

NOTICE TO READER

The attached management discussion and analysis of Slate Grocery REIT for the three and nine months ended September 30, 2021 and 2020 are being refiled to correct the calculation of proportionate share (non-GAAP) totals included in non-IFRS reconciliations and financial measures on page 33, 34, and 35, and presentation of proportionate share (non-GAAP) impacts on page 45. No other changes have been made to this document.

Slate Grocery REIT

Q3 2021 Quarterly Report



SLATE





About Slate Grocery REIT

(TSX: SGR.U / SGR.UN)

Slate Grocery REIT is an owner and operator of U.S. grocery-anchored real estate. The REIT owns and operates approximately U.S. \$1.9 billion of critical real estate infrastructure across major U.S. metro markets that communities rely upon for their daily needs. The REIT's resilient grocery-anchored portfolio and strong credit tenants provide unitholders with durable cash flows and the potential for capital appreciation over the longer term.

Visit slategroceryreit.com to learn more about the REIT.

Slate Grocery REIT is managed by Slate Asset Management. Slate Asset Management is a global alternative investment platform focused on real estate. We focus on fundamentals with the objective of creating long-term value for our investors and partners. Slate's platform spans a range of investment strategies, including opportunistic, value add, core plus and debt investments. We are supported by exceptional people and flexible capital, which enable us to originate and execute on a wide range of compelling investment opportunities. Visit slateam.com to learn more.

Forward-looking Statements

Certain information in this management's discussion and analysis ("MD&A") constitutes "forward-looking statements" within the meaning of applicable securities legislation. These statements reflect management's expectations regarding objectives, plans, goals, strategies, future growth, results of operations, performance and business prospects and opportunities of Slate Grocery REIT (the "REIT") including expectations for the current financial year, and include, but are not limited to, statements with respect to management's beliefs, plans, estimates and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Statements that contain words such as "could", "should", "would", "can", "anticipate", "expect", "does not expect", "believe", "plan", "budget", "schedule", "estimate", "intend", "project", "will", "may", "might", "continue" and similar expressions or statements relating to matters that are not historical facts constitute forward-looking

statements. Some of the specific forward-looking statements contained herein include, but are not expressions or statements relating to matters that are not historical facts constitute forward-looking statements. Some of the specific forward-looking statements contained herein include, but are not limited to, statements relating to the impact of the COVID-19 pandemic. There can be no assurance regarding the impact of COVID-19 on the business, operations, and financial performance of the REIT and its tenants, as well as on consumer behaviors and the economy in general. Management believes that the expectations reflected in its forward-looking statements are based upon reasonable assumptions, however, management can give no assurance that actual results, performance or achievements will be consistent with these forward-looking statements.

These forward-looking statements are not guarantees of future events or performance and, by their nature, are based on the REIT's current estimates and assumptions, which are subject to

significant risks and uncertainties. The REIT believes that these statements are made based on reasonable assumptions; however, there is no assurance that the events or circumstances in these forward-looking statements will occur or be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to the risks that are more fully discussed under the "Risk Factors" section of the annual information form of the REIT for the year ended December 31, 2020 ("Annual Information Form"). Factors that could cause actual results to differ materially from those contemplated or implied including, but not limited to: financial and operational risks associated with the COVID-19 pandemic; risks incidental to ownership and operation of real estate properties including local real estate conditions; financial risks related to obtaining available equity and debt financing at reasonable costs and interest rate fluctuations; operational risks including timely leasing of vacant space and re-leasing of occupied space on expiration of current leases on terms at current or anticipated rental rates; tenant defaults

and bankruptcies; uncertainties of acquisition activities including availability of suitable property acquisitions and in integration of acquisitions; competition including development of properties in close proximity to the REIT's properties; loss of key management and employees; potential environmental liabilities; catastrophic events, such as earthquakes and hurricanes; governmental, taxation and other regulatory risks and litigation risks.

Forward-looking statements included in this MD&A are made as of November 2, 2021, and accordingly are subject to change after such date. The REIT does not undertake to update any forward-looking statements that are included in this MD&A, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities laws. Certain statements included in this MD&A may be considered "financial outlook" for purposes of applicable securities laws, and such financial outlook may not be appropriate for purposes other than this MD&A. Investors are cautioned against placing undue reliance on forward-looking statements.

Highlights

96.0%

Grocery-anchored properties

69.0%

Essential tenants

94.4%

Portfolio occupancy before acquisitions completed in the third quarter¹

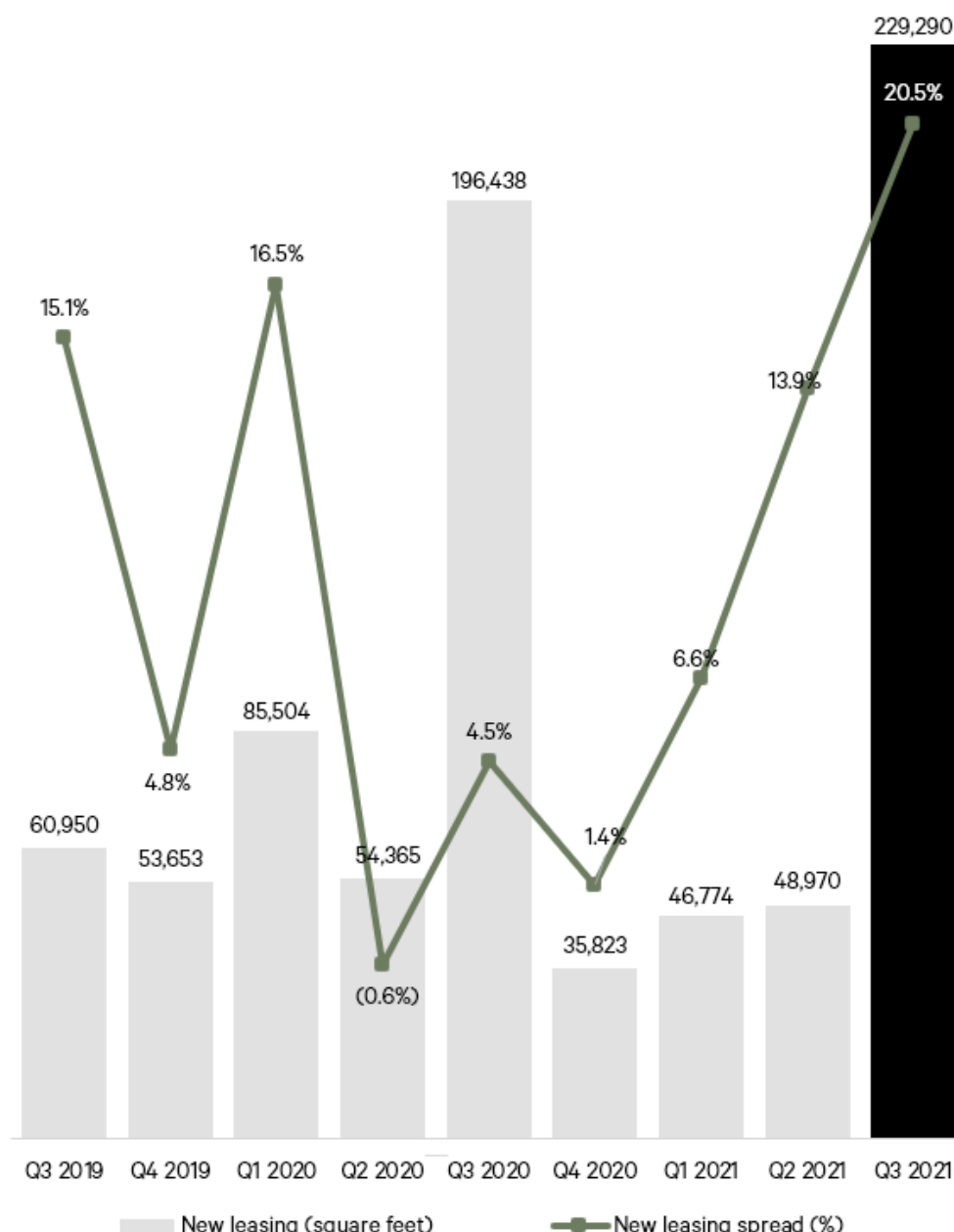
\$1.9B

Critical real estate²

20.5%

Rental spread on new leases³

Record new leasing for the third quarter of 2021



¹ Including the 27 grocery-anchored properties acquired during the quarter, the REIT's occupancy is 93.5%.

² On a proportionate interest basis.

³ Based on 229,290 square feet of new leases completed during the third quarter of 2021.

Top 5 Tenants

Ranked by Annual Base Rent

1	8.1%	
2	6.0%	
3	4.0%	
4	3.8%	
5	3.4%	

74.7% remaining tenants
across 1,688 leases

¹ Includes Walmart

Necessity Based Tenancy





Asset Map

107

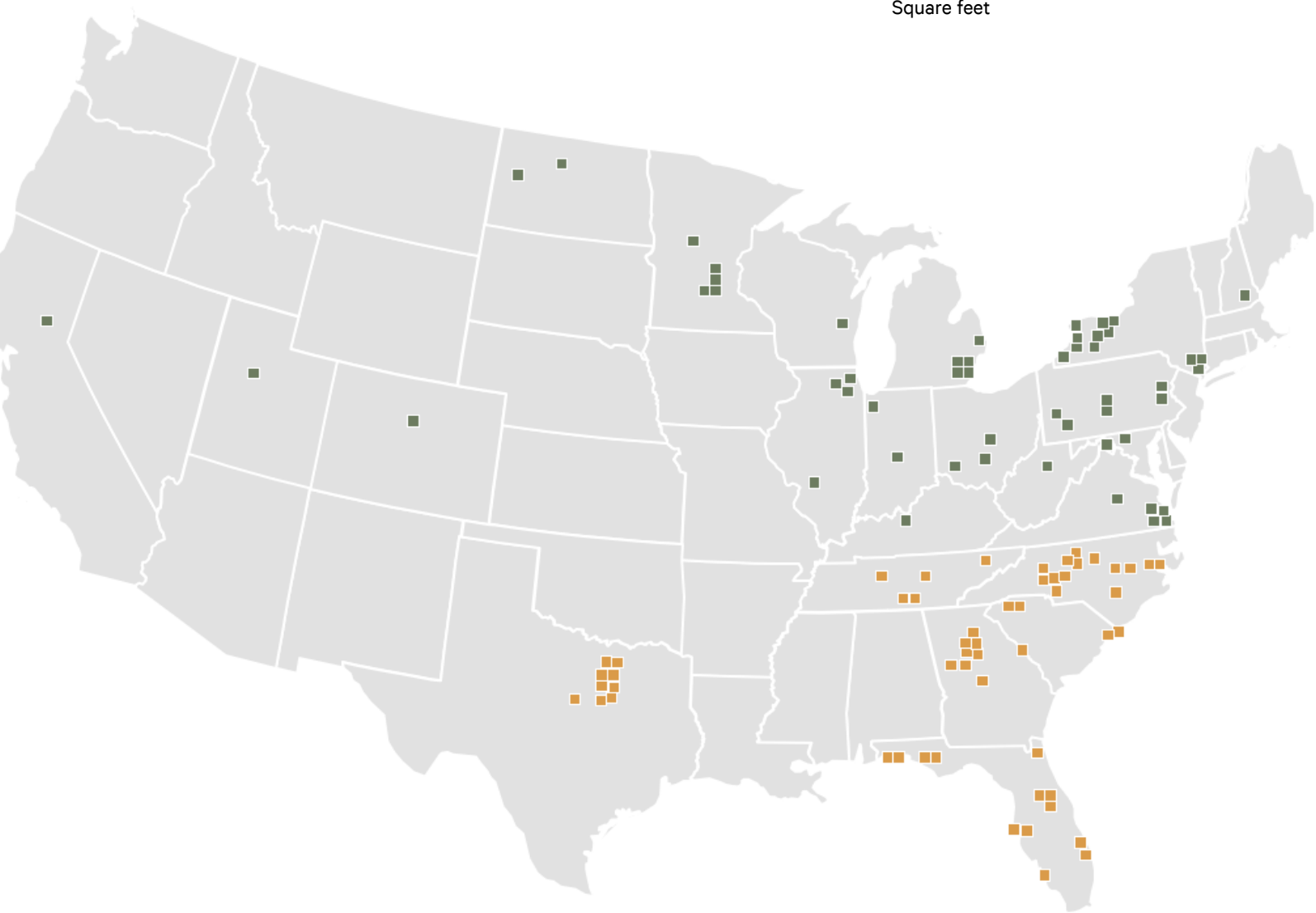
Number of properties

23

States

13.2M

Square feet



Legend

- Other Assets
- Sunbelt Assets

Our experience
lets us see
opportunity
clearly.

Letter to Unitholders

Dear Fellow Unitholders,

Slate Grocery REIT just concluded one of its best, most consequential quarters to date, with record growth both organically and by acquisition. The team and I are excited to have:

- Closed the transformational portfolio acquisition of 25 quality grocery-anchored properties on September 22nd, our largest single acquisition by a multiple of 4;
- Set a quarterly new leasing record of 229,290 square feet; and
- Increased occupancy for the 5th consecutive quarter.

A strategy built to succeed in all market conditions, and rooted in the future of grocery

Slate's vision has always been to create a superior portfolio of US grocery-anchored assets that provides long-term sustainable income in all economic conditions. Our investment strategy is to identify high-quality properties in major markets, anchored by leading national grocers who are investing in omnichannel strategies and online fulfillment. This strategy has proven resilient through previous market cycles and re-emphasized its strength over the last 20 months.

Sustained growth in grocery sales in the United States, driven by increased penetration of online sales, has solidified grocery-anchored real estate's essential role in the supply chain. Neighborhood grocery stores, which are located in close proximity to end consumers, remain central to grocers' last mile strategy to meet their customers' changing shopping habits in the most efficient way possible.

America's largest grocers, who are Slate Grocery REIT's largest tenants, continue to bolster their omnichannel capabilities and produce elevated same-store sales growth. In fact, the REIT's five largest tenants (Walmart, Kroger, Ahold-Delhaize, Albertsons and Publix) have grown same-store sales by 17.5% on a two-year stacked basis, on average. These grocers communicate that their investments in omnichannel are critical to their success.

Kroger recently added to its diverse omnichannel platform with a new national fulfillment initiative. *Kroger Delivery Now* is a partnership with Instacart that facilitates grocery deliveries from Kroger's stores to customers' doors within 30 minutes.

Albertsons, another innovator within the grocery space, has expanded its curbside pickup capabilities, is testing various methods of automated (robotic) delivery from their stores and is leveraging artificial intelligence to understand their customers' needs on a deeper level. Last week, Albertsons announced digital sales growth of 5% year-over-year and 248% on a two-year stacked basis, the highest digital sales growth of any grocery operator. In a recent conference call with analysts, Albertsons' CEO Vivek Sankaran reaffirmed that digital transformation is a key imperative in the company's growth strategy.

"Digital transformation is an imperative in our growth strategy, as we aim to provide an array of convenient shopping experiences for our customers. To this end, we've expanded our Drive Up & Go [curbside pickup] locations to over 1,900 and expect to reach approximately 2,000 locations by year-end."

Transformational growth and operational excellence

In the third quarter we continued to execute our growth strategy and increased the asset value of the SGR portfolio by \$414.3 million to a total assets under management ("AUM") of \$1.9 billion.

“ Our investment strategy is to identify high-quality properties in major markets, anchored by leading national grocers who are investing in omnichannel strategies and online fulfillment. This strategy has proven resilient through previous market cycles and re-emphasized its strength over the last 20 months. ”

The assets purchased in third quarter improve several key portfolio characteristics, including:

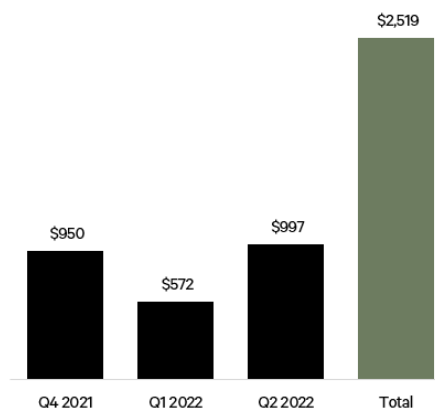
	Portfolio Prior to Q3 2021	Q3 2021 Acquisitions	Q3 2021
Grocers Employing Omni Channel Strategy	100%	100%	100%
Top 50 MSA	59%	85%	65%
Top 4 National Grocer	46%	82%	55%
% Essential	65%	77%	69%

The REIT's exceptional operating performance continued in the third quarter, highlighting the strength of our team and the value that Slate delivers. This marks our portfolio's fifth consecutive quarter of occupancy growth, which now sits at 93.5% as of September 30th. Excluding assets acquired during third quarter, portfolio occupancy is 94.4%, an increase of 120 bps quarter-over-quarter and 220 bps since the second quarter of last year.

After completing record annual leasing volumes in 2020, the team set another record in the third quarter, completing 229,290 SF of new leasing, which is nearly 20% above the previous high-water mark. In addition, this new leasing was completed at a 20.5% spread, which is double the new leasing spread through the second quarter of this year. And, as of this quarter, we have reached 100% anchor tenant occupancy. These metrics underscore the desirability and quality of the REIT's portfolio.

The leasing momentum created in previous quarters is now being realized and is positively impacting Net Operating Income. Same Property Net Operating Income (SPNOI) grew 2.1% year-over-year, based on the strong leasing pipeline, completion of several redevelopments, (at a weighted-average 14% yield on cost), and revenue that is beginning to flow from our ancillary revenue program. We foresee continued growth in SPNOI as current contractual base rent commitments not yet online, now total more than \$2.5 million for the next three quarters (see the following chart). Our team has a new leasing pipeline of approximately 150,000 square feet, which will add incremental NOI growth well into 2023.

Annualized contractual base rent
(in thousands)



It is clear our properties attract quality, creditworthy tenants, which will continue to drive strong leasing. At the same time, we are well-positioned to weather inflationary environments. More than 70% of the portfolio's 1688 tenants pay base rent increases during their lease term and approximately 90% have escalations embedded within their renewal options. We also have downside cost protection given our triple net lease structure. We remain focused on uncovering creative, accretive external growth opportunities to add further depth and strength to our portfolio. This, combined with our accelerated organic growth, will drive our portfolio's growth.

It has been a pleasure to be part of the exceptional team at Slate Asset Management as we navigated a truly unique and challenging environment to meet both our operational and strategic objectives. We have emerged from the pandemic larger, stronger and poised for further growth – the best is yet to come. I'd like to sincerely thank the entire team, whose passion and dedication allows our business to continue to thrive and drive value for unitholders.

As always, we thank you for your continued support.

Sincerely,

David Dunn
Chief Executive Officer
November 2, 2021





Management's Discussion and Analysis

SLATE GROCERY REIT

TSX: SGR.U and SGR.UN

September 30, 2021

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FINANCIAL AND INFORMATIONAL HIGHLIGHTS

(in thousands of United States dollars)

	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Summary of Portfolio Information						
Number of properties ¹	107	80	80	75	76	77
Gross leasable area ("GLA") ¹	13,174,145	9,916,435	9,959,075	9,554,679	9,728,179	9,832,109
GLA occupied by grocery-anchors ¹	6,230,582	4,775,292	4,785,118	4,614,178	4,657,213	4,633,340
Occupancy ¹	93.5%	93.2%	93.1%	92.9%	92.5%	92.2%
Anchor occupancy ¹	100.0%	98.6%	98.6%	98.6%	98.6%	96.8%
Non-anchor occupancy ¹	87.8%	87.9%	88.0%	87.5%	86.8%	87.9%
Grocery-anchor weighted average lease term (years) ¹	5.2	5.6	5.9	6.5	6.4	6.3
Portfolio weighted average lease term (years) ¹	4.7	4.9	5.0	5.3	5.3	5.2
Square feet ("SF") of new leasing ¹	229,290	48,970	46,774	35,823	196,438	54,365
SF of total leasing ¹	425,821	171,458	143,325	480,738	431,778	518,691
Summary of Financial Information						
Gross book value ("GBV"), IFRS ^{2,3}	\$ 1,715,471	\$ 1,552,511	\$ 1,539,994	\$ 1,323,554	\$ 1,302,849	\$ 1,300,866
GBV, Proportionate ^{2,3}	1,881,842	1,563,941	1,551,257	1,334,990	1,314,465	1,313,233
Debt, IFRS ³	928,122	766,997	766,616	726,373	777,526	781,002
Debt, Proportionate ³	1,140,774	773,662	773,133	733,252	784,472	787,593
Revenue	34,079	33,377	32,471	31,872	31,961	30,255
Net income (loss) ¹	9,603	(3,141)	60,775	21,268	7,630	6,888
Net operating income ("NOI") ^{1,3}	25,647	24,037	23,285	22,583	23,098	22,152
Funds from operations ("FFO") ^{1,3,4,5}	13,686	12,545	11,529	11,684	11,487	11,115
Adjusted funds from operations ("AFFO") ^{1,3,4,5}	11,478	10,398	9,450	9,651	8,954	9,046
Distributions declared	\$ 11,283	\$ 10,460	\$ 10,460	\$ 9,545	\$ 9,087	\$ 9,087
Per Unit Financial Information						
Class U equivalent units outstanding ⁶	59,852	48,432	48,432	48,432	42,072	42,072
WA class U equivalent units outstanding ("WA units")	49,742	48,615	48,597	43,752	42,222	42,208
FFO per WA units ^{1,3,4,5}	\$ 0.28	\$ 0.26	\$ 0.24	\$ 0.27	\$ 0.27	\$ 0.26
AFFO per WA units ^{1,3,4,5}	0.23	0.21	0.19	0.22	0.21	0.21
Declared distributions per unit	\$ 0.2160	\$ 0.2160	\$ 0.2160	\$ 0.2160	\$ 0.2160	\$ 0.2160
Financial Ratios						
FFO payout ratio ^{1,3,4,5,7,8}	82.4%	83.4%	90.7%	81.7%	79.1%	81.8%
AFFO payout ratio ^{1,3,4,5,7,8}	98.3%	100.6%	110.7%	98.9%	101.5%	100.5%
Debt / GBV ⁹	54.1%	53.0%	53.5%	54.9%	59.7%	60.0%
Weighted average interest rate ¹⁰	4.03%	4.14%	4.25%	4.22%	3.98%	3.96%
Interest coverage ratio	2.73x	2.59x	2.50x	2.45x	2.48x	2.52x

All portfolio information is for the three month period ended and all other amounts are as at the end of the period.

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

² GBV is equal to total assets. Total assets are based on the proportionate ownership of interest.

³ Refer to non-IFRS financial measures on page 16.

⁴ Adjusting to exclude the impact of the \$169.0 million debt refinancing in the first quarter of 2021 FFO, FFO per unit and FFO payout ratio would be \$11.8 million, \$0.24 and 88.3%, respectively, and AFFO, AFFO per unit and AFFO payout ratio would be \$9.8 million, \$0.20 and 107.1%, respectively.

⁵ Adjusting to exclude the impact of the refinanced credit facility and extinguished mortgage in the first quarter of 2020 FFO, FFO per unit and FFO payout ratio would be \$11.5 million, \$0.27 and 79.2%, respectively, and AFFO, AFFO per unit and AFFO payout ratio would be \$9.1 million, \$0.21 and 100.2%, respectively.

⁶ Represents the total number of class U units outstanding, if all other units of the REIT, its subsidiaries and its deferred unit plan, were converted or exchanged, as applicable, for class U units of the REIT.

⁷ Adjusting to exclude the impact of the September distributions in relation to the subscription receipt offering completed on September 22, 2021 for the acquisition of the 25 grocery anchored portfolio (the "Acquisition"), FFO payout ratio and AFFO payout ratio would be 76.5% and 91.2%, respectively.

⁸ FFO payout ratio and AFFO payout ratio is equal to distributions declared divided by FFO and distributions declared divided by AFFO, respectively.

⁹ Excludes subscription receipt funds in escrow for first and second quarter of 2021. The REIT's leverage ratio including subscription receipt funds in escrow for the first and second quarter of 2021 would be 49.8% and 49.4%, respectively.

¹⁰ Includes the impact of pay-fixed receive-float swaps.

PART I – OVERVIEW

INTRODUCTION

This MD&A of the financial position and results of operations of Slate Grocery REIT (TSX: SGR.U and SGR.UN) and its subsidiaries (collectively, the "REIT") is intended to provide readers with an assessment of performance and summarize the financial position and results of operations of the REIT for the period ended September 30, 2021. The presentation of the REIT's financial results, including the related comparative information, contained in this MD&A are based on the REIT's condensed consolidated interim financial statements for the period ended September 30, 2021 (the "consolidated financial statements"), which have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). This MD&A should be read in conjunction with those financial statements. All amounts are in thousands of United States dollars, which is the functional currency of the REIT and all of its subsidiaries.

The information contained in this MD&A is based on information available to the REIT and is dated as of November 2, 2021, which is also the date the Board of Trustees, upon the recommendation of its Audit Committee, approved the contents of this MD&A.

PROFILE

The REIT is an unincorporated open-ended real estate mutual fund trust constituted in accordance with the laws of the Province of Ontario pursuant to an amended and restated Declaration of Trust dated as of April 15, 2014, as amended on August 17, 2020. As of September 30, 2021, the REIT owns 107 grocery-anchored properties located in the United States of America (the "U.S.") comprising 13.2 million square feet of GLA.

The REIT is externally managed and operated by Slate Asset Management (Canada) L.P. (the "Manager" or "Slate"). The Manager has an experienced and dedicated team of real estate professionals with a proven track record of success in real estate investment and management. Management's interests are aligned with the unitholders of the REIT through its sponsorship and as a significant unitholder of the REIT. Slate is a significant unitholder in the REIT, with an approximate 5.6% interest, and accordingly, is highly motivated to increase the value to unitholders and provide reliable growing returns to the REIT's unitholders.

Additional information on the REIT, including its Annual Information Form, is available on SEDAR at www.sedar.com and on the REIT's website at www.slategroceryreit.com.

STRATEGY AND OUTLOOK

Our strategy is to own the last mile of essential logistics that allows our quality grocery-anchored properties to operate and service consumers for their everyday needs. Located in major markets in the U.S., we believe that our diversified portfolio and quality tenant covenants provides a strong basis to continue to grow unitholder distributions and flexibility to capitalize on opportunities that provide value appreciation.

We are focused on the following areas to achieve the REIT's objectives:

- Be disciplined in our acquisition of well-located properties that provide opportunity for future value creation;
- Proactive property and asset management that results in NOI growth while minimizing property and portfolio vacancy exposure;
- Prudent and disciplined management of capital outlays that will maintain and increase the attractiveness of the REIT's portfolio and achieve increased rents; and
- Continue to increase the REIT's financial strength and flexibility through robust balance sheet management.

The REIT's internal growth strategy includes the following:

- Maintaining strong tenant relationships and ensuring tenant retention: Slate expects to continue to nurture its many longstanding relationships with existing tenants by anticipating and adapting to their changing needs and being proactive with lease renewals. Slate understands the value of maintaining existing tenancies and will engage in ongoing discussions with tenants throughout their lease term to be proactive in negotiating early renewals as leases approach their expiries. The growing size of the REIT's portfolio will help strengthen its longstanding relationships with existing tenants and allow Slate to offer leasing opportunities across multiple properties. This strategy will promote organic growth by minimizing marketing, leasing and tenant improvement costs and avoiding interruptions in rental income generation.
- Maximizing rental income through leasing initiatives: Slate expects to maintain the current high level of occupancy in the REIT's properties by leveraging Slate's established leasing platform. Slate intends to continue to implement active strategies that take into consideration prevailing economic conditions, the nature of the property, its local positioning, as well as existing and prospective tenants. Many of the REIT's properties are located in areas with low vacancy rates and minimal new competitive supply, which should minimize leasing costs and allow the REIT to replace in-place rents with increased market rents as leases expire. Slate also seeks to continue to include contractual rent escalators in leases to further facilitate growth in rental income.
- Repositioning current properties: Slate believes that in a number of situations there exists the opportunity to reposition properties currently held by the REIT through modest and targeted capital projects and/or operational improvements.
- Acting creatively and opportunistically to drive incremental value through monetization of the REIT's land and assets by densification, leasing of rooftops, parking lots and other elements of the REIT's properties.

The REIT will continue to focus on acquiring diversified revenue producing commercial real estate properties with a focus on grocery-anchored properties. The REIT's external growth strategy includes the following:

- Opportunity to benefit from its relationship with Slate: The REIT anticipates that its continuing relationship with Slate provides opportunities to acquire additional properties. Slate has a strong track record of closing acquisitions and believes that it can grow the asset base of the REIT on an accretive basis in the near to medium term.
- Identify undervalued properties: Slate's extensive relationships with a network of U.S.-based commercial real estate brokers allows it to identify undervalued properties, many of which may be "off-market" or not widely marketed for sale. With over 40,000 grocery stores in the U.S., there are significant opportunities for the REIT to continue its strategy of acquiring attractive, revenue-producing grocery-anchored properties. Slate's familiarity with the REIT's properties allows it to identify complementary acquisition opportunities that are aligned with the REIT's investment criteria and accretive to cash flow. The REIT seeks to acquire properties that are: (i) located in major metropolitan areas in the U.S. that demonstrate favourable population and employment growth dynamics; (ii) located in well-developed sub-markets with limited risk of new development; and (iii) anchored by market dominant grocers and other essential tenants who fulfill the last mile of logistics and have a proven track record of strong sales and profitability. Slate will continue to target major metropolitan areas in the U.S. outside of gateway markets where there is typically more competition and less favourable pricing for quality assets.
- Apply Slate's hands-on asset management philosophy: Even though Slate targets assets that are stable, income producing properties, Slate will continue to assess each property to determine how to optimally refurbish, reposition and re-tenant the property. Slate will continue to work closely with contractors to reduce operating costs and will oversee capital expenditure projects to ensure they are on budget and completed on time. In addition, Slate will continue to: (i) focus on rebuilding and strengthening tenant relationships with a view to gaining incremental business and extending stable tenant leases; and (ii) outsource property management and other real estate property functions to lower the operating costs borne by the tenants. This cost reduction further improves tenant relationships and will increase the net operating income of the REIT's properties.

Slate Grocery REIT has established itself as both a leading and differentiated owner and operator of grocery-anchored properties in the U.S. The REIT's critical real estate infrastructure and strong credit tenants provide unitholders with durable cash flows and the potential for capital appreciation over the longer term.

NON-IFRS FINANCIAL MEASURES

We disclose a number of financial measures in this MD&A that are not measures determined in accordance with IFRS, including NOI, same-property NOI, FFO, FFO payout ratio, AFFO, AFFO payout ratio, adjusted earnings before interest, tax, depreciation and amortization ("Adjusted EBITDA") and the interest coverage ratio, in addition to certain measures on a per unit basis. We utilize these measures for a variety of reasons, including measuring performance, managing the business, capital allocation and the assessment of risk. Descriptions of why these non-IFRS measures are useful to investors and how management uses each measure are included in this MD&A. We believe that providing these performance measures on a supplemental basis to our IFRS results is helpful to investors in assessing the overall performance of our businesses in a manner similar to management. These financial measures should not be considered as a substitute for similar financial measures calculated in accordance with IFRS. We caution readers that these non-IFRS financial measures may differ from the calculations disclosed by other businesses, and as a result, may not be comparable to similar measures presented by others. Reconciliations of these non-IFRS measures to the most directly comparable financial measures calculated and presented in accordance with IFRS are included within this MD&A.

The definition of non-IFRS financial measures are as follows:

- NOI is defined as rental revenue less operating expenses, prior to straight-line rent, IFRIC 21, *Levies* ("IFRIC 21") property tax adjustments and adjustments for joint venture investments. Same-property NOI includes those properties owned by the REIT for each of the current period and the relevant comparative period excluding those properties under development. NOI margin is defined as NOI divided by revenue, prior to straight-line rent.
- FFO is defined as net income adjusted for certain items including transaction costs, change in fair value of properties, change in fair value of financial instruments, deferred income taxes, unit income (expense), adjustments for joint venture investments and IFRIC 21 property tax adjustments.
- AFFO is defined as FFO adjusted for straight-line rental revenue and sustaining capital, leasing costs and tenant improvements.
- FFO payout ratio and AFFO payout ratio are defined as distributions declared divided by FFO and AFFO, respectively.
- FFO per WA unit and AFFO per WA unit are defined as FFO and AFFO divided by the weighted average class U equivalent units outstanding, respectively.
- Adjusted EBITDA is defined as NOI less General and administrative expenses.
- Interest coverage ratio is defined as adjusted EBITDA divided by cash interest paid.
- Net asset value is defined as the aggregate of the carrying value of the REIT's equity, deferred income taxes and exchangeable units of subsidiaries.
- Proportionate interest represents financial information adjusted to reflect the REIT's equity accounted joint ventures and financial real estate assets and its share of net income (losses) from equity accounted joint ventures and financial real estate assets on a proportionately consolidated basis at the REIT's ownership percentage of the related investment.

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE

At Slate, we believe the responsibility of a fiduciary is not limited to generating investment returns – it is about treating people, our partners and our environment with respect and setting an example for others through our conduct. Our environmental, social and corporate governance ("ESG") philosophy is a key pillar of our firm and can be summarized as follows:

- Our people are our most important asset; an investment in our people positions our firm for future growth and success
- Our governing principles hold us accountable; these ensure our core values are apparent and adhered to in everything we do
- Our planet is home to all our stakeholders; we have a duty to invest in a sustainable and responsible manner

Efforts at our properties include lighting retrofits to LED lighting, white reflective roofing and evaluating solar initiatives at various sites, and community programs. We value the opportunity to collaborate with our tenants, neighbours and suppliers through various outreach projects with the goal of meaningfully contributing to the communities in which we work and live.

Our governance drives everything we do - we strive to be an example in the industry that acts responsibly and with integrity in all aspects of our business. Slate, as manager of the REIT has formal governance measures in place which ensure alignment of all stakeholders and establish accountability. These measures include a Code of Business Conduct and Ethics and an annual review and approval of Slate's ESG program by the REIT's Compensation, Governance and Nominating Committee. To learn more about our ESG policy please visit our website: www.slategroceryreit.com.

RISKS AND UNCERTAINTIES

In addition to the risks and uncertainties included herein, the REIT's business is subject to a number of risks and uncertainties which are described in its most recently filed Annual Information Form for the year ended December 31, 2020, available on SEDAR at www.sedar.com. Additional risks and uncertainties not presently known to the REIT or that the REIT currently considers immaterial also may impair its business and operations and cause the price of the REIT's units to decline in value. If any of the noted risks actually occur, the REIT's business may be harmed and the financial condition and results of operations may suffer significantly. In that event, the trading price of the units could decline, and unitholders may lose all or part of their investment.

RECENT DEVELOPMENTS

The following is a summary of the key financial and operational highlights and recent developments for the REIT for the three month period ended September 30, 2021:

- On September 22, 2021, the REIT completed the acquisition of a high quality, grocery-anchored portfolio comprising 25 properties and 3.1 million square feet in major metro markets across the United States. The portfolio is valued at \$390.0 million (the "Acquisition") less the assumption of debt and subject to other adjustments. The Acquisition represents a 7.8% capitalization rate or \$127 per square foot. The acquisition increases the REIT's portfolio to an aggregate 13.2 million square feet and \$1.9 billion of critical real estate, and is expected to be immediately accretive to the REIT's FFO and AFFO.
- The REIT completed the acquisition of two grocery-anchored properties for a total purchase price of \$23.8 million (\$121 per square foot) before transaction costs at a weighted average capitalization rate of 8.1%.
- The REIT completed 229,290 square feet of new leasing, a record quarterly performance for the REIT that resulted in 20.5% new leasing spread. The total 425,821 square feet of leasing during the quarter, completed at a 10.2% weighted average rental spread.
- The REIT achieved its fifth consecutive quarter of occupancy growth, completing the quarter at 93.5%, an increase of 0.3% relative to the last quarter. Excluding assets acquired during the third quarter, portfolio occupancy was 94.4%, an increase of 1.2% from the second quarter 2021.
- Same-property NOI for the third quarter (comprised of 67 properties) increased by 2.1% over the comparative period, primarily driven by increases in rental rates from re-leasing above average in-place rent of the properties and new leasing above market rental rates. Same-property NOI for the trailing twelve month period ended September 30, 2021 (comprised of 59 properties) decreased by 0.1% over the same period in the prior year. Including the impact of completed redevelopments, same-property NOI for the three month period ended September 30, 2021 increased by \$0.8 million or 3.7% and same-property NOI for the trailing twelve month period ended September 30, 2021 increased by \$0.9 million or 1.1%, over the respective comparative periods.
- Rental revenue for the third quarter was \$34.1 million, which represents a \$2.1 million increase over the same period in the prior year. The increase is primarily driven by the acquisition of 32 grocery-anchored properties, increases in rental rates from re-leasing, and new leasing typically above in-place rent from September 30, 2020.
- FFO was \$13.7 million for the quarter, which represents a \$2.2 million increase from the same period in the prior year, primarily due to increases in NOI, and a decrease in general and administrative expenses.
- AFFO increased by \$2.5 million from the comparative period to \$11.5 million. The increase is primarily due to increases in FFO, partially offset by a decrease in capital expenditures.
- NOI for the third quarter increased by \$1.6 million from the second quarter of 2021 to \$25.6 million. This is mainly due to partial contribution of NOI from the acquisitions in the third quarter and uplifts in rental rates from new leasing typically above in-place rent.
- The REIT recognized net income of \$9.6 million which is a \$2.0 million increase compared to the same period in the prior year. The increase is attributed to the aforementioned increases in revenue and decrease in general and administrative expenses.

- During the nine month period ended September 30, 2021, the REIT executed ancillary revenue agreements at various properties within the portfolio which will contribute approximately \$0.4 million of NOI, on an annualized basis. The REIT continues to pursue a deep pipeline of additional opportunities.

PART II – LEASING AND PROPERTY PORTFOLIO

LEASING

The REIT strives to ensure that its properties are well occupied with tenants who have space that allow them to meet their own business objectives. Accordingly, the REIT proactively monitors its tenant base with the objective to renew in advance of lease maturities, backfill tenant vacancies in instances where a tenant will not renew, or if there is an opportunity to place a stronger or more suitable tenant in the REIT's properties, management endeavors to find a suitable solution.

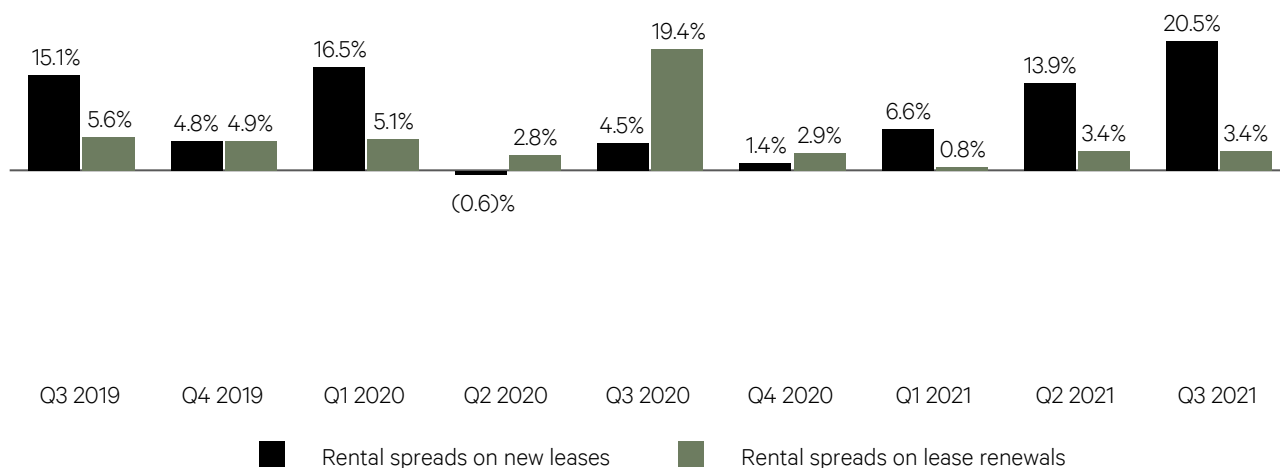
The following table summarizes the REIT's leasing activity for the four most recent quarters:

Square feet	Deal type		Q3 2021	Q2 2021	Q1 2021	Q4 2020
Less than 10,000	Renewal	Leases signed	43	29	29	33
		Total square feet	101,996	77,489	68,200	91,461
		Average base rent	\$ 16.57	\$ 16.94	\$ 18.64	\$ 17.11
		Rental spread	5.4%	5.3%	0.3%	5.8%
Greater than 10,000	Renewal	Leases signed	4	4	2	6
		Total square feet	94,535	44,999	28,351	353,454
		Average base rent	\$ 11.47	\$ 13.50	\$ 6.84	\$ 8.26
		Rental spread	0.6%	(0.5%)	4.3%	1.4%
Total renewals (square feet)			196,531	122,488	96,551	444,915
Less than 10,000	New lease	Leases signed	8	16	10	12
		Total square feet	15,940	28,960	17,049	35,823
		Average base rent	\$ 16.83	\$ 17.31	\$ 17.32	\$ 15.36
		Rental spread ¹	23.8%	10.9%	19.3%	1.4%
Greater than 10,000	New lease	Leases signed	6	1	2	—
		Total square feet	213,350	20,010	29,725	—
		Average base rent	\$ 8.63	\$ 7.50	\$ 10.41	\$ —
		Rental spread ¹	20.0%	25.0%	(3.2%)	—%
Total new leases (square feet)			229,290	48,970	46,774	35,823
Total leasing activity (square feet) ²			425,821	171,458	143,325	480,738

¹ Effective July 1, 2020, rental spreads are compared to units that have been occupied within the prior two years, calculated based on the average base rent of the new lease term compared to the previous lease. For units that have been vacant for two years or more, the REIT calculated rental spreads based on the average base rent of the new lease term compared to the weighted average in-place rent of comparable units at the property.

² Includes the REIT's share of joint venture investments.

Leasing Spreads



During the third quarter, management completed 196,531 square feet of lease renewals and 229,290 square feet of new leasing. The weighted average rental rate increase on renewals completed for leases less than 10,000 square feet was \$0.85 per square foot or 5.4% higher than expiring rent. The weighted average base rent on renewals completed for leases greater than 10,000 square feet was \$0.06 per square foot or 0.6% higher than expiring rent.

The weighted average base rent on all new leases completed greater than 10,000 square feet was \$8.63 per square foot, which is \$1.44 per square foot or 20.0% higher than the weighted average in-place rent for comparable space across the portfolio. The weighted average base rent on all new leases completed less than 10,000 square feet was \$16.83, which is \$3.24 per square foot or 23.8% higher than average in-place rent.

Lease maturities

The REIT generally enters into leases with initial terms to maturity between 5 and 10 years with our grocery-anchor tenants. The initial terms to maturity for non-anchor space tend to be of a shorter duration between 3 and 5 years. The weighted average remaining term to maturity of the REIT's grocery-anchor and non-grocery-anchor tenants as at September 30, 2021 was 5.2 years and 4.1 years, respectively, not including tenants on month-to-month leases. On a portfolio basis, the weighted average remaining term to maturity is 4.7 years.

The following table summarizes the composition of the remaining term to maturity of the REIT's leases at September 30, 2021:

	Weighted average term to maturity	GLA ¹	GLA %
Grocery-anchor	5.2	6,230,582	47.3%
Non-anchor	4.1	5,909,152	44.8%
Total	4.7	12,139,733	92.1%
Month-to-month		176,203	1.3%
Vacant		858,209	6.6%
Total GLA		13,174,145	100.0%

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

Occupancy is determined based on lease commencement. The following table shows the change in occupancy during the three month period ended September 30, 2021:

	Total GLA ¹	Occupied GLA ¹²	Occupancy
June 30, 2021	9,916,435	9,236,947	93.2%
Acquisitions	3,257,725	2,975,819	91.4%
Leasing changes	—	103,170	N/A
Re-measurements	(15)	—	— %
September 30, 2021	13,174,145	12,315,936	93.5%

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

² Leasing changes include new leases, lease buyouts, expirations and terminations.

Occupancy has increased 0.3% to 93.5% from June 30, 2021. The increase is due to 229,290 square feet of new leasing, partially offset by the weighted average occupancy rate of 91.4% related to the acquisition of 27 grocery-anchored properties and shop space vacancies. Notable new deals during the quarter included Kroger at Glenlake Plaza, Urban Air at Bloomingdale Plaza, Total Wine & More at Cordova Commons and Crunch Fitness at Stonefield Square, for a total of 176,735 square feet.

Excluding assets acquired during the third quarter, portfolio occupancy was 94.4%, an increase of 1.2% from the second quarter 2021 and 2.2% from the second quarter in 2020. Which reflects the desirability of the REIT's critical real estate and management's hands on approach.

The following table shows the change in occupancy during the nine month period ended September 30, 2021:

	Total GLA ¹	Occupied GLA ^{1 2}	Occupancy
December 31, 2020	9,554,679	8,878,017	92.9%
Acquisitions	3,654,196	3,363,627	92.1%
Dispositions	(50,000)	(50,000)	100.0%
Leasing changes	—	124,292	N/A
Other	270	—	—
Re-measurements	15,000	—	—
September 30, 2021	13,174,145	12,315,936	93.5%

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

²Leasing changes include new leases, lease buyouts, expirations and terminations.

Occupancy has increased by 0.6% to 93.5% from December 31, 2020 due to 124,292 square feet of net new leasing, partially offset by the acquisition of 32 grocery-anchored properties at a weighted average occupancy of 92.1%. New leasing comprised of Urban Air at Bloomingdale Plaza, Total Wine & More at Cordova Commons, and Crunch Fitness at Stonefield Square, totaling 108,914 square feet.

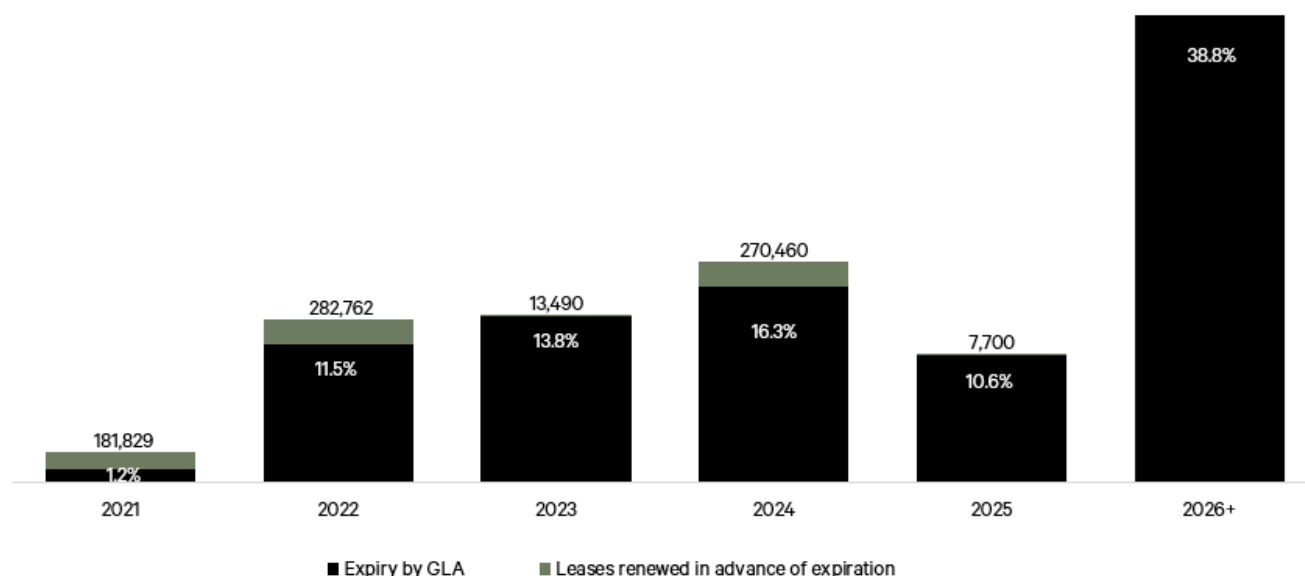
The following is a profile of the REIT's leases excluding the impact of tenant extension options:

GLA expiration	Grocery-anchor			Non-anchor			Total		
	GLA	Percentage of portfolio	Average in-place rent	GLA	Percentage of portfolio	Average in-place rent	GLA	Percentage of portfolio	Average in-place rent
Month-to-month	—	—%	\$ —	176,203	1.3%	\$ 16.49	176,203	1.3%	\$ 16.49
2021	—	—%	—	155,667	1.2%	14.01	155,667	1.2%	14.01
2022	586,235	4.5%	8.97	924,089	7.0%	14.00	1,510,324	11.5%	12.05
2023	823,349	6.3%	7.2	999,280	7.6%	14.83	1,822,629	13.8%	11.39
2024	1,282,494	9.7%	8.57	866,515	6.6%	15.92	2,149,009	16.3%	11.53
2025	662,224	5.0%	8.32	728,217	5.5%	14.14	1,390,441	10.6%	11.37
2025 and later	2,876,280	21.8%	9.48	2,235,384	17.0%	15.02	5,111,664	38.8%	11.90
Vacant	—	—%	N/A	858,209	6.5%	N/A	858,209	6.5%	N/A
Total / weighted average ¹	6,230,582	47.3%	\$ 8.82	6,943,564	52.7%	\$ 14.87	13,174,145	100.0%	\$ 11.81

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

The REIT endeavors to proactively lease upcoming expiries in advance of maturity to de-risk the portfolio, maintain high occupancy levels, ensure a proper mix of tenants at each property and certainty in cash flows. The following is a table of lease expiries at September 30, 2021 and pre-existing future maturities that were leased in advance during 2021:

Lease Expiries and Pre-existing Future Maturities



The following table summarizes remaining expiries:

GLA Expiration	September 30, 2021		June 30, 2021		March 31, 2021		December 31, 2020	
	Number of tenants	GLA	Number of tenants	GLA	Number of tenants	GLA	Number of tenants	GLA
Anchors	—	—	—	—	—	—	—	—
Non-anchors	48	155,667	81	225,909	129	374,499	159	445,629
Remaining expiries¹	48	155,667	81	225,909	129	374,499	159	445,629
Percentage of occupied portfolio¹		1.3%		2.5%		3.8%		4.7%

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

At September 30, 2021, remaining 2021 expiries represents 1.3% of the portfolio's occupied gross leasable area, with 155,667 square feet related to non-anchor tenants. Comparatively, at June 30, 2021 remaining 2021 expiries totaled 225,909 or 2.5% of the occupied gross leasable area for the portfolio. At March 31, 2021 remaining 2021 expiries totaled 374,499 equating to 3.8% of the occupied portfolio.

Retention rates

The asset management team strives to maintain strong relationships with all tenants, especially the REIT's grocery-anchor tenants. In certain cases, management has not sought renewals with larger tenants, including in cases where a better user is available, or a redevelopment opportunity exists. Management believes that this success is a result of the strong relationships maintained with tenants and the REIT's underwriting which, in part, considers the relative strength of grocery-anchors in the respective market, recent capital investment by grocers and, where possible, the profitability of the store. Management expects a lower retention rate for our non-grocery-anchor tenants as a result of the dynamics and natural turnover of certain businesses over time which gives us opportunity to re-lease space, potentially at higher rates, and improve overall credit and tenant mix.

The following are the REIT's retention rates for the three and nine month periods ended September 30, 2021, and year ended December 31, 2020 for both grocery-anchor and non-grocery-anchor tenants:

Retention rate ¹	Three months ended September 30, 2021	Nine months ended September 30, 2021	Year ended December 31, 2020
Grocery-anchor	100.0%	99.2%	97.8%
Non-grocery-anchor	87.6%	87.8%	87.7%
Net total / weighted average²	93.5%	93.5%	92.8%

¹Retention rate excludes instances where management has not sought a renewal, primarily related to redevelopment or property portfolio management opportunities.

²Includes the REIT's share of joint venture investments.

The following are the REIT's incremental change in base rent for the four most recent quarters:

		For the three months ended,			
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	
Renewals					
Square feet	196,531	122,488	96,551	444,915	
Expiring rent per square foot ¹	\$ 13.65	\$ 15.16	\$ 15.05	\$ 9.80	
Rent spread per square foot ¹	0.47	0.51	0.12	0.28	
Vacated					
Square feet ²	54,650	32,336	40,651	60,414	
Expiring rent per square foot ¹	\$ 12.67	\$ 15.90	\$ 20.42	\$ 13.16	
New					
Square feet	229,290	48,970	46,774	35,823	
New rent per square foot ¹	\$ 9.20	\$ 13.30	\$ 12.93	\$ 15.36	
Total base rent retained ³	\$ 1,990	\$ 1,343	\$ 623	\$ 3,565	
Incremental base rent ³	\$ 2,202	\$ 714	\$ 616	\$ 675	

¹ Calculated on a weighted average basis.

² Adjusted for lease buyouts and vacancies due to redevelopment.

³ Includes the REIT's share of joint venture investments.

In-place and market rents

The REIT's leasing activity during the three month period ended September 30, 2021 is as follows:

	GLA	Number of tenants	Weighted average expiring rent	Weighted average new rent
Renewed leases	196,531	47	\$ 13.65	\$ 14.12
New leases	229,290	14	N/A	9.20
Total / weighted average	425,821	61	\$ 13.65	\$ 11.47
Less, leases not renewed / vacated during term ¹	(54,650)	(18)	\$ 12.67	N/A
Net total / weighted average ²	371,171	43	N/A	\$ 11.47

¹ Adjusted for lease buyouts and vacancies due to redevelopment.

² Includes the REIT's share of joint venture investments.

The REIT's leasing activity during the nine month period ended September 30, 2021 is as follows:

	GLA	Number of tenants	Weighted average expiring rent	Weighted average new rent
Renewed leases	415,570	111	\$ 14.42	\$ 14.82
New leases	325,034	43	N/A	10.35
Total / weighted average	740,604	154	\$ 14.42	\$ 12.86
Less, leases not renewed / vacated during term ¹	(127,637)	(43)	\$ 15.96	N/A
Net total / weighted average ²	612,967	111	N/A	\$ 12.86

¹ Adjusted for lease buyouts and vacancies due to redevelopment.

² Includes the REIT's share of joint venture investments.

During the third quarter of 2021, the REIT completed 425,821 square feet of leasing, which represents 3.2% of the REIT's portfolio. This level of leasing is consistent with the REIT's strategy of actively managing the properties to create value through a hands-on approach.

Net rental rates

The following table is a summary of in-place rent for the eight most recent financial quarters of the REIT:

	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Grocery rent	\$ 8.82	\$ 8.39	\$ 8.43	\$ 8.38	\$ 8.35	\$ 8.28	\$ 8.18	\$ 8.14
Shop space rent	14.87	14.61	14.27	14.73	14.98	14.64	14.03	14.35
Total ¹	\$ 11.81	\$ 11.39	\$ 11.29	\$ 11.43	\$ 11.55	\$ 11.39	\$ 11.10	\$ 11.22
Market rent ²	\$ 11.95	\$ 11.56	\$ 11.72	\$ 11.69	\$ 11.81	\$ 11.71	\$ 11.69	\$ 11.82

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

² Market rent represents the REIT's estimate of market rents for its properties on a weighted average basis. Market rents are determined based, in part, on broker feedback, market transactions and completed deals.

In-place Rent Versus Estimated Market Rent



The REIT leases to high-quality tenants in well located centres typically below the average market rent for U.S. strip centres, allowing for increased value in the portfolio through rental rate growth.

ACQUISITIONS

The REIT explores acquisition opportunities as they arise but will pursue only acquisitions that management believes are accretive to net asset value per unit in the medium-term relative to its long-term cost of capital.

During the three month period ended September 30, 2021, the REIT acquired the following properties:

Property	Purchase date	Location	Purchase price	SF	Price per SF	Anchor tenant
Glenlake Plaza	July 15, 2021	Indianapolis, Indiana	\$ 8,500	104,679	\$ 81	Kroger
Bloomington Plaza Outparcel	July 29, 2021	Brandon, Florida	582	—	—	Urban Air
Prairie Point	September 9, 2021	Aurora, Illinois	15,250	91,535	167	Mariano's
Tops Portfolio ¹	September 22, 2021	New York, Ohio and Georgia	136,100	1,445,468	94	Tops Markets, Kroger and Marshalls
Tom Thumb Portfolio	September 22, 2021	Texas, Florida and California	137,620	948,098	145	Tom Thumb, Walmart and Raley's
Other Grocery Portfolio ²	September 22, 2021	New York and Indiana	116,280	667,946	174	Stop & Shop, Price Chopper, Acme Markets, and Strack & Van Til
Total / weighted average			\$ 414,332	3,257,726	\$ 127	

¹ As a result of the acquisition of the management rights and other factors it was determined that the REIT obtained control with respect to its 90.0% investment in Tops Portfolio.

² As a result of the acquisition of the assets and other factors the REIT is deemed to have joint control over relevant decisions and activities of the joint venture.

In aggregate, the Acquisition represents a weighted average capitalization rate of 7.8% or \$127 per square foot.

DISPOSITION

On April 1, 2021, the REIT disposed of a property outparcel at 11 Galleria in Greenville, North Carolina for \$4.1 million. There are no fees incurred by the REIT to the Manager in relation to the disposition of properties or outparcels.

PROPERTY PROFILE

Professional management

Through professional management of the portfolio, the REIT intends to ensure its properties portray an image that will continue to attract consumers as well as provide preferred locations for its tenants. Well-managed properties enhance the shopping experience and ensure customers continue to visit the centres. Professional management of the portfolio has enabled the REIT to maintain a high occupancy level, currently 93.5% at September 30, 2021 (June 30, 2021 – 93.2%, March 31, 2021 – 93.1%, December 31, 2020 – 92.9%).

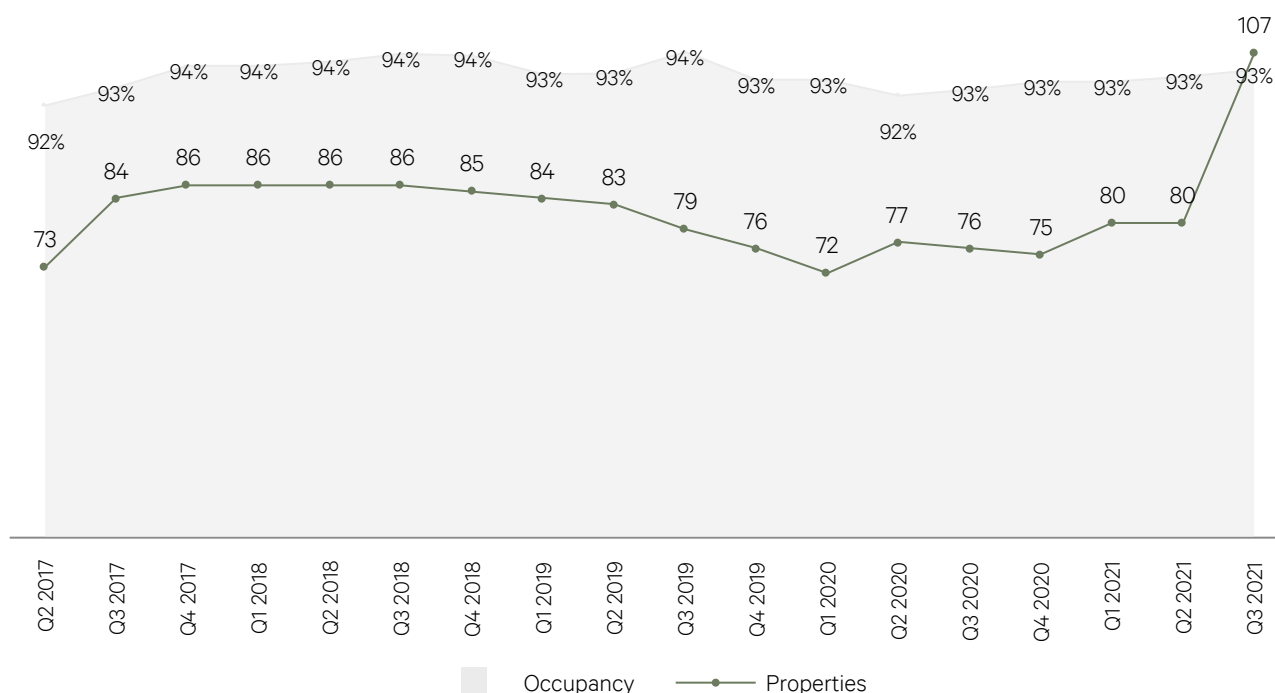
Occupancy has increased by 0.3% to 93.5% from June 30, 2021, mainly due to 229,290 square feet of new leasing, partially offset by the acquisition of 27 properties at a weighted average occupancy of 91.4%. Notable new deals during the quarter included Kroger at Glenlake Plaza, Urban Air at Bloomingdale Plaza, Total Wine & More at Cordova Commons and Crunch Fitness at Stonefield Square, for a total of 176,735 square feet.

The following table shows the occupancy rate of the REIT's portfolio:

	2017			2018			2019			2020			2021		
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Properties ¹	73	84	86	86	86	86	85	84	83	79	76	72	77	76	75
Occupancy ¹	91.7%	92.6%	93.7%	93.7%	93.9%	94.3%	94.2%	93.3%	93.3%	94.4%	93.0%	92.8%	92.2%	92.5%	92.9%

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

Historical Occupancy Rates



Geographic overview

The REIT's portfolio is geographically diversified. As of September 30, 2021, the REIT's 107 properties were located in 23 states with a presence in 47 MSAs. The REIT has 54 properties, or 50.5% of the total portfolio, located in the U.S. sunbelt region. Markets within this region benefit from strong underlying demographic trends, above average employment and population growth. This provides the REIT opportunities to progressively drive operational efficiencies and sustainable growth.

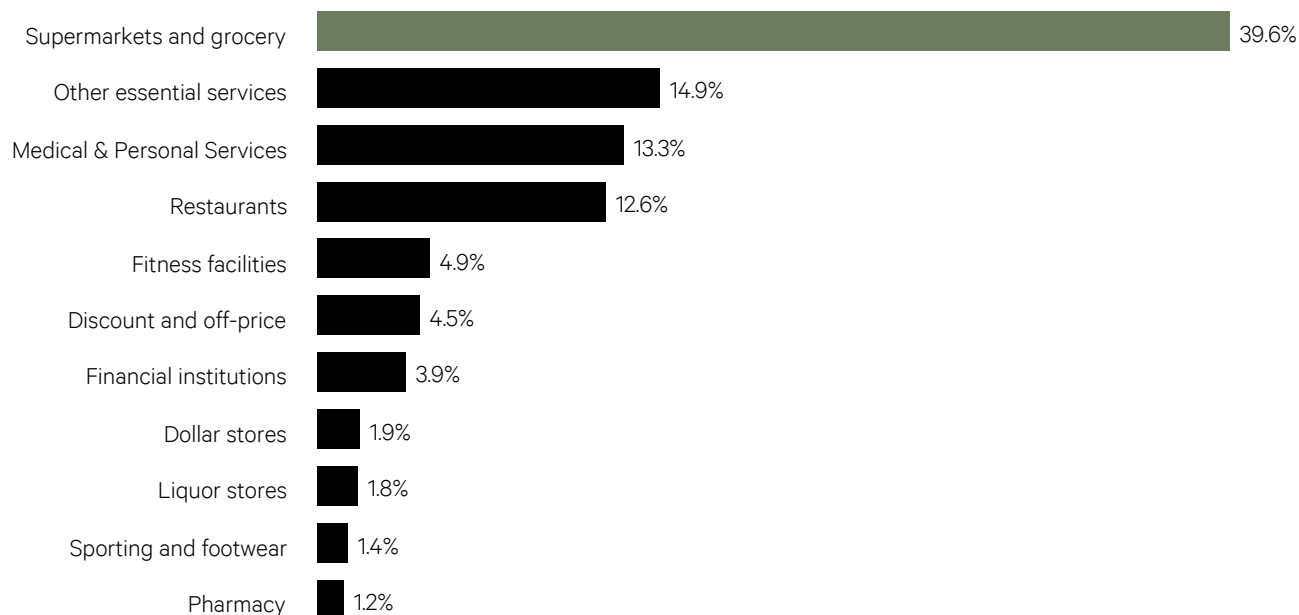
The following is a summary of the geographic location and relative dispersion of the REIT's property portfolio:

State	Number of assets	Total SF	Occupied SF	Percentage of revenue	Occupancy
New York	12	1,688,940	1,483,624	13.9%	87.8%
Florida	13	1,536,507	1,471,137	13.0%	95.7%
North Carolina	14	1,517,133	1,433,266	11.5%	94.5%
Pennsylvania	6	1,024,017	976,311	7.3%	95.3%
Texas	9	832,038	784,189	6.7%	94.2%
South Carolina	5	845,283	804,455	6.1%	95.2%
Georgia	8	831,316	794,078	5.9%	95.5%
Minnesota	5	566,782	538,088	4.3%	94.9%
Virginia	5	479,835	463,225	4.3%	96.5%
Michigan	5	603,413	564,877	3.9%	93.6%
Tennessee	5	526,641	520,403	3.0%	98.8%
Illinois	4	428,782	351,649	3.0%	82.0%
Ohio	3	541,239	500,165	2.9%	92.4%
North Dakota	2	261,578	225,831	2.5%	86.3%
West Virginia	2	387,162	375,102	2.3%	96.9%
California	1	194,873	176,102	1.6%	90.4%
Indiana	2	213,986	198,648	1.6%	92.8%
Maryland	1	112,274	102,854	1.2%	91.6%
New Hampshire	1	151,946	139,430	1.2%	91.8%
Wisconsin	1	123,028	123,028	1.1%	100.0%
Utah	1	127,507	124,353	1.0%	97.5%
Colorado	1	98,999	91,503	1.0%	92.4%
Kentucky	1	80,866	73,617	0.7%	91.0%
Total¹	107	13,174,145	12,315,936	100.0%	93.5%

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

Tenant categories

As of September 30, 2021, the REIT has the following tenant categories within the portfolio, allocated by base rent:



The REIT's portfolio of tenants is a diversified mix of leading grocers, national brands and strong regional performers complemented by local operators providing needed services and goods to their local communities. These retailers provide significant non-discretionary e-commerce defensive goods. The REIT's properties, which are located in well-established neighborhoods, allow grocery-anchored property real estate and economics of last mile delivery to be viable.

Anchor tenants

The REIT endeavors to own properties with anchors who are dominant in their respective regions in terms of operational scale and sales. Accordingly, the REIT's anchor tenants are often either the first or second dominant store in their respective area in terms of market share. The following table identifies the REIT's largest anchor tenants including their annual minimum rent, the number of stores, GLA as a percentage of the total portfolio and the percentage of base rent. The Kroger Co. represents the REIT's largest tenant by base rent with a total of 26 stores and 8.1% of base rent.

The largest 15 tenants account for 46.7% of total GLA and 38.9% of base rent as follows:

Parent company	Store brands	Grocery	Stores	% GLA	Base rent	% Base rent
The Kroger Co.	Kroger, Pick 'n Save, Harris Teeter, Mariano's	Y	26	11.5%	\$ 11,921	8.1%
Walmart, Inc.	Wal-Mart, Sams Club	Y	9	9.9%	8,959	6.0%
Koninklijke Ahold Delhaize N.V.	Stop & Shop, GIANT, Food Lion, Hannaford	Y	10	3.0%	5,887	4.0%
Albertsons Companies, Inc.	Jewel Osco, Acme, Tom Thumb	Y	10	3.9%	5,560	3.8%
Publix Super Markets, Inc.	Publix	Y	11	3.7%	4,962	3.4%
Tops Friendly Markets	Tops Markets	Y	8	4.2%	4,800	3.2%
United Natural Foods, Inc.	Cub Foods, Shop n' Save, County Market	Y	4	2.1%	2,516	1.7%
Dollar Tree, Inc.	Dollar Tree, Family Dollar	N	20	1.5%	2,199	1.5%
Coborn's Inc.	Cash Wise	Y	2	1.6%	2,084	1.4%
Southeastern Grocers	Winn Dixie	Y	5	0.9%	2,038	1.4%
TJX Companies	Marshalls, T.J. Maxx, HomeGoods	N	6	1.2%	1,527	1.0%
Beall's, Inc.	Beall's, Burke's	N	5	0.5%	1,388	0.9%
Alex Lee Inc.	Lowe's Foods	Y	2	1.1%	1,342	0.9%
Weis Markets, Inc.	Weis	Y	2	0.7%	1,249	0.8%
Golub Corporation	Market 32	Y	1	0.9%	1,203	0.8%
Total¹			121	46.7%	\$ 57,635	38.9%

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

Development

The REIT's redevelopment program is focused on growing income and unlocking value by revitalizing tenant uses and creating a better customer experience at select properties. Redevelopment is generally considered to begin when activities that change the condition of the property commence. Redevelopment ceases when the asset is in the condition and has the capability of operating in the manner intended, which is generally at cessation of construction and tenancing. For purposes of reporting same-property NOI, redevelopment assets are excluded from the same-property portfolio in the period in which they are re-classified as a redevelopment property and are excluded until they are operating as intended in all of both the current and comparative periods. The carrying value of redevelopment properties includes the acquisition cost of property and direct redevelopment costs attributed to the project. The REIT does not capitalize interest for its projects under development. Interest expense is recognized as incurred in income which is not comparable to other REITs or other corporations that capitalize interest.

The REIT has classified the following properties as redevelopment properties:

Property	Nature of redevelopment	Expected completion	Estimated incremental NOI ¹	Estimated yield on cost ("YOC")	Pre-leased percentage	Estimated investment		
						Incurred	Remaining	Total
Eastpointe Shopping Center	Anchor repositioning	Q2 2022	\$ 581	10.7%	100.0%	\$ 4,047	\$ 1,376	\$ 5,423
Stonefield Square	Anchor repositioning	Q2 2022	358	29.2%	100.0%	171	1,055	1,226
Southgate Crossing	Junior anchor repositioning	Q2 2022	176	7.0%	78.4%	196	2,330	2,526
Wedgewood Commons	Anchor repositioning	Q4 2022	954	7.1%	80.0%	7,753	5,747	13,500
Total			\$ 2,069	9.1%		\$ 12,167	\$ 10,508	\$ 22,675

Completed redevelopment projects

Property	Nature of redevelopment	Completed	Estimated incremental NOI ¹	YOC	Weighted Average YOC	Leased percentage	Total invested
Westminster Plaza ²	Anchor repositioning	Q1 2021	\$ 898	25.4%	5.9%	100.0%	\$ 3,531
Windmill Plaza ³	Anchor repositioning	Q2 2021	404	7.1%	2.6%	92.5%	5,652
Mapleridge Center	Anchor repositioning	Q2 2021	771	13.8%	5.1%	90.7%	5,600
Battleground Village	Anchor repositioning	Q3 2021	62	15.9%	0.4%	100.0%	390
Total			\$ 2,135	14.1%	14.0%		\$ 15,173

¹ Calculated on a trailing twelve month basis as of September 30, 2021.

² Amounts represent development for primary anchor at the property.

³ Amount at the REIT's share of its joint venture investment.

Redevelopment capital spent during the three and nine month periods ended September 30, 2021 is as follows:

	Three months ended September 30, 2021	Nine months ended September 30, 2021
Wedgewood Commons ¹	\$ 1,635	\$ 6,259
Mapleridge Center	122	4,564
Eastpointe Shopping Center	535	3,764
Westminster Plaza ¹	26	2,475
Other redevelopment costs ¹²	1,325	3,943
Total redevelopment	\$ 3,643	\$ 21,005

¹ Relates to new outparcel development as well as work completed in the planning stages for redevelopment projects.

² Amount at the REIT's share of its joint venture investment.

Stonefield Square is an 80,000 square foot shopping centre formerly anchored by The Fresh Market. The centre is located in a dominant retail trade area on the east side of Louisville, Kentucky with close proximity to downtown and surrounded by dense residential communities. This asset is centrally located along Shelbyville Road, the primary retail and commercial artery in Middletown, where average household income is approaching \$0.1 million. The Fresh Market vacated a 20,000 square foot box at the end of their lease term in December 2019, presenting an opportunity for the REIT to backfill the space at higher rental rates with a longer weighted average lease term. In August 2021, the REIT signed a 10-year lease with Crunch Fitness, a full-service gym operator, for 26,000 square feet at a double digit rental rate spread. In addition to the former Fresh Market box, Crunch Fitness is leasing four incremental units, two of which were previously vacant. In connection with backfilling the centre's anchor tenant, the REIT is investing significant capital to upgrade the building and common area facilities including improved signage, parking lot, landscaping and LED lighting upgrades.

Eastpointe Shopping Center is a regional shopping destination in Clarksburg, West Virginia anchored by a Kroger which includes a former K-mart box and in line shop tenants. The centre is located in the area's most prominent retail node at the junction of two major state highways. Kroger has executed a 25-year term lease to relocate from their 55,000 square foot box and build a brand new 83,000 square foot store in the former K-Mart

premises with rent commencement in the fourth quarter of 2020. Construction commenced in the first quarter of 2020 and was completed in the first quarter of 2021. In the third quarter of 2020 the REIT executed a 10-year term lease with Hobby Lobby to occupy the prior 55,000 square foot Kroger box. The REIT completed their portion of construction and Hobby Lobby will commence their construction in the fourth quarter of 2021 with rent commencement in the second quarter of 2022. In addition to the construction of Kroger and Hobby Lobby, the REIT will complete common area refurbishments to include the façade, parking lot, landscaping, and LED lighting upgrades, as required by the anchor leases. The REIT expects to invest \$5.4 million in capital to complete the tenant build outs and common area refurbishments. Kroger's new store opened to the public on January 20, 2021 and is now the largest Kroger in the state of West Virginia.

Southgate Crossing is an 160,000 square foot shopping centre located in Minot, North Dakota and is anchored by the market-leading Cash Wise Foods. Gordman's, which is an off-price department chain owned by Stage Stores, formerly occupied the 51,000 square foot junior anchor box until the third quarter of 2020. Management backfilled 16,000 square feet at higher rental rates and improved tenant quality in the first quarter of 2021, securing a 10-year lease with Harbor Freight Tools, a national discount tool and equipment retailer. Harbor Freight opened in June of 2021 with rent commencing in the third quarter. The REIT is in active discussions with national tenants to occupy the remaining 34,000 square feet.

Wedgewood Commons is a 153,000 square foot shopping centre anchored by a Publix supermarket. The shopping centre is strategically located on U.S. Route 1 Highway at Indian Road, in Stuart, Florida. Key tenants in the development include Beall's Outlet, Dollar Tree and Harbor Freight Tools. The REIT has finalized a 20-year term lease to construct a new 47,000 square foot flagship Publix grocery store. To coincide with the new Publix grocery store, the REIT has secured a 10-year lease extension to relocate and expand the Beall's Outlet to 30,000 square feet which will include a Beall's Home Centric concept store. Furthermore, the REIT is negotiating with several junior anchor prospects to lease the remaining vacancy within the shopping centre. The net result will increase GLA to approximately 166,000 square feet and the weighted average lease term from 3.7 years to 10.8 years. In addition to the construction of the Publix and Beall's Outlet and Home Centric, the REIT will complete an extensive common area refurbishment. The REIT expects to invest \$13.5 million in redevelopment, with Publix opening and completion of the overall project by the end of the 2022 year.

Completed redevelopment projects

Battleground Village is a 73,000 square foot property located in Greensboro, North Carolina. Formerly anchored by Earth Fare, the property is well situated at one of the busiest thoroughfares in the MSA. In 2020, Management engaged in a strategic releasing effort that resulted in a 15-year lease with Aldi, which has a significantly higher grade credit. There is limited capital investment, which totals \$0.4 million, and relates to parking lot and lighting upgrades. Aldi opened in the third quarter of 2021.

In January 2019, the REIT acquired Windmill Plaza, a grocery-anchored shopping centre located in Sterling Heights, Michigan, in a joint-venture partnership with The Kroger Company. The shopping centre includes a brand new 129,000 square foot Kroger Marketplace, an improved in-line façade and a completely redesigned parking lot, landscaping and lighting system. Executed leases include a 25-year ground lease with Kroger as the anchor tenant and junior anchor tenants which include Edge Fitness for 37,000 square feet and Pet Supplies Plus for 8,000 square feet. The property is occupied at 92.5%. Kroger and Edge Fitness commenced operations in January 2020.

Mapleridge Center is a 115,000 square foot community shopping centre strategically located along White Bear Avenue within the main retail node in Maplewood, Minnesota. The centre was acquired in the third quarter of 2017 and at the time was anchored by a Rainbow Foods grocery outlet store. Management strategically terminated the anchor tenant in the fourth quarter of 2019 and signed a lease with Hy-Vee to take the former Rainbow Foods premises and an additional unit which is used as a liquor store. As part of the new grocery and liquor store lease, the REIT completed a significant capital investment in the centre totaling \$5.6 million. In the first quarter of 2020, the grocery anchor lease was executed with rent commencement in the first quarter of 2021. The Hy-Vee liquor store opened to the public on December 18, 2020 and the grocery store opened June 2021.

Westminster Plaza is a 99,000 square foot shopping centre formerly anchored by Safeway. The centre is located seven miles immediately north of downtown Denver with direct access to multiple major highways. This asset experiences heavy traffic volumes along Federal Boulevard, a primary retail and commercial roadway in Westminster, Colorado where population density is approximately 150,000 in a 3-mile radius. Additional density is forthcoming due to a community gentrification project being led by the City of Westminster. The plan is centralized around a recently completed light-rail transit station located a quarter mile from the property and the planned redevelopment of the surrounding land and industrial property into single and multi-family residential. Safeway vacated a 56,000 square foot box at the end of their lease term in December 2019. The REIT re-leased the vacant anchor space to VASA Fitness, a regional full-service gym operator. The deal saw both parties invest significant capital into the premises and shopping centre and enabled the REIT to grow NOI and weighted average lease term significantly. VASA fitness opened in the first quarter of 2021. The REIT also completed the development of a pad, which includes a new 7,500 square foot building with Chipotle, Dunkin' Donuts, Buffalo Wild Wings and Tropical Smoothie in operation.

IFRS FAIR VALUE

The REIT's property portfolio at September 30, 2021 had an estimated IFRS fair value of \$1.6 billion, with a weighted average capitalization rate of 7.09% and on a proportionate basis, the fair value is \$1.9 billion. Overall, the average estimated IFRS value per square foot of the REIT's portfolio is \$143.

The following table presents a summary of the capitalization rates used to estimate the fair value of the REIT's properties:

Direct capitalization rates	September 30, 2021	December 31, 2020
Minimum ¹	5.75%	6.00%
Maximum ¹	13.00%	9.50%
Weighted average ¹	7.09%	7.34%

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

The September 30, 2021 weighted average capitalization rate decreased to 7.09% from 7.34% at December 31, 2020. The decrease in the weighted average capitalization rate is driven primarily by increased buyer demand for grocery-anchored strip centres and value-add asset management activities which includes anchor tenant renewals and repositionings, tenant credit enhancement through strategic leasing, capital investments and improvements.

The fair value of properties is measured individually without consideration to their aggregate value on a portfolio basis. No consideration is given to diversification benefits related to single property tenant risk and geography, the value of assembling a portfolio or to the utilization of a common management platform, amongst other benefits. As a result, the fair value of the REIT's properties taken in aggregate may differ from the fair value of properties measured individually in the REIT's consolidated statements of financial position. Depending on the duration and impacts of the COVID-19 pandemic, certain aspects of the REIT's operations could be affected, including rental and occupancy rates, demand for retail space, capitalization rates, and the resulting value of the REIT's properties. Based on the REIT's operations to date, property valuations have not been materially impacted by the COVID-19 pandemic. The REIT believes property valuations are appropriate as at September 30, 2021.

The change in properties is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Beginning of the period	\$ 1,418,968	\$ 1,274,347	\$ 1,277,180	\$ 1,288,536
Acquisitions	178,979	27	234,088	91,785
Capital expenditures	1,653	852	3,450	1,902
Leasing costs	492	412	1,069	1,048
Tenant improvements	64	739	1,475	2,883
Development and expansion capital	3,643	2,082	21,005	4,284
Straight-line rent	8	530	449	1,181
Dispositions	—	(6,100)	(4,100)	(113,250)
IFRIC 21 property tax adjustment	4,227	4,115	(3,892)	(4,766)
Change in fair value ¹	6	(2,829)	77,316	572
End of the period	\$ 1,608,040	\$ 1,274,175	\$ 1,608,040	\$ 1,274,175
Joint venture investment properties	273,802	11,042	273,802	11,042
End of the period, including joint venture investments	\$ 1,881,842	\$ 1,285,217	\$ 1,881,842	\$ 1,285,217

¹ Change in fair value includes impacts due to valuation parameters, cash flows and accounting adjustments for IFRIC 21 property tax and straight-line rent.

The following table is a reconciliation of the fair value of the REIT's properties using a non-GAAP measure. The non-GAAP measure includes figures that are recorded as an equity investment, information that is not explicitly disclosed or presented in the consolidated financial statements for the three and nine month periods ended September 30, 2021.

	Three months ended September 30, 2021			Nine months ended September 30, 2021		
	Consolidated	Joint venture investments	Proportionate Share (Non-GAAP)	Consolidated	Joint venture investments	Proportionate Share (Non-GAAP)
Beginning of the period	\$ 1,418,968	\$ 10,893	\$ 1,429,861	\$ 1,277,180	\$ 10,845	\$ 1,288,025
Acquisitions	178,979	253,900	432,879	234,088	253,900	487,988
Capital expenditures	1,653	—	1,653	3,450	—	3,450
Leasing costs	492	(2)	490	1,069	—	1,069
Tenant improvements	64	—	64	1,475	—	1,475
Development and expansion capital	3,643	5,143	8,786	21,005	5,400	26,405
Straight-line rent	8	9	17	449	15	464
Dispositions	—	—	—	(4,100)	—	(4,100)
IFRIC 21 property tax adjustment	4,227	92	4,319	(3,892)	131	(3,761)
Change in fair value ¹	6	3,767	3,773	77,316	3,511	80,827
End of the period	\$ 1,608,040	\$ 273,802	\$ 1,881,842	\$ 1,608,040	\$ 273,802	\$ 1,881,842

¹ Change in fair value includes impacts due to valuation parameters, cash flows and accounting adjustments for IFRIC 21 property tax and straight-line rent.

Capital, leasing and tenant improvement costs for the three and nine month periods ended September 30, 2021 was \$2.2 million and \$6.0 million, respectively. Such costs are generally expended for purposes of tenancing and renewing existing leases, which maintain and create value at the REIT's properties and the portfolio as a whole by increasing contractual cash flow through new and extended leases. The REIT will continue to capitalize on opportunities to revitalize, undertake space improvements and generally maintain the high quality of the properties and tenants. These expenditures can vary from period to period, at times significantly, depending upon the timing of lease expiries, re-leasing and management's capital plan for the period.

Fair value adjustments on properties

For the three month period ended September 30, 2021, the fair value remained in line with the comparative period. For the nine month period ended September 30, 2021, the REIT recorded a fair value gain on properties of \$77.3 million. This is mainly due to valuation parameters and IFRIC 21 property tax adjustments, partially offset by transaction costs capitalized.

The following table presents the impact of certain accounting adjustments on the fair value gain recorded versus management's estimate of future cash flows and valuation assumptions:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Valuation parameters and cash flows	\$ 6,986	\$ 1,843	\$ 77,542	\$ (1,328)
Transaction costs capitalized	(2,745)	(27)	(3,669)	(1,685)
IFRIC 21 property tax adjustment	(4,227)	(4,115)	3,892	4,766
Adjusted for straight-line rent	(8)	(530)	(449)	(1,181)
Total	\$ 6	\$ (2,829)	\$ 77,316	\$ 572

The fair value change of properties is impacted by IFRIC 21 property tax adjustments recorded on the REIT's portfolio. For acquisition purposes the REIT determines the obligating event for property taxes is ownership of the property on the first of January of the fiscal year. As a result, the annual property tax liability and expense has been recognized on the properties owned on the first of January of each year, with a corresponding increase to the fair value of properties that is reversed as the liability is settled through property tax installments.

The change in fair value of properties recorded in income excludes the impact of tenancing and leasing costs, landlord work, and development and expansion capital, not all of which are additive to value but are directly capitalized to the property.

PART III – RESULTS OF OPERATIONS

SUMMARY OF SELECTED QUARTERLY INFORMATION

The selected quarterly information highlights performance over the most recently completed eight quarters and is reflective of the timing of acquisitions, leasing and maintenance expenditures. Similarly, debt reflects financing activities related to acquisitions which serve to increase AFFO in the future, as well as ongoing financing activities for the existing portfolio. Accordingly, rental revenue, NOI, NAV, FFO and AFFO are reflective of changes in the underlying income-producing asset base and changing leverage.

Quarter ended	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Rental revenue	\$ 34,079	\$ 33,377	\$ 32,471	\$ 31,872	\$ 31,961	\$ 30,255	\$ 32,042	\$ 34,338
Property operating expenses ¹	(4,809)	(4,920)	(21,560)	(3,512)	(4,649)	(3,972)	(22,496)	(5,029)
Straight-line rent revenue	(8)	(276)	(165)	(375)	(530)	(237)	(414)	(118)
IFRIC 21 property tax adjustment ¹	(4,227)	(4,278)	12,397	(5,568)	(4,115)	(3,994)	12,875	(4,934)
Adjustments for joint venture investments	612	134	142	166	431	100	64	9
NOI ²	\$ 25,647	\$ 24,037	\$ 23,285	\$ 22,583	\$ 23,098	\$ 22,152	\$ 22,071	\$ 24,266
Class U units outstanding	60,050	48,620	48,611	48,597	42,226	42,217	42,203	42,207
WA units	49,742	48,615	48,597	43,752	42,222	42,208	42,196	43,145
Net income (loss) ³	\$ 9,603	\$ (3,141)	\$ 60,775	\$ 21,268	\$ 7,630	\$ 6,888	\$ 5,819	\$ 14,016
Net income (loss) per WA unit ³	\$ 0.19	\$ (0.06)	\$ 1.25	\$ 0.49	\$ 0.18	\$ 0.16	\$ 0.14	\$ 0.32
IFRS NAV ⁴	\$ 717,822	\$ 609,946	\$ 605,994	\$ 532,155	\$ 449,858	\$ 445,189	\$ 445,383	\$ 476,612
IFRS NAV per unit ⁴	\$ 11.95	\$ 12.55	\$ 12.47	\$ 10.95	\$ 10.65	\$ 10.55	\$ 10.55	\$ 11.29
Distributions declared	\$ 11,283	\$ 10,460	\$ 10,460	\$ 9,545	\$ 9,087	\$ 9,087	\$ 9,087	\$ 9,314
Distributions per unit	\$ 0.2160	\$ 0.2160	\$ 0.2160	\$ 0.2160	\$ 0.2160	\$ 0.2160	\$ 0.2160	\$ 0.2145
FFO ^{3 5 6 8}	\$ 13,686	\$ 12,545	\$ 11,529	\$ 11,684	\$ 11,487	\$ 11,115	\$ 11,160	\$ 12,650
FFO per WA units ^{3 5 6}	\$ 0.28	\$ 0.26	\$ 0.24	\$ 0.27	\$ 0.27	\$ 0.26	\$ 0.26	\$ 0.29
AFFO ^{3 5 6 8}	\$ 11,478	\$ 10,398	\$ 9,450	\$ 9,651	\$ 8,954	\$ 9,046	\$ 8,748	\$ 10,616
AFFO per WA units ^{3 5 6}	\$ 0.23	\$ 0.21	\$ 0.19	\$ 0.22	\$ 0.21	\$ 0.21	\$ 0.21	\$ 0.25
Total assets (IFRS)	\$ 1,715,471	\$ 1,552,511	\$ 1,539,994	\$ 1,323,554	\$ 1,302,849	\$ 1,300,866	\$ 1,249,525	\$ 1,315,080
Debt	\$ 928,122	\$ 766,997	\$ 766,616	\$ 726,373	\$ 777,526	\$ 781,002	\$ 735,206	\$ 789,395
Debt / GBV ⁷	54.1%	53.0%	53.5%	54.9%	59.7%	60.0%	58.8%	60.0%
Number of properties ³	107	80	80	75	76	77	72	76
% leased ³	93.5%	93.2%	93.1%	92.9%	92.5%	92.2%	92.8%	93.0%
GLA ³	13,174,145	9,916,435	9,959,075	9,554,679	9,728,179	9,832,109	9,507,881	9,857,715
Grocery-anchored GLA ³	4,775,292	4,775,292	4,738,479	4,614,178	4,724,183	4,785,050	4,417,825	4,722,267

¹ In accordance with IFRIC 21, the REIT recognizes the annual property tax liability and expense on its existing properties on January 1st, rather than progressively, i.e. ratably, throughout the year.

² Refer to non-IFRS financial measures on page 16.

³ Includes the REIT's share of joint venture investments.

⁴ The first and second quarters of 2021 are adjusted to exclude the impact of the REIT's bought deal public offering of 11.4 million subscription receipts for gross proceeds of \$133.0 million.

⁵ Adjusting to exclude the impact of the \$169.0 million debt refinancing in the first quarter of 2021, FFO and FFO per unit would be \$11.8 million and \$0.24, respectively, and AFFO and AFFO per unit would be \$9.8 million and \$0.20, respectively.

⁶ Adjusting to exclude the impact of the refinanced credit facility and extinguished mortgage in the first quarter of 2020, FFO and FFO per unit would be \$11.5 million and \$0.27, respectively, and AFFO and AFFO per unit would be \$9.1 million and \$0.21, respectively.

⁷ Excludes subscription receipt funds in escrow for first and second quarter of 2021. The REIT's leverage ratio including subscription receipt funds in escrow for the first and second quarter of 2021 would be 49.8% and 49.4%, respectively.

⁸ Adjusting for September distribution in respect of the 11.4 million units issued for the Acquisition, the REIT's FFO payout ratio would be 76.5% and 83.1% for the three and nine month periods ended September 30, 2021, respectively, and the AFFO payout ratio would be 91.2% and 100.2% for the three and nine month periods ended September 30, 2021, respectively.

NON-IFRS RECONCILIATIONS AND FINANCIAL MEASURES

The following table provides a reconciliation of the REIT's statement of financial position, as presented in its condensed consolidated interim financial statements, to its proportionate interest.

	September 30, 2021			December 31, 2020		
	Statement of Financial Position	Joint Venture Investments	Proportionate Share (Non-GAAP)	Statement of Financial Position	Joint Venture Investments	Proportionate Share (Non-GAAP)
ASSETS						
Non-current assets						
Properties	\$ 1,608,040	\$ 273,802	\$ 1,881,842	\$ 1,277,180	\$ 10,845	\$ 1,288,025
Joint venture investments	69,220	(69,220)	—	3,474	(3,474)	—
Other assets	2,498	405	2,903	6,289	—	6,289
	\$ 1,679,758	\$ 204,987	\$ 1,884,745	\$ 1,286,943	\$ 7,371	\$ 1,294,314
Current assets						
Other assets	2,826	5,229	8,055	18,746	154	18,900
Prepays	5,251	216	5,467	2,675	352	3,027
Accounts receivable	14,913	407	15,320	12,828	—	12,828
Cash	12,723	4,834	17,557	2,362	84	2,446
	\$ 35,713	\$ 10,686	\$ 46,399	\$ 36,611	\$ 590	\$ 37,201
Total assets	\$ 1,715,471	\$ 215,673	\$ 1,931,144	\$ 1,323,554	\$ 7,961	\$ 1,331,515
LIABILITIES						
Non-current liabilities						
Debt	\$ 919,679	\$ 212,652	\$ 1,132,331	\$ 721,260	\$ 6,879	\$ 728,139
Derivatives	25,035	949	25,984	36,745	—	36,745
Other liabilities	2,917	—	2,917	2,721	8	2,729
Exchangeable units of subsidiaries	11,028	—	11,028	9,566	—	9,566
Deferred income taxes	94,838	—	94,838	69,607	—	69,607
	\$ 1,053,497	\$ 213,601	\$ 1,267,098	\$ 839,899	\$ 6,887	\$ 846,786
Current liabilities						
Debt	8,443	—	8,443	5,113	—	5,113
Derivatives	—	—	—	264	—	264
Accounts payable and accrued liabilities	37,266	2,072	39,338	20,287	1,074	21,361
Distributions payable	4,309	—	4,309	3,487	—	3,487
Taxes payable	—	—	—	1,786	—	1,786
	\$ 50,018	\$ 2,072	\$ 52,090	\$ 30,937	\$ 1,074	\$ 32,011
Total liabilities	\$ 1,103,515	\$ 215,673	\$ 1,319,188	\$ 870,836	\$ 7,961	\$ 878,797
UNITHOLDERS' EQUITY						
Unitholders' equity	\$ 607,058	\$ —	\$ 607,058	\$ 452,718	\$ —	\$ 452,718
Non-controlling interest	4,898	—	4,898	—	—	—
Total equity	\$ 611,956	\$ —	\$ 611,956	\$ 452,718	\$ —	\$ 452,718
Total liabilities and unitholders' equity	\$ 1,715,471	\$ 215,673	\$ 1,931,144	\$ 1,323,554	\$ 7,961	\$ 1,331,515

The following table provides a reconciliation of the REIT's statement of income, as presented in its condensed consolidated financial statements, to its proportionate interest for the three months ended September 30 2021 and 2020.

	Three months ended September 30, 2021			Three months ended September 30, 2020		
	Statement of Income	Joint Venture Investments	Proportionate Share (Non-GAAP)	Statement of Income	Joint Venture Investments	Proportionate Share (Non-GAAP)
Rental revenue	\$ 34,079	\$ 969	\$ 35,048	\$ 31,961	\$ 453	\$ 32,414
Property operating expenses	(4,809)	(290)	(5,099)	(4,649)	(22)	(4,671)
General and administrative expenses	(2,549)	(50)	(2,599)	(3,293)	—	(3,293)
Interest and finance costs	(13,842)	(257)	(14,099)	(8,349)	(67)	(8,416)
Share of loss in joint venture investments	(3,318)	3,318	—	(724)	724	—
Change in fair value of financial instruments	2,102	57	2,159	—	—	—
Transaction costs	—	—	—	(16)	—	(16)
Change in fair value of properties	6	(3,747)	(3,741)	(2,829)	(1,088)	(3,917)
Net income before income taxes and unit (expense) income	\$ 11,669	\$ —	\$ 11,669	\$ 12,101	\$ —	\$ 12,101
Deferred income tax expense	(1,782)	—	(1,782)	(2,077)	—	(2,077)
Current income tax expense	(251)	—	(251)	(1,179)	—	(1,179)
Unit expense	(33)	—	(33)	(1,215)	—	(1,215)
Net income	\$ 9,603	\$ —	\$ 9,603	\$ 7,630	\$ —	\$ 7,630
Net income attributable to						
Unitholders	\$ 9,124	\$ —	\$ 9,124	\$ 7,630	\$ —	\$ 7,630
Non-controlling interest	479	—	479	—	—	—
Net Income	\$ 9,603	\$ —	\$ 9,603	\$ 7,630	\$ —	\$ 7,630

The following table provides a reconciliation of the REIT's statement of income, as presented in its condensed consolidated financial statements, to its proportionate interest for the nine months ended September 30, 2021 and 2020.

	Nine months ended September 30, 2021			Nine months ended September 30, 2020		
	Statement of Income	Joint Venture Investments	Proportionate Share (Non-GAAP)	Statement of Income	Joint Venture Investments	Proportionate Share (Non-GAAP)
Rental revenue	\$ 99,927	\$ 1,504	\$ 101,431	\$ 94,258	\$ 690	\$ 94,948
Property operating expenses	(31,289)	(442)	(31,731)	(31,117)	(163)	(31,280)
General and administrative expenses	(7,371)	(54)	(7,425)	(8,797)	(140)	(8,937)
Interest and finance costs	(31,499)	(368)	(31,867)	(24,995)	(226)	(25,221)
Share of loss in joint venture investments	(3,306)	3,306	—	(1,446)	1,446	—
Change in fair value of financial instruments	(9,185)	57	(9,128)	(20)	—	(20)
Transaction costs	(176)	—	(176)	(3,110)	—	(3,110)
Change in fair value of properties	77,316	(4,003)	73,313	572	(1,607)	(1,035)
Net income before income taxes and unit (expense) income	\$ 94,417	\$ —	\$ 94,417	\$ 25,345	\$ —	\$ 25,345
Deferred income tax expense	(23,096)	—	(23,096)	(2,857)	—	(2,857)
Current income tax expense	(1,868)	—	(1,868)	(4,032)	—	(4,032)
Unit (expense) income	(2,216)	—	(2,216)	1,881	—	1,881
Net income	\$ 67,237	\$ —	\$ 67,237	\$ 20,337	\$ —	\$ 20,337
Net income attributable to						
Unitholders	\$ 66,758	\$ —	\$ 66,758	\$ 20,337	\$ —	\$ 20,337
Non-controlling interest	479	—	479	—	—	—
Net income	\$ 67,237	\$ —	\$ 67,237	\$ 20,337	\$ —	\$ 20,337

REVENUE

Revenue from properties includes base rent from tenants, straight-line rental income, property tax and operating cost recoveries and other incidental income.

Rental revenue for the three and nine month periods ended September 30, 2021 increased by \$2.1 million and \$5.7 million, respectively, compared to the same period in the prior year. The increase is primarily driven by the acquisition of 32 grocery-anchored properties, increases in rental rates from re-leasing, and new leasing typically above in-place rent.

PROPERTY OPERATING EXPENSES

Property operating expenses consist of property taxes, property management fees and general and administrative expenses including common area costs, utilities and insurance. The majority of the REIT's operating expenses are recoverable from tenants in accordance with the terms of their respective lease agreements. Operating expenses fluctuate with changes in occupancy and levels of repairs and maintenance.

Property operating expenses increased by \$0.2 million for the three month period ended September 30, 2021, and \$0.2 million for the nine month period ended September 30, 2021 driven by the aforementioned grocery-anchored acquisitions from September 30, 2021.

In accordance with IFRIC 21, the REIT recognizes the annual property tax liability and expense on its existing properties as at January 1st of each year, rather than progressively, i.e. ratably, throughout the year. The recognition of property taxes as a result of IFRIC 21 has no impact on NOI, FFO or AFFO.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses include fees for asset management, legal, trustee services, tax compliance, reporting, marketing, bad debt expenses and franchise and business taxes. Franchise and business taxes are typically billed in the following calendar year to which they relate.

	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	Variance	2021	2020	Variance
Asset management fees	\$ 1,574	\$ 1,308	\$ 266	\$ 4,424	\$ 3,859	\$ 565
Professional fees and other	735	570	165	2,145	2,282	(137)
Bad debt expense	150	933	(783)	489	1,628	(1,139)
Franchise and business taxes	90	482	(392)	313	1,028	(715)
Total	\$ 2,549	\$ 3,293	\$ (744)	\$ 7,371	\$ 8,797	\$ (1,426)
% of total assets	0.1%	0.2%	(0.1)%	0.4%	0.7%	(0.3)%
% of total revenue	7.5%	10.3%	(2.8)%	7.4%	9.3%	(1.9)%

General and administrative expenses for the three and nine month periods ended September 30, 2021 decreased by \$0.7 million and \$1.4 million, respectively, compared to the same period in the prior year. The decreases are mainly due to the decreases in bad debt expense, and franchise and business taxes, partially offset by increases in asset management fees from portfolio growth.

INTEREST AND FINANCE COSTS

	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	Variance	2021	2020	Variance
Interest on debt and finance charges	\$ 5,619	\$ 4,949	\$ 670	\$ 16,503	\$ 17,085	\$ (582)
Interest rate swaps, net settlement ¹	2,856	3,039	(183)	8,650	6,544	2,106
Interest income	(9)	(12)	3	(26)	(46)	20
Subscription receipts equivalent amount ²	4,933	—	4,933	4,933	—	4,933
Amortization of finance charges ^{1,3}	474	399	75	1,523	1,896	(373)
Amortization of mark-to-market ³	(9)	(4)	(5)	(18)	(418)	400
Amortization of deferred gain on TIF notes	(22)	(22)	—	(66)	(66)	—
Total	\$ 13,842	\$ 8,349	\$ 5,493	\$ 31,499	\$ 24,995	\$ 6,504

¹ In the first quarter of 2021, the REIT refinanced \$169.0 million of its debt, resulting in a charge to income totaling \$0.2 million.

² On September 22, 2021, each subscription receipt issued by the REIT on March 31, 2021 was exchanged for one unit and a cash distribution equivalent to \$0.4268 (being equal to the aggregate amount of distributions paid by the REIT per unit for which record dates occurred between March 31, 2021 and September 22, 2021). The cash distribution equivalent payment of \$4.9 million has been recorded in interest and finance costs.

³ In the first quarter of 2020, the REIT refinanced its credit facility and extinguished a mortgage of \$10.1 million, resulting in a net charge to income totaling \$0.3 million.

The following shows the change in interest on debt and finance charges, net of interest rate swaps for the three month period ended September 30, 2021 compared to the same period in the prior year:

Interest on debt and finance charges, net of interest rate swaps, September 30, 2020	\$	7,988
Change in interest rates, net of interest rate hedges and debt levels ^{1,2}		(864)
Change in debt spreads		(84)
Increase in fixed rate debt		1,527
Decrease in standby fee		(92)
Interest on debt and finance charges, net of interest rate swaps, September 30, 2021	\$	8,475
Year-over-year change – \$	\$	487
Year-over-year change – %		6.1%

¹ The weighted average interest rate cost of the REIT's floating rate debt, net of interest rate swaps for the three month period ended September 30, 2021 is 4.03% (September 30, 2020 – 3.96%).

² The average U.S. LIBOR for the three month period ended September 30, 2021 was 0.11%, which represents a 0.09% decrease from the same period in 2020. At September 30, 2021, the REIT fixed 95.9% of its floating rate debt, compared to 98.6% at September 30, 2020.

Interest expense and other finance costs, net consists of interest paid on the revolving credit facility ("revolver"), term loans, mortgages and interest rate swap contracts, as well as standby fees paid on the REIT's revolver.

Interest on debt, net of interest rate swaps increased by \$0.5 million and \$1.5 million for the three and nine month periods ended September 30, 2021, respectively compared to the same periods in 2020, primarily due to changes in debt levels, partially offset by a reduction in spread. The REIT's revolver is redrawn from time-to-time to fund operating and investing activities.

The REIT's pay-fixed, receive-float interest rate swaps hedge the cash flow risk associated with one-month U.S. LIBOR based interest payments, with 95.9% of the REIT's debt subject to fixed rates at September 30, 2021. The weighted average fixed rate of the REIT's interest rate swaps was 2.6% compared to the one-month U.S. LIBOR at 0.11% at September 30, 2021, with a weighted average term to maturity of 2.5 years. Under this arrangement, the REIT has paid \$2.9 million and \$3.0 million of net interest payments in the current quarter and comparative period, respectively.

In conjunction with the REIT's \$169.0 million mortgage closed on January 14, 2021, the REIT terminated its \$150.0 million interest rate swap with a maturity date of February 26, 2021. This resulted in an increase to the weighted average pay-fixed rate of the REIT's swap portfolio to 2.573%.

On February 4, 2020, the REIT terminated \$150.0 million of its \$300.0 million interest rate swap, with an effective date of November 22, 2016. The realized gain as a result of the termination was blended into the pay-fixed rate of the REIT's \$100.0 million interest rate swap, with a maturity date of September 22, 2022.

The REIT does not capitalize interest for its projects under development. Interest expense is recognized as incurred in income which is not comparable to other REITs or other corporations that capitalize interest.

FAIR VALUE ADJUSTMENTS ON REIT UNITS AND EXCHANGEABLE UNITS OF SUBSIDIARIES

Class B units of Slate Grocery One L.P. and Slate Grocery Two L.P. and exchangeable limited partnership units of GAR B all of which are issued by subsidiaries of the REIT (collectively, the "exchangeable units of subsidiaries") are classified as financial liabilities under IFRS and are measured at fair value with any changes in fair value recognized in unit expense in the consolidated statements of income. The fair value is re-measured at the end of each reporting period. An unrealized gain represents a decrease in the fair value per unit whereas an unrealized loss represents an increase in the fair value per unit. The fair value per unit on September 30, 2021 was \$10.37 (September 30, 2020 – \$7.13). Changes in fair value of exchangeable units of subsidiaries are non-cash in nature and are required to be recorded in income under IFRS.

For the three and nine month periods ended September 30, 2021, the REIT recognized an unrealized fair value gain of \$0.2 million and fair value loss of \$1.5 million, respectively, on the exchangeable units of subsidiaries as a result of the change in fair value per unit over the respective comparative period.

NET INCOME

For the three month period ended September 30, 2021, net income increased by \$2.0 million compared to the same period in the prior year. The increase is attributed to the aforementioned increases in revenue and decreases in general and administrative expenses, partially offset by increases in the aforementioned interest and finance costs. Net income for the nine month period ended September 30, 2021 was \$67.2 million, which resulted in a \$46.9 million increase from the comparative period, mainly due to a \$76.7 million increase in the change in fair value of properties and a \$5.7 million increase in revenue, partially offset by deferred income tax expense and change in fair value of financial instruments.

NOI

NOI is a non-IFRS measure and is defined by the REIT as property rental revenue, excluding non-cash straight-line rent, less property operating expenses after adjusting for the impact of IFRIC 21 property tax accounting adjustments. Rental revenue excludes revenue recorded as a result of recording rent on a straight-line basis for IFRS which management believes reflects the cash generation activity of the REIT's properties. NOI is an important measure of the income generated from the REIT's properties and is used by the REIT in evaluating the performance of its properties. NOI may not be comparable with similar measures presented by other entities and is not to be construed as an alternative to net income or cash flow from operating activities determined in accordance with IFRS.

The following is a calculation of NOI:

	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	Variance	2021	2020	Variance
Rental revenue	\$ 34,079	\$ 31,961	\$ 2,118	\$ 99,927	\$ 94,258	\$ 5,669
Straight-line rent revenue	(8)	(530)	522	(449)	(1,181)	732
Property operating expenses	(4,809)	(4,649)	(160)	(31,289)	(31,117)	(172)
IFRIC 21 property tax adjustment	(4,227)	(4,115)	(112)	3,892	4,766	(874)
Contribution from joint venture investments	612	431	181	888	595	293
NOI	\$ 25,647	\$ 23,098	\$ 2,549	\$ 72,969	\$ 67,321	\$ 5,648
NOI margin	75.3%	73.5%	1.8%	73.4%	72.3%	1.1%

The following shows the change in NOI for the three month period ended September 30, 2021 compared to the same period in the prior year:

NOI, September 30, 2020	\$ 23,098
Change in same-property NOI	431
Increased contribution from redeveloped properties ¹	361
Increased contribution from properties under redevelopment	37
Contribution from acquisitions ¹	2,055
Loss of contribution from dispositions, including outparcel sales	(335)
NOI, September 30, 2021	\$ 25,647
Year-over-year change – \$	\$ 2,549
Year-over-year change – %	11.0%

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

NOI for the three month period ended September 30, 2021 was \$25.6 million, which represents an increase of \$2.5 million from the same period in 2020. The increase is primarily due to the NOI contribution from the acquisition of 32 grocery-anchored properties and redeveloped properties, partially offset by the loss in NOI contribution from dispositions.

The following shows the change in NOI for the three month period ended September 30, 2021 compared to the immediately preceding quarter:

NOI, June 30, 2021	\$ 24,037
Change in same-property NOI	367
Loss of contribution from redeveloped properties ¹	(32)
Increased contribution from properties under redevelopment	16
Contribution from acquisitions ¹	1,259
Loss of contribution from dispositions, including outparcel sales	—
NOI, September 30, 2021	\$ 25,647
Quarter-over-quarter change – \$	\$ 1,610
Quarter-over-quarter change – %	6.7%

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

NOI for the current quarter increased by \$1.6 million from the second quarter of 2021 to \$25.6 million. This is mainly due to partial contribution of NOI from the acquisitions in the third quarter and uplifts in rental rates from new leasing typically above in-place rent.

SAME-PROPERTY NOI

Same-property NOI is a non-IFRS measure and is defined by the REIT as rental revenue, excluding non-cash straight-line rent, less property operating cost expenses after adjusting for the impact of IFRIC 21 property tax accounting adjustments for those properties owned by the REIT for the entirety of each of the current period and the relevant comparative period excluding those properties under redevelopment. For the three month period ended September 30, 2021, the same-property portfolio is comprised of a portfolio of 67 properties owned and in operation for each of the entire three month periods ended September 30, 2021 and 2020.

Same-property NOI is an important measure of the income generated from the REIT's properties period-over-period, but without consideration of acquisition and disposition activity, and is used by the REIT in evaluating the performance of its properties. The REIT seeks to increase or maintain same-property NOI through high-occupancy, increasing rents on renewal to market rents and by signing leases with embedded rent increases throughout the term of the lease.

The following is a summary of same-property NOI and the related occupancy rates for the three month period ended September 30, 2021 as compared to the same period in the prior year, reconciled to total NOI:

	Number of properties	Three months ended September 30,			
		2021	2020	Variance	% change
Same-property NOI	67	\$ 21,100	\$ 20,669	\$ 431	2.1%
NOI attributable to redeveloped properties ¹	4	1,027	666	361	
NOI attributable to properties under redevelopment	4	1,138	1,101	37	
NOI attributable to acquisitions ¹	32	2,382	327	2,055	
NOI attributable to dispositions, including outparcel sales	1	—	335	(335)	
Total NOI ¹		\$ 25,647	\$ 23,098	\$ 2,549	11.0%
Occupancy, same-property	67	94.6%	93.6%	1.0%	
Occupancy, redeveloped properties ¹	4	93.4%	92.6%	0.8%	
Occupancy, properties under redevelopment	4	89.7%	78.5%	11.2%	
Occupancy, acquisitions ¹	32	91.9%	—%	91.9%	
Occupancy, dispositions, including outparcel sales	1	—%	78.6%	(78.6%)	
Occupancy, portfolio ¹		93.5%	92.2%	1.3%	

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

Same-property NOI for the current quarter increased by \$0.4 million to \$21.1 million over the comparative period. The increase was primarily attributed to increases in rental rates from re-leasing above average in-place rent of the properties and new leasing above market rental rates, partially offset by temporary vacancies. Including the impact of completed redevelopments, same-property NOI increased by \$0.8 million or 3.7% over the comparative period.

The following is a summary of same-property NOI and the related occupancy rates on a trailing twelve month basis as at September 30, 2021, as compared to the same period in the prior year reconciled to total NOI:

	Number of properties	Trailing twelve months, September 30,			
		2021	2020	Variance	% change
Same-property NOI	59	\$ 73,889	\$ 73,940	\$ (51)	(0.1%)
NOI attributable to redeveloped properties ¹	4	3,851	2,937	914	
NOI attributable to properties under redevelopment	5	5,041	5,577	(536)	
NOI attributable to acquisitions ¹	39	12,520	2,756	9,764	
NOI attributable to dispositions, including outparcel sales	1	251	6,377	(6,126)	
Total NOI ¹		\$ 95,552	\$ 91,587	\$ 3,965	4.3%
Occupancy, same-property	59	94.6%	93.6%	1.0%	
Occupancy, redeveloped properties ¹	4	93.4%	92.6%	0.8%	
Occupancy, properties under redevelopment	5	90.7%	80.7%	10.0%	
Occupancy, acquisitions ¹	39	92.2%	92.5%	(0.3%)	
Occupancy, dispositions, including outparcel sales	1	100.0%	78.6%	21.4%	
Occupancy, portfolio ¹		93.5%	92.8%	0.7%	

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

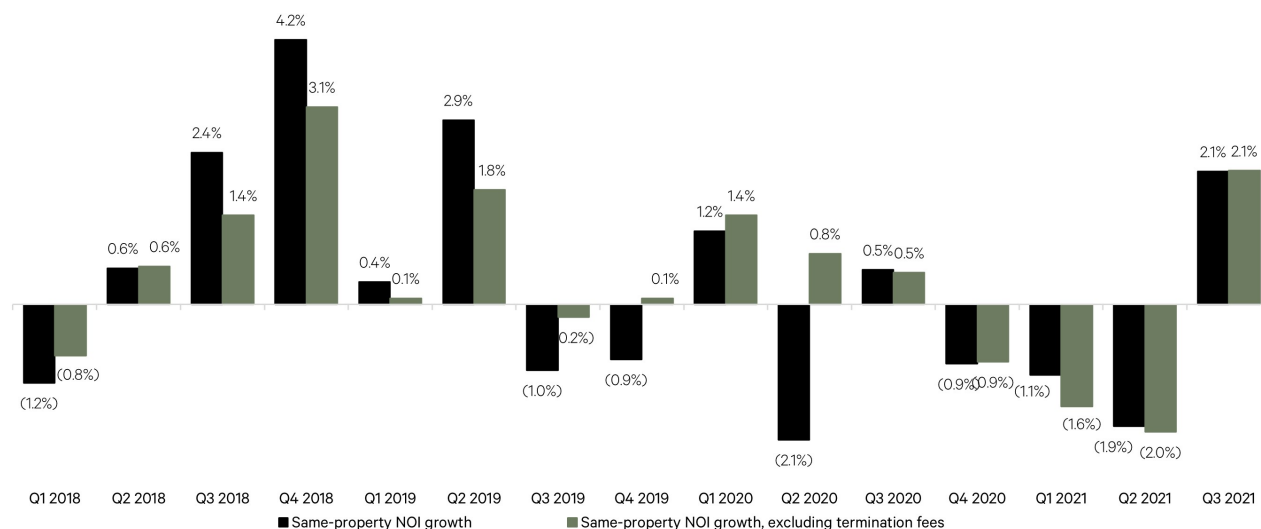
Same-property NOI for the trailing twelve month period ended September 30, 2021 decreased by 0.1% from the same period in the prior year. This was primarily attributed to temporary vacancies partially offset by increases in rental rates from re-leasing above average in-place rent and new leasing above comparable market rental rates. Including the impact of completed redevelopments, same-property NOI increased by \$0.9 million or 1.1% over the comparative period.

Same-property NOI by quarter and percentage change over the relevant comparative period for the respective quarter is as follows:

	Number of properties	Same-property NOI	Same-property % change	Same-property % change, excluding termination fees
Q3 2017	56	15,304	0.9%	0.9%
Q4 2017	57	15,477	(1.7%)	(1.3%)
Q1 2018	62	16,555	(1.2%)	(0.8%)
Q2 2018	64	17,403	0.6%	0.3%
Q3 2018	65	18,226	2.4%	1.4%
Q4 2018	77	22,691	4.2%	3.1%
Q1 2019	76	22,908	0.4%	0.1%
Q2 2019	75	23,816	2.9%	1.1%
Q3 2019	72	22,246	(1.0%)	(0.2%)
Q4 2019	68	21,511	(0.9%)	0.1%
Q1 2020	64	20,180	1.2%	1.5%
Q2 2020	63	19,985	(2.1%)	0.8%
Q3 2020	62	19,565	0.5%	0.5%
Q4 2020	61	18,961	(0.9%)	(0.9%)
Q1 2021	59	18,455	(1.1%)	(1.6%)
Q2 2021	62	18,424	(1.9%)	(2.0%)
Q3 2021	67	21,100	2.1%	2.1%

Termination income is included in the REIT's definition of same-property NOI, however, can be substantial and does not occur frequently. The following is a table summarizing same-property NOI growth excluding the impact of terminations fees:

Same-property NOI Growth, Year-over-Year



FFO

FFO is a non-IFRS measure and real estate industry standard for evaluating operating performance. The REIT calculates FFO in accordance with the definition provided by REALPAC in its White Paper on FFO and AFFO for IFRS, as revised in February 2019. FFO is an important measure of the operating performance of REITs and is used by the REIT in evaluating the combined performance of its operations and the impact of its capital structure.

In calculating FFO, the REIT makes adjustments to the change in the fair value of properties, change in fair value of interest rate hedges recognized in income, deferred income tax expense, unit expense (income) and IFRIC 21 accounting related adjustments.

The following is a reconciliation of net income to FFO:

	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	Variance	2021	2020	Variance
Net income	\$ 9,603	\$ 7,630	\$ 1,973	\$ 67,237	\$ 20,337	\$ 46,900
Change in fair value of financial instruments	(2,102)	—	(2,102)	9,185	20	9,165
Transaction costs	—	16	(16)	176	3,110	(2,934)
Change in fair value of properties	(6)	2,829	(2,835)	(77,316)	(572)	(76,744)
Deferred income tax expense	1,782	2,077	(295)	23,096	2,857	20,239
Unit expense (income)	33	1,215	(1,182)	2,216	(1,881)	4,097
Adjustments for joint venture investments	3,621	1,088	2,533	3,770	1,675	2,095
Taxes on dispositions	1	747	(746)	523	3,450	(2,927)
Subscription receipts equivalent amount ¹	4,933	—	4,933	4,933	—	4,933
Non-controlling interest	48	—	48	48	—	48
IFRIC 21 property tax adjustment	(4,227)	(4,115)	(112)	3,892	4,766	(874)
FFO ^{2,3}	\$ 13,686	\$ 11,487	\$ 2,199	\$ 37,760	\$ 33,762	\$ 3,998
FFO per WA unit ^{2,3}	\$ 0.28	\$ 0.27	\$ 0.01	\$ 0.77	\$ 0.80	\$ (0.03)
WA number of units outstanding	49,742	42,222	7,520	48,991	42,208	6,783

¹ On September 22, 2021, each subscription receipt issued by the REIT on March 31, 2021 was exchanged for one unit and a cash distribution equivalent to \$0.4268 (being equal to the aggregate amount of distributions paid by the REIT per unit for which record dates occurred between March 31, 2021 and September 22, 2021). The cash distribution equivalent payment of \$4.9 million has been recorded in interest and finance costs.

² Adjusting to exclude the impact of the \$169.0 million debt refinancing in the first quarter of 2021, FFO and FFO per unit for the nine month period ended September 30, 2021 would be \$38.1 million and \$0.78, respectively.

³ Adjusting to exclude the impact of the refinanced credit facility and extinguished mortgage in the first quarter of 2020, FFO and FFO per unit for the nine month period ended September 30, 2020 would be \$34.1 million and \$0.81, respectively.

The following is a calculation of FFO from NOI:

	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	Variance	2021	2020	Variance
NOI	\$ 25,647	\$ 23,098	\$ 2,549	\$ 72,969	\$ 67,321	\$ 5,648
Straight-line rent revenue	8	530	(522)	449	1,181	(732)
General and administrative expenses	(2,549)	(3,293)	744	(7,371)	(8,797)	1,426
Cash interest, net ^{1,4}	(8,444)	(7,954)	(490)	(25,061)	(23,517)	(1,544)
Finance charge and mark-to-market adjustments	(465)	(395)	(70)	(1,505)	(1,478)	(27)
Adjustments for joint venture investments	(309)	(67)	(242)	(424)	(366)	(58)
Non-controlling interest	48	—	48	48	—	48
Current income tax expense	(250)	(432)	182	(1,345)	(582)	(763)
FFO ^{2,3}	\$ 13,686	\$ 11,487	\$ 2,199	\$ 37,760	\$ 33,762	\$ 3,998

¹ Cash interest, net is comprised of total interest expense less amortization of finance charges and mark-to-market adjustments.

² Adjusting to exclude the impact of the \$169.0 million debt refinancing in the first quarter of 2021, FFO for the nine month period ended September 30, 2021 would be \$38.1 million.

³ Adjusting to exclude the impact of the refinanced credit facility and extinguished mortgage in the first quarter of 2020, FFO for the nine month period ended September 30, 2020 would be \$34.1 million.

⁴ On September 22, 2021 each subscription receipt issued by the REIT on March 31, 2021 was exchanged for one unit and a cash distribution equivalent to \$0.4268 (being equal to the aggregate amount of distributions paid by the REIT per unit for which record dates occurred between March 31, 2021 and September 22, 2021). The cash distribution equivalent payment of \$4.9 million has been recorded in interest and finance costs.

FFO for the three and nine month periods ended September 30, 2021 increased by \$2.2 million and \$4.0 million from the respective comparative period. The increase is primarily due to the aforementioned increases to NOI, partially offset by increases in cash interest paid and increases to joint venture investments.

AFFO

AFFO is a non-IFRS measure that is used by management of the REIT, certain of the real estate industry and investors to measure recurring cash flows, including certain capital costs, leasing costs, tenant improvements and the impact of non-cash revenue. As described above, the REIT calculates AFFO as FFO adjusted for capital expenditures, leasing costs, tenant improvements and straight-line rent. The REIT's calculation is consistent with AFFO as calculated by REALPAC in its White Paper on FFO and AFFO for IFRS, as revised in February 2019. However, the REIT uses AFFO as a cash flow measure and considers it a meaningful measure used to evaluate the cash available for distribution to unitholders, while REALPAC considers AFFO as a recurring economic earnings measure. Accordingly, the REIT's use and calculation of AFFO may be different than the use or as disclosed by other businesses, and as a result, may not be comparable to similar measures presented by others.

The following is a reconciliation of cash flow from operations as included in the REIT's consolidated cash flow statement to AFFO:

	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	Variance	2021	2020	Variance
Cash flow from operations	\$ 8,034	\$ 10,657	\$ (2,623)	\$ 43,540	\$ 31,302	\$ 12,238
Changes in non-cash working capital items	793	(466)	1,259	(10,962)	(4,144)	(6,818)
Transaction costs	—	16	(16)	176	3,110	(2,934)
Subscription receipts equivalent amount ¹	4,933	—	4,933	4,933	—	4,933
Finance charge and mark-to-market adjustments	(465)	(395)	(70)	(1,505)	(1,478)	(27)
Interest, net and TIF note adjustments	31	34	(3)	94	112	(18)
Adjustments for joint venture investments	303	364	(61)	464	229	235
Non-controlling interest	57	—	57	57	—	57
Taxes on dispositions	1	747	(746)	523	3,450	(2,927)
Capital expenditures	(1,653)	(852)	(801)	(3,450)	(1,902)	(1,548)
Leasing costs	(492)	(412)	(80)	(1,069)	(1,048)	(21)
Tenant improvements	(64)	(739)	675	(1,475)	(2,883)	1,408
AFFO ¹²³	\$ 11,478	\$ 8,954	\$ 2,524	\$ 31,326	\$ 26,748	\$ 4,578

¹ On September 22, 2021, each subscription receipt issued by the REIT on March 31, 2021 was exchanged for one unit and a cash distribution equivalent to \$0.4268 (being equal to the aggregate amount of distributions paid by the REIT per unit for which record dates occurred between March 31, 2021 and September 22, 2021). The cash distribution equivalent payment of \$4.9 million has been recorded in interest and finance costs.

² Adjusting to exclude the impact of the \$169.0 million debt refinancing in the first quarter of 2021, AFFO for the nine month period ended September 30, 2021 would be \$31.6 million.

³ Adjusting to exclude the impact of the refinanced credit facility and extinguished mortgage in the first quarter of 2020, AFFO for the nine month period ended September 30, 2020 would be \$27.1 million.

In calculating AFFO, the REIT makes adjustments to FFO for certain items including capital, leasing costs, tenant improvements and straight-line rental revenue.

The following is a reconciliation of FFO to AFFO:

	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	Variance	2021	2020	Variance
FFO	\$ 13,686	\$ 11,487	\$ 2,199	\$ 37,760	\$ 33,762	\$ 3,998
Straight-line rental revenue	(8)	(530)	522	(449)	(1,181)	732
Capital expenditures	(1,653)	(852)	(801)	(3,450)	(1,902)	(1,548)
Leasing costs	(492)	(412)	(80)	(1,069)	(1,048)	(21)
Tenant improvements	(64)	(739)	675	(1,475)	(2,883)	1,408
Non-controlling interest	9	—	9	9	—	9
AFFO ¹²	\$ 11,478	\$ 8,954	\$ 2,524	\$ 31,326	\$ 26,748	\$ 4,578
AFFO per WA unit ¹²	\$ 0.23	\$ 0.21	\$ 0.02	\$ 0.64	\$ 0.63	\$ 0.01
WA number of units outstanding	49,742	42,222	7,520	48,991	42,208	6,783

¹ Adjusting to exclude the impact of the \$169.0 million debt refinancing in the first quarter of 2021, AFFO and AFFO per unit for the nine month period ended September 30, 2021 would be \$31.6 million and \$0.65, respectively.

² Adjusting to exclude the impact of the refinanced credit facility and extinguished mortgage in the first quarter of 2020, AFFO and AFFO per unit for the nine month period ended September 30, 2020 would be \$27.1 million and \$0.64, respectively.

The following is a reconciliation of net income to AFFO:

	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	Variance	2021	2020	Variance
Net income	\$ 9,603	\$ 7,630	\$ 1,973	\$ 67,237	\$ 20,337	\$ 46,900
Change in fair value of financial instruments	(2,102)	—	(2,102)	9,185	20	9,165
Transaction costs	—	16	(16)	176	3,110	(2,934)
Change in fair value of properties	(6)	2,829	(2,835)	(77,316)	(572)	(76,744)
Deferred income tax expense	1,782	2,077	(295)	23,096	2,857	20,239
Unit expense (income)	33	1,215	(1,182)	2,216	(1,881)	4,097
Adjustments for joint venture investments	3,621	1,088	2,533	3,770	1,675	2,095
Non-controlling interest	48	—	48	48	—	48
Subscription receipts equivalent amount ¹	4,933	—	4,933	4,933	—	4,933
Taxes on dispositions	1	747	(746)	523	3,450	(2,927)
IFRIC 21 property tax adjustment	(4,227)	(4,115)	(112)	3,892	4,766	(874)
FFO ^{2,3}	\$ 13,686	\$ 11,487	\$ 2,199	\$ 37,760	\$ 33,762	\$ 3,998
Straight-line rental revenue	(8)	(530)	522	(449)	(1,181)	732
Capital expenditures	(1,653)	(852)	(801)	(3,450)	(1,902)	(1,548)
Leasing costs	(492)	(412)	(80)	(1,069)	(1,048)	(21)
Tenant improvements	(64)	(739)	675	(1,475)	(2,883)	1,408
Non-controlling interest	9	—	9	9	—	9
AFFO ^{2,3}	\$ 11,478	\$ 8,954	\$ 2,524	\$ 31,326	\$ 26,748	\$ 4,578

¹ On September 22, 2021 each subscription receipt issued by the REIT on March 31, 2021 was exchanged for one unit and a cash distribution equivalent to \$0.4268 (being equal to the aggregate amount of distributions paid by the REIT per unit for which record dates occurred between March 31, 2021 and September 22, 2021). The cash distribution equivalent payment of \$4.9 million has been recorded in interest and finance costs

² Adjusting to exclude the impact of the \$169.0 million debt refinancing in the first quarter of 2021, FFO and AFFO for the nine month period ended September 30, 2021 would be \$38.1 million and \$31.6 million, respectively.

³ Adjusting to exclude the impact of the refinanced credit facility and extinguished mortgage in the first quarter of 2020, FFO and AFFO for the nine month period ended September 30, 2020 would be \$34.1 million and \$27.1 million, respectively.

The following is a calculation of AFFO from NOI:

	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	Variance	2021	2020	Variance
NOI	\$ 25,647	\$ 23,098	\$ 2,549	\$ 72,969	\$ 67,321	\$ 5,648
General and administrative expenses	(2,549)	(3,293)	744	(7,371)	(8,797)	1,426
Cash interest, net ¹	(8,444)	(7,954)	(490)	(25,061)	(23,517)	(1,544)
Finance charge and mark-to-market adjustments	(465)	(395)	(70)	(1,505)	(1,478)	(27)
Current income tax expense	(250)	(432)	182	(1,345)	(582)	(763)
Adjustments for joint venture investments	(309)	(67)	(242)	(424)	(366)	(58)
Non-controlling interest	57	—	57	57	—	57
Capital expenditures	(1,653)	(852)	(801)	(3,450)	(1,902)	(1,548)
Leasing costs	(492)	(412)	(80)	(1,069)	(1,048)	(21)
Tenant improvements	(64)	(739)	675	(1,475)	(2,883)	1,408
AFFO ^{2,3}	\$ 11,478	\$ 8,954	\$ 2,524	\$ 31,326	\$ 26,748	\$ 4,578

¹ Cash interest, net is comprised of total interest expense less amortization of finance charges and mark-to-market adjustments.

² Adjusting to exclude the impact of the \$169.0 million debt refinancing in the first quarter of 2021, AFFO for the nine month period ended September 30, 2021 would be \$31.6 million.

³ Adjusting to exclude the impact of the refinanced credit facility and extinguished mortgage in the first quarter of 2020, AFFO for the nine month period ended September 30, 2020 would be \$27.1 million.

AFFO for the three and nine month periods ended September 30, 2021 was \$11.5 million and \$31.3 million, which represents a \$2.5 million and \$4.6 million increase from the respective comparative period. The increase is primarily due to the aforementioned increases to FFO, partially offset by capital expenditures.

Capital improvements may include, but are not limited to, items such as parking lot resurfacing and roof replacements. These items are recorded as part of properties. Tenant improvements, leasing commissions, landlord work and maintenance capital expenditures can vary from period to period, at times significantly, depending upon the timing of lease expiries, re-leasing and management's capital plan for the period. Such costs are generally expended for purposes of tenancing and extending existing leases, which create value at the REIT's properties and the portfolio as a whole by increasing contractual cash flow through new and extended leases. The REIT will continue to capitalize on value-add opportunities to revitalize, undertake space improvements and generally maintain the high quality of the properties and tenants. As a result of the natural variability of such costs, the REIT's calculation of AFFO will be variable when comparing current period results to prior periods.

Capital, leasing costs and tenant improvements

During the third quarter capital improvements were completed across the portfolio. The majority of capital improvements were completed concurrent to leasing at the REIT's properties with the remainder as minor improvements. The remaining leasing costs were generally related to the high volume of new and renewal activity, totaling 61 leases executed in the current quarter. Leasing costs were well spread out across each deal with no one deal representing a large percentage of the total expenditure. Leasing costs to secure new tenants are generally higher than the costs to renew in-place tenants. In addition to property reinvestment, the leasing capital was comprised of fees related to tenant improvement allowances and other direct leasing costs, such as broker commissions and legal costs. To date the REIT has funded capital and leasing costs using cash flows from operations.

The following is a reconciliation of net income to AFFO using a non-GAAP measure. With the exception of net income, the table includes figures that are recorded as an equity investment, information that is not explicitly disclosed or presented in the consolidated financial statements.

	Three months ended September 30, 2021			Nine months ended September 30, 2021		
	Consolidated	Joint venture investments	Proportionate Share (Non-GAAP)	Consolidated	Joint venture investments	Proportionate Share (Non-GAAP)
Rental revenue	\$ 34,079	\$ 969	\$ 35,048	\$ 99,927	\$ 1,504	\$ 101,431
Property operating expenses	(4,809)	(290)	(5,099)	(31,289)	(442)	(31,731)
General and administrative expenses	(2,549)	(50)	(2,599)	(7,371)	(54)	(7,425)
Interest and finance costs	(13,842)	(257)	(14,099)	(31,499)	(368)	(31,867)
Share of loss in joint venture investments	(3,318)	3,318	—	(3,306)	3,306	—
Transaction costs	—	—	—	(176)	—	(176)
Change in fair value of financial instruments	2,102	57	2,159	(9,185)	57	(9,128)
Change in fair value of properties	6	(3,747)	(3,741)	77,316	(4,003)	73,313
Deferred income tax expense	(1,782)	—	(1,782)	(23,096)	—	(23,096)
Current income tax expense	(251)	—	(251)	(1,868)	—	(1,868)
Unit expense	(33)	—	(33)	(2,216)	—	(2,216)
Net income	\$ 9,603	\$ —	\$ 9,603	\$ 67,237	\$ —	\$ 67,237
Transaction costs	—	—	—	176	—	176
Change in fair value of financial instruments	(2,102)	(57)	(2,159)	9,185	(57)	9,128
Change in fair value of properties	(6)	3,747	3,741	(77,316)	4,003	(73,313)
Subscription receipts equivalent amount ¹	4,933	—	4,933	4,933	—	4,933
Deferred income tax expense	1,782	—	1,782	23,096	—	23,096
Unit expense	33	—	33	2,216	—	2,216
Adjustments for joint venture investments	3,621	(3,621)	—	3,770	(3,770)	—
Taxes on dispositions	1	—	1	523	—	523
Non-controlling interest	48	—	48	48	—	48
IFRIC 21 property tax adjustment	(4,227)	(69)	(4,296)	3,892	(176)	3,716
FFO ²	\$ 13,686	\$ —	\$ 13,686	\$ 37,760	\$ —	\$ 37,760
Straight-line rental revenue	(8)	—	(8)	(449)	—	(449)
Capital expenditures	(1,653)	—	(1,653)	(3,450)	—	(3,450)
Leasing costs	(492)	—	(492)	(1,069)	—	(1,069)
Tenant improvements	(64)	—	(64)	(1,475)	—	(1,475)
Non-controlling interest	9	—	9	9	—	9
AFFO ^{2,3}	\$ 11,478	\$ —	\$ 11,478	\$ 31,326	\$ —	\$ 31,326

¹ Adjusting to exclude the impact of the \$169.0 million debt refinancing in the first quarter of 2021, FFO and AFFO for the nine month period ended September 30, 2021 would be \$38.1 million and \$31.6 million, respectively.

² Adjusting to exclude the impact of the refinanced credit facility and extinguished mortgage in the first quarter of 2020, FFO and AFFO for the nine month period ended September 30, 2020 would be \$34.1 million and \$27.1 million, respectively.

³ On September 22, 2021 each subscription receipt issued by the REIT on March 31, 2021 was exchanged for one unit and a cash distribution equivalent to \$0.4268 (being equal to the aggregate amount of distributions paid by the REIT per unit for which record dates occurred between March 31, 2021 and September 22, 2021). The cash distribution equivalent payment of \$4.9 million has been recorded in interest and finance costs

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 REIT's current monthly distribution to unitholders is \$0.072 per class U unit or \$0.864 per class U unit on an annualized basis. Distributions increased by \$1.4 million and \$4.1 million for the three and nine month periods ended September 30, 2021 the respective comparative period due to the issuance of 6.4 million units from the REIT's equity raise completed on December 10, 2020.

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

	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	Variance	2021	2020	Variance
Declared						
REIT units distributions	\$ 11,050	\$ 8,854	\$ 2,196	\$ 31,507	\$ 26,562	\$ 4,945
Exchangeable units of subsidiaries distributions	233	233	—	699	699	—
	\$ 11,283	\$ 9,087	\$ 2,196	\$ 32,206	\$ 27,261	\$ 4,945
Add: Distributions payable, beginning of period	3,487	3,029	458	3,487	3,029	458
Less: Distributions payable, end of period	(4,309)	(3,029)	(1,280)	(4,309)	(3,029)	(1,280)
Distributions paid or settled	\$ 10,461	\$ 9,087	\$ 1,374	\$ 31,384	\$ 27,261	\$ 4,123

Taxation of distributions

The REIT qualifies as a "mutual fund trust" under the Income Tax Act (Canada). For taxable Canadian resident REIT unitholders, the REIT's distributions were treated as follows for tax purposes for the three most recent years:

Taxation year, on a per dollar of distribution	Return of capital	Capital gains	Other income	Foreign tax paid
2020	33.9%	12.3%	59.3%	(5.5%)
2019	35.2%	11.6%	53.2%	—%
2018	78.0%	—	22.0%	—%
2017	44.0%	—	56.0%	—%
2016	35.0%	—	65.0%	—%
2015 (January to May) ¹	45.0%	—	55.0%	—%
2015 (June to December) ¹	39.0%	—	61.0%	—%

¹ The change in return of capital and other income in the 2015 year is due to a deemed year end resulting from the acquisition of net assets of Slate U.S. Opportunity (No. 3) Realty Trust.

FFO payout ratio

The FFO payout ratio is a non-IFRS measure that provides a representation of the distributions generated by the REIT compared to FFO. Management uses this measure on a total and per unit basis to evaluate the REIT's ability to sustain its distributions. The FFO payout ratio is calculated by dividing aggregate distributions made in respect of REIT units and exchangeable units of subsidiaries by FFO during the period of measurement.

The FFO payout ratio was 82.4% and 85.3% for the three and nine month periods ended September 30, 2021, representing a 3.3% and 4.6% increase from the respective comparative period. The increase is mainly due to an increase in distributions declared from the issuance of 11.4 million units from subscription receipts on September 22, 2021 and 6.4 million units from the REIT's equity raise completed December 10, 2020, partially offset by the aforementioned increase to FFO.

The table below illustrates the REIT's cash flow capacity, based on FFO, in comparison to its declared distributions:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
FFO	\$ 13,686	\$ 11,487	\$ 37,760	\$ 33,762
Distributions declared ¹	(11,283)	(9,087)	(32,206)	(27,261)
Excess of FFO over distributions declared	\$ 2,403	\$ 2,400	\$ 5,554	\$ 6,501
FFO payout ratio^{2 3 4}	82.4%	79.1%	85.3%	80.7%

¹ Distributions declared represent distributions on REIT units and exchangeable units of subsidiaries.

² Adjusting to exclude the impact of the \$169.0 million debt refinancing in the first quarter of 2021, the FFO payout ratio for the nine month period ended September 30, 2021 would be 84.6%.

³ Adjusting to exclude the impact of the refinanced credit facility and extinguished mortgage in the first quarter of 2020, the FFO payout ratio for the nine month period ended September 30, 2020 would be 80.0%.

⁴ Adjusting for the distribution in respect of the units issued on September 22, 2021, the REIT's FFO payout ratio would be 76.5% and 83.1% for the three and nine month periods ended September 30, 2021, respectively.

AFFO payout ratio

The AFFO payout ratio is a non-IFRS measure that provides a representation of the distributions generated by the REIT compared to AFFO. Management uses this measure on a total and per unit basis to evaluate the REIT's ability to sustain its distributions. The AFFO payout ratio is calculated by dividing aggregate distributions made in respect of REIT units and exchangeable units of subsidiaries by AFFO during the period of measurement.

As described above, the REIT's determination of AFFO includes actual capital, leasing costs and tenant improvements, which can vary from period to period, at times significantly, depending upon the timing of lease expiries, re-leasing and management's capital plan for the period. As a result of the natural variability of such costs, the REIT's calculation of its AFFO payout ratio will be variable when comparing current period results to prior periods, and accordingly, inherently more volatile than the REIT's FFO payout ratio which does not include such costs. The actual ratio may from time-to-time be outside of this range.

The REIT strives to maintain an AFFO payout ratio that provides steady and reliable distributions to unitholders. As a result, the REIT is focused on maintaining a policy that provides a high level of certainty that the distribution will be maintained over time. Currently, the REIT's monthly distribution to unitholders was \$0.072 per class U unit or \$0.864 on an annualized basis.

The AFFO payout ratio for the three month period ended September 30, 2021 decreased by 3.2% from the comparative period to 98.3%. The AFFO payout ratio for the nine month period ended September 30, 2021 was 102.8%, which represents a 0.9% increase from the comparative period. On a pro forma basis, using the annualized third quarter AFFO and the current distribution of \$0.072 per month, the AFFO payout ratio would be 93.9%.

The table below illustrates the REIT's cash flow capacity, based on AFFO, in comparison to its cash distributions:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
AFFO	\$ 11,478	\$ 8,954	\$ 31,326	\$ 26,748
Distributions declared ¹	(11,283)	(9,087)	(32,206)	(27,261)
Excess of AFFO over distributions declared	\$ 195	\$ (133)	\$ (880)	\$ (513)
AFFO payout ratio^{2 3 4}	98.3%	101.5%	102.8%	101.9%

¹ Distributions declared represent distributions on REIT units and exchangeable units of subsidiaries.

² Adjusting to exclude the impact of the \$169.0 million debt refinancing in the first quarter of 2021, the AFFO payout ratio for the nine month period ended September 30, 2021 would be 101.8%.

³ Adjusting to exclude the impact of the refinanced credit facility and extinguished mortgage in the first quarter of 2020, the AFFO payout ratio for the nine month period ended September 30, 2020 would be 100.7%.

⁴ Adjusting for the distribution in respect of the units issued on September 22, 2021, the REIT's AFFO payout ratio would be 91.2% and 100.2% for the three and nine month periods ended September 30, 2021, respectively.

The REIT's distributions declared were in excess of AFFO of \$0.9 million for the nine month period ended September 30, 2021. The REIT has maintained a consistent distribution rate despite period over period variances in cash from operating activities.

For the nine month period ended September 30, 2021, the REIT's cash flow from operating activities exceeded distributions paid by \$11.3 million. For the year ended December 31, 2020 and 2019, the REIT's cash flow from operating activities exceeded distributions paid by \$2.5 million and \$6.9 million, respectively.

	Nine months ended		Year ended December 31,	
	September 30, 2021	2020	2019	
Cash flows from operating activities	\$ 43,540	\$ 39,351	\$ 44,478	
Net income	67,237	41,605	26,323	
Cash distributions paid or payable relating to the period	(32,206)	(36,806)	(37,559)	
Excess of cash flows from operating activities over cash distributions paid	\$ 11,334	\$ 2,545	\$ 6,919	
Excess (shortfall) of net income over cash distributions paid	\$ 35,031	\$ 4,799	\$ (11,236)	

The REIT's distributions paid in the nine month period ended September 30, 2021 were funded by the REIT's revolver and cash from operations. The REIT believes the current shortfall does not impact the sustainability of the REIT's future distributions and that the REIT expects distributions will continue to be funded through cash flows from operating activities.

Impact of interest rate changes

The REIT strives to maintain a conservative AFFO payout ratio in order to continue to provide steady and reliable distributions to unitholders. The actual ratio may from time-to-time be outside of this range as a result of operational results, including changes in interest rates, and the timing of capital and leasing costs. Management expects there will be normal deviations from this rate due to timing and natural volatility in the operations of the business. Management evaluates various factors in determining the appropriate distribution policy including estimates of future NOI, near-term grocery-anchor lease turnover, future capital requirements and interest rate changes.

In order to mitigate interest rate risk, the REIT has entered into notional amount pay-fixed receive-float interest rate swap contracts to hedge the cash flow risk associated with monthly U.S. LIBOR based interest payments on a portion of the REIT's floating rate debt. As a result of the interest

rate swaps, 95.9% of the REIT's debt is now subject to fixed rates. The weighted average fixed rate of the REIT's interest rate swaps was 2.57% in comparison to one-month U.S. LIBOR at 0.11% at September 30, 2021 with a weighted average term to maturity of 2.5 years.

In conjunction with the REIT's \$169.0 million mortgage closed on January 14, 2021, the REIT terminated its \$150.0 million interest rate swap with a maturity date of February 26, 2021. This resulted in an increase to the weighted average pay-fixed rate of the REIT's swap portfolio to 2.573%.

On February 4, 2020, the REIT terminated \$150.0 million of its \$300.0 million interest rate swap, with an effective date of November 22, 2016. The realized gain as a result of the termination was blended into the pay-fixed rate of the REIT's \$100.0 million interest rate swap, with a maturity date of September 22, 2022.

The terms of the interest rate swaps are as follows:

					Total/ Weighted average
Pay-fixed rate		1.411%	2.884%	2.925%	2.573%
Notional amount	\$	100,000	\$ 175,000	\$ 175,000	\$ 450,000
Receive-floating rate		One-month LIBOR	One-month LIBOR	One-month LIBOR	
Maturity date		September 22, 2022	August 22, 2023	August 22, 2025	
Remaining term (years)		1.0	1.9	3.9	2.5

INCOME TAX

The REIT's operations and the associated net income occur within partially owned, flow through entities such as partnerships. Any tax liability on taxable income attributable to the Slate Grocery exchangeable unitholders is incurred directly by the unitholders as opposed to Slate Grocery Investment L.P., the REIT's most senior taxable subsidiary. Accordingly, although the REIT's consolidated net income includes income attributable to Slate Grocery exchangeable unitholders, the consolidated tax provision includes only the REIT's proportionate share of the applicable taxes.

For the three and nine month periods ended September 30, 2021, the deferred income tax expense was \$1.8 million and \$23.1 million, respectively (three month period ended September 30, 2020 – \$2.1 million, nine month period ended September 30, 2020 – \$2.9 million). The REIT's deferred income tax expense relates mainly to changes in the differences between the fair value of the REIT's properties and the corresponding undepreciated value for income tax purposes.

RELATED PARTY TRANSACTIONS

Pursuant to the terms of a management agreement dated April 15, 2014, 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:

- an asset management fee equal to 0.4% of the total assets of the REIT;
- 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; and
- an annual incentive fee, calculated in arrears, in an aggregate amount equal to 15% of the REIT's funds from operation per class U unit as derived from the annual financial statements of the REIT in excess of \$1.35, subject to ordinary course adjustments for certain transactions affecting the class U units and increasing annually by 50% of the increase in the U.S. consumer price index.

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Asset management	\$ 1,557	\$ 1,308	\$ 4,407	\$ 3,859
Acquisition	3,173	—	3,583	685
Total	\$ 4,730	\$ 1,308	\$ 7,990	\$ 4,544

Related party transactions incurred and payable to the Manager for the three and nine month periods ended September 30, 2021 were \$4.7 million and \$8.0 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 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.

The management agreement provides for an incentive fee to be earned based on an FFO per unit target that grows annually, in part, with inflation, whereby the Manager is entitled to 15% of the excess of FFO above the target. For the nine month period ended September 30, 2021, no incentive fee was recognized as the target threshold was not met.

MAJOR CASH FLOW COMPONENTS

The REIT is able to meet all of its obligations as they become due and have sufficient liquidity from the following sources: (i) cash flow from operating activities and (ii) financing availability through the REIT's revolving credit facility and conventional mortgage debt secured by income-producing properties.

	Nine months ended September 30,	
	2021	2020
Operating activities	\$ 43,540	\$ 31,302
Investing activities	(189,394)	11,470
Financing activities	156,215	(40,608)
Increase in cash	\$ 10,361	\$ 2,164

Cash flows from operating activities relate to the collection of rent and payment of property operating expenses. Cash flows from operating activities, net of interest expense are able to satisfy the REIT's distribution requirements and will be used to fund on-going operations and expenditures for leasing capital and property capital.

Cash flows used in investing activities primarily relate to the acquisition of grocery-anchored properties, and additions to the properties through capital and leasing expenditures.

Cash flows from financing activities relate to the servicing of mortgages, additional drawdowns on the REIT's revolver for the acquisition of properties during the year, equity offering related to subscription receipts, repurchases of units and distributions paid to unitholders.

PART IV – FINANCIAL CONDITION

DEBT

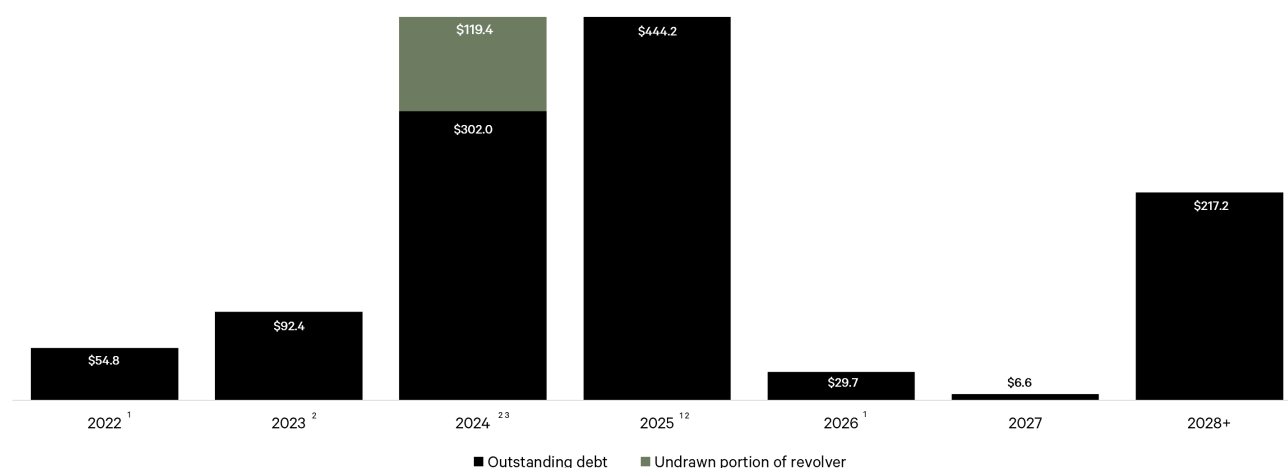
The REIT's overall borrowing strategy is to obtain financing with terms to maturity that are appropriate having regard to the lease maturity profiles of the underlying properties and which allows the REIT to (i) stagger debt maturities that reduce its exposure to interest rate fluctuations and re-financing risk in any particular period, (ii) minimize financing costs, and (iii) maintain flexibility with respect to property operations. The success of this strategy is dependent upon debt market parameters existing at the time of borrowing, as well as the particular features and quality of the underlying assets being financed. If this strategy is unsuccessful, mortgage principal repayments would be funded by operating cash flows, additional draws under the REIT's revolver, financing of income-producing properties or by issuances of equity.

The REIT's revolver, term loan and term loan 2 provide the required flexibility to support the REIT's acquisition pipeline. The credit facility and term loan 2 represents a significant component of the REIT's funding, which allows the REIT to maintain flexibility in its portfolio by avoiding debt that constricts portfolio capital recycling and redevelopment while minimizing unused cash positions. In addition to the credit facility and term loan 2, the REIT has ready access to alternative funding sources, including financial institutions for financing arrangements and investors at competitive rates. Management continues to monitor interest rate risk of the REIT's debt portfolio. As a result of the interest rate swap, 95.9% of the REIT's debt is now subject to fixed rates.

The weighted-average term of the REIT's debt is 4.4 years at a weighted average cost of 4.03%.

Debt Maturity Profile

(in \$US millions)



¹ Includes the REIT's share of debt held in its joint ventures.

² Debt available to be drawn is subject to certain covenants as provided in the REIT's lending agreements, including generally, a maximum of 65% Consolidated Total Indebtedness to Gross Asset Value (the "consolidated leverage ratio"). The term loan and term loan 2 provide for different spreads over one-month U.S. LIBOR depending on the ratio of the consolidated leverage ratio. The applicable spread for the revolver 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 145 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. The applicable spread for the term loan and term loan 2 where the consolidated leverage ratio is: (i) less than or equal to 45% is 125 bps; (ii) greater than 45% but less than or equal to 50% is 140 bps; (iii) greater than 50% but less than or equal to 55% is 150 bps (iv) greater than 55% but less than or equal to 60% is 175 bps; and (v) greater than 60% is 195 bps.

³ Excludes two six-month extension options exercisable at the REIT's option for the revolver. With the two six-month extension options the weighted average debt maturity of the REIT's debt portfolio is 4.6 years

Debt held by the REIT is as follows:

						September 30, 2021	December 31, 2020
	Maturity	Term to maturity (years)	Effective rate	Principal	Mark-to-market adjustments and costs	Carrying amount	Carrying amount
Revolver ^{1 2 3 4 5}	March 21, 2024	2.5	2.00%	\$ 180,633	\$ (1,142)	\$ 179,491	\$ 84,381
Term loan ^{1 2 4}	March 21, 2025	3.5	1.90%	225,000	(968)	224,032	223,838
Term loan 2 ^{1 2 4}	February 9, 2023	1.4	1.90%	83,000	(606)	82,394	248,902
Mortgage	December 6, 2024	3.2	4.03%	103,950	566	104,516	—
Mortgage	January 1, 2025	3.3	3.80%	41,527	(556)	40,971	41,656
Mortgage	July 1, 2025	3.8	4.14%	38,760	(324)	38,436	39,737
Mortgage	August 1, 2025	3.8	4.43%	7,700	21	7,721	—
Mortgage	March 18, 2030	8.5	3.48%	80,962	(1,362)	79,600	80,728
Mortgage	January 1, 2031	9.3	5.50%	6,617	110	6,727	7,131
Mortgage	May 1, 2031	9.6	3.75%	167,167	(2,933)	164,234	—
Total / weighted average		4.4 ^{5 6}	4.03% ⁶	\$ 935,316	\$ (7,194)	\$ 928,122	\$ 726,373
Share of joint venture investments' debt						212,652	6,879
Total debt including joint venture investment						\$ 1,140,774	\$ 733,252

¹ The weighted average interest rate has been calculated using the September 30, 2021 U.S. LIBOR rate for purposes of the revolver, term loan and term loan 2.

² Debt available to be drawn is subject to certain covenants as provided in the REIT's lending agreements, including generally, a maximum of 65% consolidated leverage ratio. The applicable spread for the revolver 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 145 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. The applicable spread for the term loan and term loan 2 where the consolidated leverage ratio is: (i) less than or equal to 45% is 125 bps; (ii) greater than 45% but less than or equal to 50% is 140 bps; (iii) greater than 50% but less than or equal to 55% is 150 bps (iv) greater than 55% but less than or equal to 60% is 175 bps; and (v) greater than 60% is 195 bps.

³ 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.

⁴ The revolver, term loan and term loan 2 are secured by a general pledge of equity of certain subsidiaries of the REIT. Collectively, those subsidiaries hold an interest in 45 of the REIT's properties.

⁵ Excludes a two-six month extension options exercisable at the REIT's option. With the two six-month extension options the weighted average debt maturity of the REIT's debt portfolio is 4.6 years.

⁶ Includes the REIT's share of debt held in its joint ventures.

On September 22, 2021, as a part of the Acquisition of the Tops Portfolio, the REIT assumed a \$104.5 million five-year mortgage, bearing interest at 4.03%, as well as a \$7.7 million six-year mortgage, bearing interest at 4.43%.

On January 14, 2021, the REIT entered into a \$169.0 million 10-year mortgage, bearing interest of 3.75%. The net proceeds from the loan were used to reduce the REIT's term loan to \$83.0 million, resulting in an increase of the REIT's debt portfolio to a weighted average term to maturity of 5.5 years.

On February 21, 2020, the REIT refinanced its existing revolving credit facility and term loan (the "credit facility") for four and five-year terms, respectively, for an aggregate of \$525.0 million. The REIT has also reduced pricing on its credit facility and \$250.0 million term loan. The revolver, term loan and term loan 2 bears interest at U.S. LIBOR plus an applicable margin.

On March 18, 2020, The REIT entered into an \$83.3 million 10-year mortgage loan, bearing interest of 3.48%. The loan is secured by a pool of eight properties and is non-recourse to the REIT. Proceeds from the loan were used to reduce borrowings on the REIT's revolver.

On March 20, 2020, the REIT extinguished a mortgage of \$10.1 million, bearing interest of 5.75% with borrowings from the REIT's revolver. The REIT recognized a \$0.3 million gain on the settlement of the mortgage's deferred financing costs and mark-to-market adjustment.

The carrying amount of debt was \$928.1 million at September 30, 2021, which represents an increase of \$201.7 million compared to December 31, 2020. The increase is mainly due to the drawdowns on the revolver to fund the Acquisition, as well as the purchase of two properties and one property outparcel to an existing property, partially offset by the principal repayments on the REIT's revolver funded by cash received from cash from operations.

DEBT TO GROSS BOOK VALUE

The REIT's Declaration of Trust provides for restrictions as to the maximum aggregate amount of leverage that may be undertaken. Specifically, 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. A calculation of debt to gross book value ratio is as follows:

	September 30, 2021	December 31, 2020
Gross book value (IFRS)	\$ 1,715,471	\$ 1,323,554
Debt	928,122	726,373
Leverage ratio	54.1%	54.9%

The REIT's leverage ratio has decreased by 0.8% to 54.1% from December 31, 2020 due to an increase in valuation of the REIT's portfolio, partially offset by the drawdowns on the revolver to fund the acquisition of 32 properties.

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, term loan and term loan 2 are subject to financial and other covenants. The following are the primary financial covenants, with all terms defined by the lending agreement:

	Threshold	September 30, 2021	December 31, 2020
Maximum leverage ratio: consolidated total indebtedness shall not exceed 65% of gross asset value	< 65%	61.5%	57.5%
Minimum fixed charge coverage ratio: adjusted EBITDA to consolidated fixed charges shall not be less than 1.50x ¹	> 1.50x	2.13x	2.15x

¹ Adjusted EBITDA is defined as earnings before interest, tax, depreciation and amortization, as defined by the Amended and Restated Credit Agreement for the revolver and term loan, and the Credit Agreement for term loan 2.

ADJUSTED EBITDA

Adjusted EBITDA is a non-IFRS measure and is used by the REIT to monitor the REIT's ability to satisfy and service its debt as well as monitor requirements imposed by the REIT's lenders. Specifically, adjusted EBITDA is used to monitor the REIT's leverage ratio and interest coverage ratio, which the REIT uses to measure its debt profile and assess its ability to satisfy its obligations, including servicing its debt. Management views adjusted EBITDA as a proxy for operating cash flow prior to interest costs. Adjusted EBITDA represents earnings before interest, income taxes, fair value gains (losses) from both financial instruments and investment properties, while also excluding non-recurring items such as transaction costs from dispositions, acquisitions or other events.

The following is a reconciliation from net income to adjusted EBITDA:

	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	Variance	2021	2020	Variance
Net income	\$ 9,603	\$ 7,630	\$ 1,973	\$ 67,237	\$ 20,337	\$ 46,900
Interest and finance costs	13,842	8,349	5,493	31,499	24,995	6,504
Change in fair value of financial instruments	(2,102)	—	(2,102)	9,185	20	9,165
Transaction costs	—	16	(16)	176	3,110	(2,934)
Change in fair value of properties	(6)	2,829	(2,835)	(77,316)	(572)	(76,744)
Deferred income tax expense	1,782	2,077	(295)	23,096	2,857	20,239
Current income tax expense	251	1,179	(928)	1,868	4,032	(2,164)
Unit expense (income)	33	1,215	(1,182)	2,216	(1,881)	4,097
Adjustments for joint venture investment	3,930	1,155	2,775	4,194	2,041	2,153
Straight-line rent revenue	(8)	(530)	522	(449)	(1,181)	732
IFRIC 21 property tax adjustment	(4,227)	(4,115)	(112)	3,892	4,766	(874)
Adjusted EBITDA	\$ 23,098	\$ 19,805	\$ 3,293	\$ 65,598	\$ 58,524	\$ 7,074

	Three months ended September 30,			Nine months ended September 30,		
	2021	2020	Variance	2021	2020	Variance
Rental revenue	\$ 34,079	\$ 31,961	\$ 2,118	\$ 99,927	\$ 94,258	\$ 5,669
Property operating expenses	(4,809)	(4,649)	(160)	(31,289)	(31,117)	(172)
General and administrative expenses	(2,549)	(3,293)	744	(7,371)	(8,797)	1,426
Adjustments for joint venture investment	612	431	181	888	595	293
Straight-line rent revenue	(8)	(530)	522	(449)	(1,181)	732
IFRIC 21 property tax adjustment	(4,227)	(4,115)	(112)	3,892	4,766	(874)
Adjusted EBITDA	\$ 23,098	\$ 19,805	\$ 3,293	\$ 65,598	\$ 58,524	\$ 7,074

INTEREST COVERAGE RATIO

In addition to the REIT's level of indebtedness calculated in accordance with the REIT's Declaration of Trust, management also monitors the REIT's interest coverage ratio, which is a non-IFRS measure. The interest coverage ratio is useful in determining the REIT's ability to service the interest requirements of its outstanding debt. The interest coverage ratio is calculated by dividing Adjusted EBITDA by the REIT's interest obligations for the period. Management utilizes this ratio to measure and monitor leverage. Additionally, Adjusted EBITDA is also a non-IFRS measure and is used by the REIT to monitor its interest coverage ratio as well as monitor requirements imposed by the REIT's lenders. Management views Adjusted EBITDA as a proxy for operating cash flow prior to interest costs. Adjusted EBITDA represents earnings before interest, income taxes, distributions, fair value gains (losses) from both financial instruments and properties, while also excluding certain items not related to operations such as transaction costs from dispositions, acquisitions, debt termination costs, or other events.

The following is a calculation of Adjusted EBITDA and the REIT's interest coverage ratio:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
NOI	\$ 25,647	\$ 23,098	\$ 72,969	\$ 67,321
General and administrative expenses	(2,549)	(3,293)	(7,371)	(8,797)
Adjusted EBITDA	\$ 23,098	\$ 19,805	\$ 65,598	\$ 58,524
Cash interest paid	(8,475)	(7,988)	(25,155)	(23,629)
Interest coverage ratio	2.73x	2.48x	2.61x	2.48x

The interest coverage ratio for the three month period ended September 30, 2021 increased to 2.73x compared to 2.48x in the same quarter of the prior year. For the nine month period ended September 30, 2021, the interest coverage ratio was 2.61x compared to 2.48x in the 2020 period. The increases are mainly due to increases in NOI from the aforementioned acquisitions, partially offset by increases in cash interest paid.

LIQUIDITY AND CAPITAL RESOURCES

The principal liquidity needs of the REIT arise from: (i) working capital requirements, (ii) debt servicing and repayment obligations which includes the term loans, revolver and the mortgages, (iii) distributions to unitholders, (iv) planned funding of maintenance capital expenditures and leasing costs, and (v) future property acquisition funding requirements.

Cash flows from operating the REIT's property portfolio, available funding under the REIT's revolver, and cash on hand represent the primary sources of liquidity. Cash flows from operations are dependent upon occupancy levels, rental rates, collection of rents, recoveries of operating costs and operating costs. Working capital requirements of the REIT primarily include the payment of operating expenses, leasing costs, maintenance capital and distributions. Working capital needs are generally funded through cash generated from operations, which has historically exceeded such requirements.

The REIT manages its cash flow from operating activities by maintaining a target debt level. The debt to gross book value, as defined in the Declaration of Trust, as at September 30, 2021 is 54.1% (December 31, 2020 – 54.9%).

Contractual commitments

The REIT has the following contractual commitments:

	Total contractual cash flow	Remainder of 2021	2022-2023	2024-2025	Thereafter
Accounts payable and accrued liabilities	\$ 37,266	\$ 37,266	\$ —	\$ —	\$ —
Revolver ¹²	180,633	—	—	180,633	—
Revolver interest payable ¹²³	10,943	933	8,764	1,246	—
Term loan ¹²	225,000	—	—	225,000	—
Term loan interest payable ¹²	19,491	1,050	10,021	8,420	—
Term loan 2 ²⁴	83,000	—	83,000	—	—
Term loan 2 interest payable ²⁴	2,226	387	1,839	—	—
Mortgages ⁵	446,683	2,081	17,390	197,000	230,212
Mortgage interest payable ⁵	103,945	4,296	33,646	26,063	39,940
Letters of credit	117	117	—	—	—
Interest rate swap, net of cash outflows	25,035	2,823	17,446	4,766	—
Exchangeable units of subsidiaries	11,028	—	—	—	11,028
Total	\$ 1,145,367	\$ 48,953	\$ 172,106	\$ 643,128	\$ 281,180

¹ Revolver and term loan interest payable is calculated on \$180.6 million and \$225.0 million (balance outstanding) using an estimated "all in" interest rate of 1.95% and 1.85% respectively under the "Remainder of 2021" column. The long-term average interest rate is based on the 30-day LIBOR forward curve plus the specified margin for the LIBOR rate option under the term loan resulting in an "all-in" interest rate of 2.54%. The total revolver and term loan interest payable is calculated until maturity of the initial term.

² Excludes the impact of the REIT's \$450.0 million pay-fixed, receive-float interest rate swaps that hedge a portion of the cash flow risk associated with one-month U.S. LIBOR based interest payments.

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

⁴ Term loan 2 interest payable is calculated on \$83.0 million (balance outstanding) using an estimated "all in" Interest rate of 1.85% under the "Remainder of 2021" column. The long-term average interest rate is based on the 30-day LIBOR curve plus the specified margin for the LIBOR rate option under the term loan 2 and results in an anticipated increase to the "all-in" interest rate to 2.00%. The total term loan 2 interest payable is calculated until maturity.

⁵ Includes the REIT's share of debt held in its joint ventures.

REIT UNITS AND EXCHANGEABLE UNITS OF SUBSIDIARIES

The units of the REIT are presented as equity instruments while exchangeable units of subsidiaries are presented as financial liabilities in accordance with IAS 32, *Financial Instruments: Presentation*.

The 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. The exchangeable units of subsidiaries are measured at fair value at each reporting period with any changes in fair value recognized in net and income.

REIT units and exchangeable units of subsidiaries outstanding for the nine month period ended September 30, 2021 and their respective class U equivalent amounts if converted are as follows:

Class / type	REIT units			Exchangeable units of subsidiaries			Total class U units equivalent
	U	A	I	SG1 ¹	SG2 ¹	GAR B	
Balance, December 31, 2020	46,865	205	282	28	920	132	48,432
Issued	11,420	—	—	—	—	—	11,420
Exchanged	52	(52)	—	—	—	—	—
Class U units equivalent, September 30, 2021	58,337	153	282	28	920	132	59,852

¹ "SG1" and "SG2" means Slate Grocery One exchangeable units and Slate Grocery Two exchangeable units, respectively.

Normal course issuer bid

The REIT had a normal course issuer bid ("NCIB") in place between May 26, 2020 to May 26, 2021. No class U units were purchased and subsequently canceled under the NCIB.

Public offerings

On March 31, 2021, the REIT issued 11,420,000 subscription receipts at a price of C\$11.65 per subscription receipt, for gross proceeds of C\$133.0 million in connection with the Acquisition. Concurrently with the Acquisition on September 22, 2021, the subscription receipts were automatically exchanged for one class U unit of the REIT and a cash distribution equivalent payment of \$0.4268 being equal to the aggregate amount of distributions paid by the REIT per unit for which record dates occurred between March 31, 2021 and September 22, 2021. The cash distribution equivalent payment of \$4.9 million has been recorded in interest and finance costs.

On December 10, 2020, the REIT completed a public offering of 6,360,000 class U units, at a price of C\$11.80 per unit, for gross proceeds of approximately C\$75.1 million. The costs related to the offering totaled and are deducted against the cost of units issued. Net proceeds, totaling \$55.4 million were used to repay the revolver.

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

	September 30, 2021	December 31, 2020
Accounts payable and accrued liabilities	\$ 21,896	\$ 13,742
Prepaid rent	4,628	2,478
Tenant improvements payable	5,428	318
Other payables	5,314	3,749
Total	\$ 37,266	\$ 20,287

Included in trade payables and accrued liabilities are operating expenses, property taxes, and capital and leasing expenses. Other payables include trustee fees, accrued interest payable and other non-operating items.

ACCOUNTS RECEIVABLE

The accounts receivable balance is comprised of the following:

	September 30, 2021	December 31, 2020
Rent receivable	\$ 4,407	\$ 5,140
Allowance	(1,030)	(852)
Accrued recovery income	7,016	5,087
Other receivables	4,520	3,453
Total	\$ 14,913	\$ 12,828

Rent receivable consists of base rent and operating expense recoveries. Management has provided for \$1.0 million (December 31, 2020 – \$0.9 million) as an allowance for doubtful accounts and anticipates that the unprovided balance is collectible. As a result of the COVID-19 pandemic, the REIT has entered into short-term rent deferral programs, totaling \$1.2 million, that have been collected in full as of June 30, 2021.

Accrued recovery income represents amounts that have not yet been billed to tenants for operating expenses, mainly real estate taxes, and are generally billed and paid in the following year. Other receivables is primarily comprised of the gross amount of consideration for property taxes paid directly by tenants.

The aging analysis of rent receivable past due but not impaired, net of allowance for doubtful accounts, is as follows:

	September 30, 2021	December 31, 2020
Current to 30 days	\$ 826	\$ 1,829
31 to 60 days	331	302
61 to 90 days	5	626
Greater than 90 days	2,215	1,531
Total	\$ 3,377	\$ 4,288

The net amounts aged greater than 90 days are at various stages of the collection process and are considered collectible by management.

JOINT VENTURE INVESTMENTS

On September 22, 2021, the REIT acquired interest in two joint ventures as a part of the Acquisition as follows:

Portfolio	REIT's interest	Location	Purchase price
Tom Thumb Portfolio	90% - 95%	Texas, Florida and California	\$ 25,577
Other Grocery Portfolio	85%	New York and Indiana	31,196
Total			\$ 56,773

The REIT accounts for its joint venture investments using the equity method. The table below summarizes the REIT's investment in joint ventures:

Portfolio	Anchors	State	September 30, 2021		December 31, 2020	
			Number of properties	Ownership interest	Number of properties	Ownership interest
Tom Thumb Portfolio	Tom Thumb, Walmart and Raley's	Texas, Florida and California	10	90% - 95%	N/A	N/A
Other Grocery Portfolio	Stop & Shop, Price Chopper, Acme Markets and Strack & Van Til	New York and Indiana	4	85%	N/A	N/A
Kroger Portfolio	Kroger	Michigan	1	50%	1	50%

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

	Nine months ended September 30,	
	2021	2020
Beginning of the period	\$ 3,474	\$ 5,049
Initial investment, net of transaction costs	56,773	—
Working capital contributions	13,627	—
Net cost of equity investment	\$ 73,874	\$ 5,049
Distributions	(1,348)	—
Share of loss in joint venture investments	(3,306)	(1,446)
End of the period	\$ 69,220	\$ 3,603

The financial position of the REIT's joint venture investments are as follows:

				September 30, 2021	December 31, 2020
	Tom Thumb Portfolio	Other Grocery Portfolio	Other	Total	Total
Assets					
Property	\$ 154,958	\$ 139,102	\$ 21,795	\$ 315,855	\$ 21,690
Current assets	5,523	5,008	2,466	12,997	1,181
	\$ 160,481	\$ 144,110	\$ 24,261	\$ 328,852	\$ 22,871
Liabilities					
Debt	\$ 124,925	\$ 103,913	\$ 15,234	\$ 244,072	\$ 13,758
Other non-current liabilities	—	1,104	22	1,126	15
Current liabilities	512	1,176	1,191	2,879	2,150
	\$ 125,437	\$ 106,193	\$ 16,447	\$ 248,077	\$ 15,923
Net assets at 100%	\$ 35,044	\$ 37,917	\$ 7,814	\$ 80,775	\$ 6,948
At the REIT's interest	\$ 32,678	\$ 32,635	\$ 3,907	\$ 69,220	\$ 3,474

The following is a summary of income of the REIT's joint venture investments:

				Three months ended September 30,	
	Tom Thumb Portfolio	Other Grocery Portfolio	Other	2021	2020
Rental revenue	\$ 431	\$ 393	\$ 425	\$ 1,249	\$ 906
Property operating expenses	(117)	(63)	(245)	(425)	(44)
General and administrative expenses	(24)	(31)	3	(52)	—
Interest and finance costs	(113)	(53)	(209)	(375)	(134)
Change in fair value of financial instruments	—	63	—	63	—
Change in fair value of property	(806)	(3,401)	119	(4,088)	(2,176)
Net (loss) income and comprehensive (loss) income at 100%	\$ (629)	\$ (3,092)	\$ 93	\$ (3,628)	\$ (1,448)
At the REIT's interest	\$ (578)	\$ (2,783)	\$ 43	\$ (3,318)	\$ (724)

				Nine months ended September 30,	
	Tom Thumb Portfolio	Other Grocery Portfolio	Other	2021	2020
Rental revenue	\$ 431	\$ 393	\$ 1,495	\$ 2,319	\$ 1,380
Property operating expenses	(117)	(63)	(549)	(729)	(326)
General and administrative expenses	(24)	(31)	(5)	(60)	(280)
Interest and finance costs	(113)	(53)	(431)	(597)	(452)
Change in fair value of financial instruments	—	63	—	63	—
Change in fair value of property	(806)	(3,401)	(393)	(4,600)	(3,214)
Net (loss) income and comprehensive (loss) income at 100%	\$ (629)	\$ (3,092)	\$ 117	\$ (3,604)	\$ (2,892)
At the REIT's interest	\$ (578)	\$ (2,783)	\$ 55	\$ (3,306)	\$ (1,446)

Debt refinancing

On July 2, 2021, the REIT refinanced the first mortgage loan in relation to the Kroger Portfolio or \$15.5 million (2020 – \$13.4 million). The mortgage bears interest at 3.05% and matures on August 1, 2026.

On September 30, 2021, the REIT refinanced the mortgage loan in relation to the Other Grocery Portfolio for \$19.2 million (2020 – nil). The mortgage bears interest at 3.75% and matures on October 1, 2026.

Management fees

Pursuant to the terms of the property management and leasing agreement and the development services agreement the REIT provides property, leasing and development management services for its Kroger joint venture investment located in Michigan. In return for its services, the REIT receives the following fees:

- property management fees calculated based on gross income of each tenant;
- development fees for the management of the construction in adherence with the property's development plan; and
- leasing commissions for all executed leases.

Total management fees earned by the REIT under the agreement for the three and nine month periods ended September 30, 2021 were nil and \$18 thousand, respectively (three month period ended September 30, 2020 – nil, nine month period ended September 30, 2020 – \$0.2 million).

NON-CONTROLLING INTEREST

On September 22, 2021, the REIT acquired all of the rights and obligations relating to the management of a grocery anchored portfolio comprising 11 properties and 1.3 million square feet in major metro markets in New York, Ohio and Georgia.

As a result of the acquisition of the management rights and other factors it was determined that the REIT obtained control with respect to its 90.0% investment in Tops Portfolio. The portfolio is valued at \$151.9 million, less the assumption of debt and subject to other adjustments. The operational results of these properties have been included in these consolidated financial statements from the date of acquisition.

The net assets attributable to the non-controlling interest and the REIT is as follows:

	September 30, 2021
Assets	
Property	\$ 156,274
Other non-current assets	1,881
Current assets	3,147
	\$ 161,302
Liabilities	
Debt	\$ 112,325
Net Assets	\$ 48,977
Attributable to	
Unitholders of the REIT	\$ 44,079
Non-controlling interest	\$ 4,898

The income attributable to the non-controlling interest and the REIT is as follows:

	Three months ended September 30, 2021	Nine months ended September 30, 2021
Rental revenue	\$ 789	\$ 789
Property operating expenses	(70)	(70)
General and administrative expenses	(22)	(22)
Interest and finance costs	(108)	(108)
Change in fair value of property	4,199	4,199
Net income	\$ 4,788	\$ 4,788
Attributable to		
Unitholders of the REIT	\$ 4,309	\$ 4,309
Non-controlling interest	\$ 479	\$ 479

The cash flows attributable to the non-controlling interest and the REIT is as follows:

	Nine months ended September 30, 2021	
Cash flows from		
Operating	\$	931
Investing		—
Financing		(1,300)
Decrease in cash	\$	(369)
Cash, end of period	\$	2,097

SUBSEQUENT EVENTS

On October 15, 2021, 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.

PART V – ACCOUNTING AND CONTROL

USE OF ESTIMATES

The preparation of the REIT consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Management's estimates are based on historical experience and other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates under different assumptions.

CRITICAL ACCOUNTING ESTIMATES

The REIT has identified the estimate of the fair value of its properties as a critical accounting estimate due to the significance of the estimate to the REIT's financial position and impact of changes on fair value to net income. Estimating the fair value of real property is characterized by uncertainty, both in terms of differences between different methods of valuation but also in the selection of assumptions to reflect the property being valued, certain of which are subjective. There is no assurance that management's, or a third-party's, estimate of fair value would be realized on sale due to the specific and unique aspects of real property, including their location, liquidity, tenants and the local demand and supply of competing properties for tenants.

The REIT determines the fair value of properties based upon the overall income capitalization rate method, the discounted cash flow method, direct comparison approach or through a combination of methods. All methods are generally accepted appraisal methodologies. If a third-party appraisal is not obtained for a property, management uses one or a combination of the overall income capitalization rate method and the discounted cash flow method. In certain circumstances, the direct comparison approach is used by comparing properties to similar properties that have sold, but adjusting for differences in the nature, location and other relevant considerations of the properties. The valuation methodology used, or combination of methodologies used, is based on the applicability and reliability of the relative approaches in the context of the subject property.

The fair values of properties are measured individually without consideration to their aggregate value on a portfolio basis. No consideration is given to diversification benefits related to single property tenant risk and geography, the value of assembling a portfolio or to the utilization of a common management platform, amongst other benefits. As a result, the fair value of the REIT's properties taken in aggregate may differ from the fair value of properties measured individually in the REIT's consolidated statements of financial position.

The following is a summary of the methodologies undertaken by management to estimate the fair value of the REIT's properties:

Overall income capitalization approach

The overall income capitalization approach evaluates a property's potential to generate cash flows and converts those cash flows into a present value. Generally, the REIT estimates a stabilized NOI and applies a capitalization rate to that income to estimate fair value. Stabilized NOI is determined as the property's potential gross income that could be generated at full capacity, less a vacancy and collection allowance. The capitalization rate used is derived from analysis of comparable sales data and the relative relationship of other properties' NOI over their sale price and industry surveys. In many cases, industry surveys are available that provide indicative ranges of capitalization rates for recently sold properties or views on value, however, certain adjustments are required to adjust for the specific nature, location and quality of properties.

Direct comparison approach

This approach involves comparing properties similar to the property for which fair value is being estimated and making adjustments to reconcile differences in size, location, nature and the quality of the property.

A summary of the significant assumptions used in the REIT's estimate of fair value as at September 30, 2021 is included on page 31 of this MD&A. Changes in these assumptions would have a significant impact on the REIT's estimate of fair value, which can be impacted by changes in demand for properties similar to those owned by the REIT, expectations of market rents, the covenant quality of tenants and the general economic environment.

The REIT determines the fair value of properties based upon the overall income capitalization rate method. Historically, estimates of fair value have in certain instances included valuations completed for transaction or lending purposes, in which case a discounted cash flow approach was also used.

ACCOUNTING POLICIES

i. Application of IFRS

Basis of consolidation

The consolidated financial statements include the accounts of the REIT and its subsidiaries in accordance with IFRS 10, *Consolidated Financial Statements*. Intercompany transactions and balances have been eliminated on consolidation.

A subsidiary is an entity over which the REIT has control. Control exists when the REIT has power over an investee, is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power over the investee to affect its returns. The financial statements of a subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of a subsidiary are changed when necessary to align them with the policies applied by the REIT in these consolidated financial statements.

Changes in the REIT's ownership interests in subsidiaries that do not result in the REIT losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the REIT's interests and any non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the unitholders of the REIT. When the REIT loses control of a subsidiary, for example through sale or partial sale, a gain or loss is recognized and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interests.

Joint arrangements

A joint arrangement is a contractual arrangement in which the REIT has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the return of an arrangement. The REIT classifies joint arrangements as either joint operations or joint ventures.

A joint operation is a joint arrangement wherein the parties have rights to the assets and obligations for the liabilities. The REIT's interest in a joint operation is accounted for based on the REIT's interest in those assets, liabilities, revenues and expenses.

A joint venture is a joint arrangement wherein the parties have rights to the net assets. The REIT's investments in joint ventures are accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the REIT's share of net assets of the joint venture since the acquisition date. The consolidated statement of income reflects the REIT's share of the results of operations of the joint venture. Any change in other comprehensive income ("OCI") of the joint venture is presented as part of the REIT's consolidated statement of comprehensive income.

Application of Interest Rate Benchmark Reform

In August 2020, the IASB issued *IBOR Reform and the Effects on Financial Reporting – Phase II (amendments to IFRS 9 – Financial Instruments ("IFRS 9"), IFRS 7 – Financial Instruments: Disclosures ("IFRS 7"), IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39"), IFRS 4 – Insurance Contracts ("IFRS 4") and IFRS 16 – Leases ("IFRS 16"))*. The objective of the second phase of the IASB's project was to assist entities in providing useful information about the effects of the transition to alternative benchmark rates and support preparers in applying the requirements of the IFRS Standards when changes are made to contractual cash flows or hedging relationships as a result of the transition to an alternative benchmark interest rate. The amendments affect the basis for determining the contractual cash flows as a result of benchmark interest rate reform, hedge accounting and disclosures. The REIT has adopted the amendments on January 1, 2021. Adopting these amendments has allowed the REIT to continue hedge accounting during the period of uncertainty arising from interest rate benchmark reforms.

CONTROL AND PROCEDURES

The REIT's management, under the supervision of its Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), is responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal controls over financial reporting ("ICFR"), as such terms are defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109").

DC&P are those controls and other procedures that are designed to provide reasonable assurance that all material information required to be disclosed by the REIT in annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation. Furthermore, DC&P are those controls and other procedures that are designed to ensure that material information required to be disclosed by the REIT in annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the REIT's management, including its CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The REIT has applied the *Internal Control – Integrated Framework (2013)* published by the Committee of Sponsoring Organizations of the Treadway Commission for the design of its ICFR for the nine month period ended September 30, 2021.

The REIT's CEO and CFO, along with the assistance of others, have designed disclosure controls and procedures to provide reasonable assurance that material information relating to the REIT is made known to the CEO and CFO, and have designed internal controls over financial reporting and disclosure to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS, as at September 30, 2021.

No changes were made in the REIT's design of ICFR during the nine month period ended September 30, 2021, that have materially affected, or are reasonably likely to materially affect, the REIT's ICFR.

In designing such controls, it should be recognized that due to inherent limitations, any controls or control systems, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the control system are met. As a result of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected or prevented. These inherent limitations include, without limitation, (i) the possibility that management's assumptions and judgments may ultimately prove to be incorrect under varying conditions and circumstances; or (ii) the impact of isolated errors.

Additionally, controls may be circumvented by unauthorized acts of individuals, by collusion of two or more people, or by management override. The design of any control system is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential conditions. Projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PART VI – PROPERTY TABLES

At September 30, 2021, the REIT owns a portfolio of 107 grocery-anchored properties. The portfolio consists of 13.2 million square feet of GLA with an occupancy rate of 93.5%.

Property	Location	Associated MSA	Area (SF)	% of Total	Occ. %	Anchor
Beach Shopping Center	Peekskill	New York–Newark–Bridgeport	204,532		87.5%	Stop & Shop
Mid-Valley Mall	Newburgh	New York–Newark–Bridgeport	207,721		79.4%	Market 32
Panorama Plaza	Penfield	Rochester–Batavia–Seneca Falls	250,804		87.3%	Tops Markets
Orchard Park	Orchard Park	Buffalo–Niagara Falls	150,990		77.2%	Tops Markets
Cheektowaga	Cheektowaga	Buffalo–Niagara Falls	136,318		91.4%	Tops Markets
Amherst	Amherst	Buffalo–Niagara Falls	128,896		91.5%	Tops Markets
Ontario	Ontario	Rochester–Batavia–Seneca Falls	69,336		93.5%	Tops Markets
LeRoy	LeRoy	Rochester–Batavia–Seneca Falls	56,472		95.0%	Tops Markets
Jamestown	Jamestown	Jamestown–Dunkirk–Fredonia	88,201		94.2%	Tops Markets
Warsaw	Warsaw	Buffalo–Niagara Falls	66,695		78.2%	Tops Markets
Culver Ridge Plaza	Irondequoit	Rochester–Batavia–Seneca Falls	202,596		91.9%	Marshalls
Mahopac Village Centre	Mahopac	New York–Newark–Bridgeport	126,379		96.4%	Acme Markets
Total New York			1,688,940	12.8%		
98 Palms	Destin	Crestview–Fort Walton Beach–Destin	84,682		100.0%	Winn-Dixie
Bellview Plaza	Pensacola	Pensacola	82,910		96.4%	Publix
Bloomington Plaza	Brandon	Tampa–St. Petersburg	83,237		93.4%	Urban Air
Cordova Commons	Pensacola	Pensacola	164,343		99.3%	The Fresh Market
Errol Plaza	Orlando	Orlando	76,582		100.0%	Winn-Dixie
Eustis Village	Eustis	Orlando	156,927		100.0%	Publix
Good Homes Plaza	Ocoee	Orlando	165,741		100.0%	Publix
Oak Hill Village	Jacksonville	Jacksonville	78,492		93.8%	Publix
Salerno Village Square	Stuart	Port St. Lucie	77,677		93.5%	Winn-Dixie
Uptown Station	Fort Walton Beach	Pensacola	272,616		91.6%	Winn-Dixie
Wedgewood Commons	Stuart	Port St. Lucie	119,073		94.4%	Publix
Mission Hills Shopping Center	Naples	Naples	85,078		100.0%	Winn-Dixie
Barclay Square	Largo	Tampa–St. Petersburg	89,149		81.8%	Walmart
Total Florida			1,536,507	11.7%		
11 Galleria	Greenville	Greenville	55,608		71.2%	The Fresh Market
Battleground Village	Greensboro	Greensboro–High Point	73,207		98.0%	Aldi
Flowers Plantation	Clayton	Raleigh	53,500		92.1%	Food Lion
Fuquay Crossing	Fuquay–Varnia	Raleigh	96,638		96.1%	Harris Teeter
Independence Square	Charlotte	Charlotte	190,361		98.3%	Super Global Mart
Mooresville Consumer Square	Mooresville	Charlotte	272,860		95.2%	Walmart
Mooresville Town Square	Mooresville	Charlotte	98,262		99.0%	Lowe's Foods
Harper Hills Commons	Winston–Salem	Winston–Salem	96,914		87.0%	Harris Teeter
Renaissance Square	Davidson	Charlotte	80,467		89.2%	Harris Teeter
Alexander Pointe	Salisbury	Charlotte	57,710		100.0%	Harris Teeter
North Summit Square	Winston–Salem	Winston–Salem	224,530		95.7%	Sam's Club
Bells Fork Square	Greenville	Greenville	71,666		95.7%	Harris Teeter
Tanglewood Commons	Clemmons	Winston–Salem	78,520		92.9%	Harris Teeter
Westin Centre	Fayetteville	Fayetteville	66,890		97.9%	Food Lion
Total North Carolina			1,517,133	11.5%		
Lake Raystown Plaza	Huntingdon	Harrisburg	140,159		97.3%	Giant Food Store
Northland Center	State College	State College	111,718		95.9%	Giant Food Store
Norwin Town Square	North Huntingdon	Pittsburgh	141,466		93.8%	Shop n' Save
Shops at Cedar Point	Allentown	Allentown–Bethlehem–Easton	130,583		94.5%	Weis Markets
Summit Ridge	Mount Pleasant	Pittsburgh	240,884		95.1%	Walmart
West Valley Marketplace	Allentown	Allentown–Bethlehem–Easton	259,207		95.6%	Walmart
Total Pennsylvania			1,024,017	7.8%		

Property	Location	Associated MSA	Area (SF)	% of Total	Occ. %	Anchor
Barefoot Commons	North Myrtle Beach	Myrtle Beach-Conway	90,702		91.8%	Food Lion
Dill Creek Commons	Greer	Greenville-Spartanburg-Anderson	72,526		100.0%	Food Lion
Dorman Centre	Spartanburg	Greenville-Spartanburg-Anderson	388,502		94.3%	Walmart
Little River Pavilion	North Myrtle Beach	Myrtle Beach-Conway	63,823		100.0%	Lowe's Foods
North Augusta Plaza	North Augusta	Augusta-Richmond	229,730		95.2%	Publix
Total South Carolina			845,283	6.4%		
14th Street Market	Plano	Dallas-Ft Worth	75,458		100.0%	Tom Thumb
Flower Mound Crossing	Flower Mound	Dallas-Ft Worth	80,221		94.1%	Club 4 Fitness
Cross Timbers Court	Flower Mound	Dallas-Ft Worth	77,111		100.0%	Tom Thumb
Park West Plaza	Grapevine	Dallas-Ft Worth	78,828		90.3%	Tom Thumb
The Highlands	Flower Mound	Dallas-Ft Worth	86,399		94.2%	Tom Thumb
Heritage Heights	Grapevine	Dallas-Ft Worth	87,895		100.0%	Tom Thumb
Hunters Glen Crossing	Plano	Dallas-Ft Worth	92,468		98.8%	Tom Thumb
Alta Mesa Plaza	Fort Worth	Dallas-Ft Worth	167,961		83.6%	Kroger
Josey Oaks Crossing	Carrollton	Dallas-Ft Worth	85,698		98.0%	Tom Thumb
Total Texas			832,038	6.3%		
Abbott's Village	Alpharetta	Atlanta	109,586		98.9%	Publix
Birmingham Shoppes	Milton	Atlanta	82,905		92.5%	Publix
Duluth Station	Duluth	Atlanta	94,966		84.5%	Publix
Locust Grove	Locust Grove	Atlanta	89,567		96.9%	Publix
Merchants Crossing	Newnan	Atlanta	174,059		98.1%	Kroger
Robson Crossing	Flowery Branch	Atlanta	103,840		97.5%	Publix
Midway Plaza	Loganville	Atlanta	82,076		95.6%	Kroger
Parkway Station	Warner Robins	Atlanta	94,317		97.0%	Kroger
Total Georgia			831,316	6.3%		
Cambridge Crossings	Troy	Detroit	238,963		93.4%	Walmart
Canton Shopping Center	Canton	Detroit	72,631		96.4%	Aldi
City Center Plaza	Westland	Detroit	97,670		95.6%	Kroger
Stadium Center	Port Huron	Detroit-Warren-Dearborn	92,538		91.0%	Kroger
Windmill Plaza	Sterling Heights	Detroit	101,611		92.5%	Kroger
Total Michigan			603,413	4.6%		
East Brainerd Mall	Brainerd	Minneapolis-St Paul	191,459		95.6%	Cub Foods
Mapleridge Center	Maplewood	Minneapolis-St Paul	114,681		90.7%	Hy-Vee
North Branch Marketplace	North Branch	Minneapolis-St Paul	72,895		100.0%	County Market
Phalen Retail Center	St Paul	Minneapolis-St Paul	73,678		97.8%	Cub Foods
Plymouth Station	Plymouth	Minneapolis-St Paul	114,069		93.0%	Hy-Vee
Total Minnesota			566,782	4.3%		
Hocking Valley Mall	Lancaster	Columbus	181,393		96.2%	Kroger
Chillicothe Place	Chillicothe	Columbus-Marion-Zanesville	213,083		100.0%	Kroger
Mulberry Square	Milford	Cincinnati	146,763		76.7%	Kroger
Total Ohio			541,239	4.1%		
Highland Square	Crossville	Nashville	179,732		98.2%	Kroger
North Hixson Marketplace	Hixson	Chattanooga	64,254		95.4%	Food City
St. Elmo Central	Chattanooga	Chattanooga	74,999		100.0%	Food City
Sunset Plaza	Johnson City	Johnson City	143,752		100.0%	Kroger
Westhaven Town Center	Franklin	Nashville	63,904		100.0%	Kroger
Total Tennessee			526,641	4.0%		
East Little Creek	Norfolk	Virginia Beach-Norfolk-Newport News	68,770		96.1%	Kroger
Bermuda Crossroads	Chester	Richmond	122,566		98.4%	Food Lion
Gainsborough Square	Chesapeake	Virginia Beach-Norfolk-Newport News	88,862		92.8%	Food Lion
Indian Lakes Crossings	Virginia Beach	Virginia Beach-Norfolk-Newport News	64,973		100.0%	Harris Teeter
Smithfield Shopping Plaza	Smithfield	Virginia Beach-Norfolk-Newport News	134,664		95.8%	Kroger
Total Virginia			479,835	3.6%		

Property	Location	Associated MSA	Area (SF)	% of Total	Occ. %	Anchor
Glidden Crossing	DeKalb	Chicago-Naperville-Joliet	98,683		88.4%	Schnucks
North Lake Commons	Lake Zurich	Chicago-Naperville-Joliet	121,099		86.8%	Jewel-Osco
Prairie Point	Aurora	Chicago-Naperville-Elgin	91,535		98.3%	Mariano's
Plaza St. Clair	Fairview Heights	St. Louis	97,459		71.1%	Schnucks
Total Illinois			408,776	3.1%		
Charles Town Plaza	Charles Town	Washington-Baltimore	206,146		97.6%	Walmart
Eastpointe Shopping Center	Clarksburg	Morgantown	181,016		96.0%	Kroger
Total West Virginia			387,162	2.9%		
Southgate Crossing	Minot	Minot	159,780		78.4%	Cash Wise
Watford Plaza	Watford City	Williston	101,798		98.7%	Cash Wise
Total North Dakota			261,578	2.0%		
Crossroads Shopping Center	Schererville	Chicago-Naperville-Elgin	129,314		84.5%	Strack & Van Til
Glenlake Plaza	Indianapolis	Indianapolis-Carmel-Anderson	104,679		85.3%	Kroger
Total Indiana			233,993	1.8%		
Pine Creek Shopping Center	Grass Valley	Sacramento-Roseville	194,872		90.4%	Raley's
Total California			194,872	1.5%		
Derry Meadows Shoppes	Derry	Manchester-Nashua	151,946		91.8%	Hannaford Brothers
Total New Hampshire			151,946	1.2%		
Taylorsville Town Center	Taylorsville	Salt Lake City	127,507		97.5%	Macey's Fresh
Total Utah			127,507	1.0%		
Forest Plaza	Fond du Lac	Fond du Lac	123,028		100.0%	Pick 'n Save
Total Wisconsin			123,028	0.9%		
Stone House Square	Hagerstown	Washington-Baltimore	112,274		91.6%	Weis Markets
Total Maryland			112,274	0.8%		
Westminster Plaza	Westminster	Denver Aurora-Lakewood	98,999		92.4%	VASA Fitness
Total Colorado			98,999	0.8%		
Stonefield Square	Louisville	Louisville	80,866		91.0%	Crunch Fitness
Total Kentucky			80,866	0.6%		
Total / WA			13,174,145	100.0%	93.5%	

Corporate Information

Slate Grocery REIT is an unincorporated, open-ended investment trust fund 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 REIT has a current portfolio that spans 13.2 million square feet of GLA and consists of 107 critical real estate properties located in the U.S.

Trustees

Andrea Stephen, Chairman ^{1 2 3}
Corporate Director

Thomas Farley ^{1 2 3}
Corporate Director

Marc Rouleau ^{1 2}
Corporate Director

Colum Bastable, FCA (IRL) ^{1 2 3}
Corporate Director

Patrick Flatley ³
Partner,
Lincoln Land Services

Blair Welch ³
Partner and Co-founder,
Slate Asset Management

Brady Welch
Partner and Co-founder,
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Independent Auditors

Deloitte LLP
Chartered Professional Accountants
Toronto, Canada

Stock Exchange Listing and Symbol

The REIT's units are listed on the Toronto Stock Exchange and trade under the symbols SGR.U (quoted in US dollars) and SGR.UN (quoted in Canadian dollars)

Registrar and Transfer Agent

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The REIT's website www.slategroceryreit.com provides additional information regarding the REIT's portfolio, investment strategy, management and corporate governance. Additionally, the Investor section includes news, presentations, events, regulatory filings and stock information.

¹ Compensation Governance and Nomination Committee

² Audit Committee

³ Investment Committee



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