	—
Revolver interest payable ^{12,3}	21,678	6,941	14,737	—	—
Term loan ¹²	275,000	—	275,000	—	—
Term loan interest payable ¹²	15,876	7,532	8,344	—	—
Term loan 2 ¹²	225,000	—	225,000	—	—
Term loan 2 interest payable ¹²	19,433	6,219	13,214	—	—
Mortgages ¹²	569,533	3,880	123,541	259,403	182,709
Mortgage interest payable ¹²	96,688	12,809	45,288	30,719	7,872
Exchangeable units of subsidiaries	9,216	9,216	—	—	—
Total	\$ 1,529,903	\$ 98,255	\$ 950,945	\$ 290,122	\$ 190,581

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

² Excludes the impact of the REIT's \$763.3 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.

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.

The REIT maintains \$5.0 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, 2026	December 31, 2025
Variable-rate instruments		
Revolver	\$ 245,821	\$ 265,021
Term loan	275,000	275,000
Term loan 2	225,000	225,000
Mortgages	155,444	64,792
Effect of interest rate swaps	(763,300)	(673,300)
Total effective variable-rate debt	\$ 137,965	\$ 156,513
Effective fixed rate debt as a total of all debt	89.5%	88.1%
Annual impact of a 25 bps change on interest rates	\$ 345	\$ 391

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 \$0.8 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.

22. 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.

These transactions are in the normal course of operations, 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.

Related party transactions incurred and payable to the Manager for the three and six month periods ended June 30, 2026 were \$2.5 million and \$4.8 million, respectively (three and six month periods ended June 30, 2025 - \$2.3 million and \$4.6 million, respectively).

Trustee fees

The REIT's key personnel include trustees and officers of the REIT. For the three and six month periods ended June 30, 2026, trustee fees amounted to \$0.2 million and \$0.4 million, respectively (three and six month periods ended June 30, 2025 - \$0.2 million and \$0.4 million).

In addition, for the three and six month periods ended June 30, 2026, the REIT incurred fees of \$0.4 million and \$0.4 million, respectively, payable to members of the Special Committee.

23. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in liabilities arising from financing activities are as follows:

	Revolver ¹	Term Loans ¹	Mortgages	Exchangeable units of subsidiaries	Total
Balance, December 31, 2025	\$ 262,697	\$ 496,362	\$ 544,397	\$ 8,612	
Cash flows					
Advances, net ¹	—	—	89,497	—	89,497
Debt repayments	(19,200)	—	(74,086)	—	(93,286)
Non-cash changes					
Amortization of deferred financing costs and MTM adjustments	558	993	1,496	—	3,047
Redeemed	—	—	—	(265)	(265)
Change in fair value	—	—	—	869	869
Balance, June 30, 2026	\$ 244,055	\$ 497,355	\$ 561,304	\$ 9,216	

¹Changes 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.

Slate Grocery REIT

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

24. SUBSEQUENT EVENT

The following event occurred subsequent to June 30, 2026:

- i. On July 15, 2026, 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.