Grocery REIT

SLATE

February 11, 2025

Slate Grocery REIT Reports Fourth Quarter and Year-End 2024 Results

TORONTO, ON - Slate Grocery REIT (TSX: SGR.U) (TSX: SGR.UN) (the "REIT"), an owner and operator of U.S. grocery-anchored real estate, today announced its financial results and highlights for the three and twelve months ended December 31, 2024.

"Our fourth quarter and year-end financial results reaffirm the significant growth potential embedded within the REIT's portfolio of high-quality grocery-anchored real estate," said Blair Welch, Chief Executive Officer of Slate Grocery REIT. "Several quarters of high leasing volumes at double-digit spreads continue to translate into meaningful increases in the REIT's net operating income. At the same time, in a challenging financing environment, our team successfully financed $633.5 million of debt, reflecting the confidence our lenders have in the long-term growth outlook for our business. As the transaction market gains momentum in 2025, we continue to evaluate compelling opportunities that we believe can drive value for our unitholders."

For the CEO's letter to unitholders for the quarter, please follow the link here.

Highlights

- **Achieved 4.3% or $6.7 million, same-property Net Operating Income ("NOI") growth on a trailing twelve-month basis, adjusting for completed redevelopments, driven by several consecutive quarters of strong leasing volumes at attractive spreads**
    - Completed 2.7 million square feet of total leasing throughout the year; new deals were completed at 28.0% above comparable average in-place rent and non-option renewals at 14.3% above expiring rents
    - Portfolio occupancy remained stable at 94.8% as at December 31, 2024
    - The REIT's average in-place rent of $12.65 per square foot remains well below the market average of $23.80[1], providing significant runway for continued rent increases
- **Financed $633.5 million of debt throughout the year at interest rate spreads similar to the maturing debt, highlighting the quality of the REIT's portfolio and the demand for grocery-anchored real estate assets in the lending space**
    - The REIT's current portfolio valuation continues to provide significant positive leverage and embedded NOI growth, even as the cost of financing across the broader real estate market has increased
- **The REIT's units continue to trade at a discount to net asset value, presenting a compelling investment opportunity for unitholders looking for an attractive total return**

[1] CBRE Econometric Advisors, Q4 2024

Summary of Q4 2024 Results

(thousands of U.S. dollars, except per unit amounts)	Three months ended December 31, 2024	2023	Change %
Rental revenue	$ 53,077	$ 51,539	3.0%
NOI [1,2]	$ 41,462	$ 40,139	3.3%
Net income [2]	$ 15,731	$ 5,177	203.9%
Same-property NOI (3 month period, 113 properties) [1,2]	$ 40,901	$ 39,005	4.9%
Same-property NOI (12 month period, 111 properties) [1,2]	$ 158,394	$ 153,356	3.3%
New leasing (square feet) [2]	93,078	160,792	(42.1)%
New leasing spread [2]	29.0%	30.9%	(6.1)%
Total leasing (square feet) [2]	336,548	637,439	(47.2)%
Total leasing spread [2]	14.9%	15.4%	(3.2)%
New leasing – anchor / junior anchor [2]	35,000	106,455	(67.1)%
Weighted average number of units outstanding ("WA units")	60,366	60,285	0.1%
FFO [1,2]	$ 15,080	$ 15,991	(5.7)%
FFO per WA units [1,2]	$ 0.25	$ 0.27	(5.8)%
FFO payout ratio [1,2]	86.0%	81.1%	6.0%
AFFO [1,2]	$ 11,807	$ 13,029	(9.4)%
AFFO per WA units [1,2]	$ 0.20	$ 0.22	(7.5)%
AFFO payout ratio [1,2]	109.8%	99.5%	10.3%
Interest coverage ratio [1]	2.61x	2.87x	(10.0)%

(thousands of U.S. dollars, except per unit amounts)	December 31, 2024	December 31, 2023	Change %
Total assets	$ 2,233,699	$ 2,235,798	(0.1)%
Total assets, proportionate interest [1,2]	$ 2,444,143	$ 2,448,127	(0.2)%
Debt	$ 1,166,655	$ 1,161,756	0.4%
Debt, proportionate interest [1,2]	$ 1,370,530	$ 1,369,053	0.1%
Net asset value per unit	$ 13.84	$ 13.97	(0.9)%
Number of properties [2]	116	117	(0.9)%
Portfolio occupancy [2]	94.8%	94.7%	0.1%
Debt / GBV ratio	52.2%	52.0%	0.4%

[1] Refer to "Non-IFRS Measures" section below.

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

Conference Call and Webcast

Senior management will host a live conference call at 9:00 am ET on February 12, 2025 to discuss the results and ongoing business initiatives of the REIT.

The conference call can be accessed dialing (289) 514-5100 or 1 (800) 717-1738. Additionally, the conference call will be available via simultaneous audio found at https://onlinexperiences.com/Launch/QReg/ShowUUID=FCDFB061-11E5-4AA4-B192-152A1985E211&LangLocaleID=1033. A replay will be accessible until February 26, 2025 via the REIT's website or by dialing (289) 819-1325 or 1 (888) 660-6264 (access code 31360#) approximately two hours after the live event.

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 $2.4 billion of critical real estate infrastructure across major U.S. metro markets that communities rely upon for their everyday needs. The REIT's resilient grocery-anchored portfolio and strong credit tenants are expected to 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.

About Slate Asset Management

Slate Asset Management is a global investor and manager focused on essential real estate and infrastructure assets. We focus on fundamentals with the objective of creating long-term value for our investors and partners across the real assets space. 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, and follow Slate Asset Management on LinkedIn, X (Twitter), and Instagram.

Supplemental Information

All interested parties can access Slate Grocery's Supplemental Information online at slategroceryreit.com in the Investors section. These materials are also available on SEDAR+ or upon request to the REIT at info@slateam.com or (416) 644-4264.

Forward Looking Statements

Certain information herein constitutes "forward-looking information" as defined under Canadian securities laws which reflect management's expectations regarding objectives, plans, goals, strategies, future growth, results of operations, performance, business prospects and opportunities of the REIT. The words "plans", "expects", "does not expect", "forecasts", "scheduled", "estimates", "intends", "anticipates", "does not anticipate", "projects", "believes", or variations of such words and phrases or statements to the effect that certain actions, events or results "may", "will", "could", "would", "might", "occur", "be achieved", or "continue" and similar expressions identify forward-looking statements. 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. Such forward-looking statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations.

Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable by management as of the date hereof, are inherently subject to significant business, economic and competitive uncertainties and contingencies. When relying on forward-looking statements to make decisions, the REIT cautions readers not to place undue reliance on these statements, as forward-looking statements involve significant risks and uncertainties, and should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not the times at or by which such performance or results will be achieved. A number of factors could cause actual results to differ, possibly materially, from the results discussed in the forward-looking statements. Additional information about risks and uncertainties is contained in the filings of the REIT with securities regulators.

Non-IFRS Measures

This news release and accompanying financial statements are based on IFRS® Accounting Standards ("IFRS Accounting Standards"), as issued by the International Accounting Standards Board ("IASB").

We disclose a number of financial measures in this news release that are not measures used under IFRS Accounting Standards, including NOI, same-property NOI, FFO, FFO payout ratio, AFFO, AFFO payout ratio, adjusted EBITDA and the interest coverage ratio, in addition to certain measures on a per unit basis.

- 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 equity 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.

- FFO is defined as net income adjusted for certain items including transaction/disposition costs, change in fair value of properties, change in fair value of financial instruments, deferred income taxes, unit income (expense), adjustments for equity investments and IFRIC 21 property tax adjustments.
- AFFO is defined as FFO adjusted for straight-line rental revenue and revenue 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.

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 Management's Discussion and Analysis. We believe that providing these performance measures on a supplemental basis to our IFRS Accounting Standards 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 Accounting Standards. 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.

SGR-FR

For Further Information

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Calculation and Reconciliation of Non-IFRS Measures

The table below summarizes a calculation of non-IFRS measures based on financial information in accordance with IFRS Accounting Standards.

	Three months ended December 31,	
(in thousands of U.S. dollars, except per unit amounts)	2024	2023
Rental revenue	**$ 53,077**	**$ 51,539**
Straight-line rent revenue	(109)	(95)
Property operating expenses	(9,149)	(9,209)
IFRIC 21 property tax adjustment	(7,671)	(7,360)
Contribution from joint venture investments	5,314	5,264
NOI [1 2]	**$ 41,462**	**$ 40,139**
Cash flow from operations	**$ 16,131**	**$ 11,421**
Changes in non-cash working capital items	592	5,979
Disposition costs	90	—
Finance charge and mark-to-market adjustments	(1,060)	(525)
Interest, net and TIF note adjustments	145	22
Adjustments for joint venture investments	2,422	2,523
Non-controlling interest	(3,375)	(3,444)
Taxes on dispositions	3	—
Capital expenditures	(337)	(405)
Leasing costs	(853)	(952)
Tenant improvements	(1,951)	(1,590)
AFFO [1 2]	**$ 11,807**	**$ 13,029**
Net income [2]	**$ 15,731**	**$ 5,177**
Change in fair value of financial instruments	(2,473)	4,014
Disposition costs	90	—
Change in fair value of properties	11,218	12,475
Deferred income tax expense	2,454	1,212
Unit (income) expense	(754)	1,291
Adjustments for joint venture investments	591	3,288
Non-controlling interest	(4,109)	(4,106)
Taxes on dispositions	3	—
IFRIC 21 property tax adjustment	(7,671)	(7,360)
FFO [1 2]	**$ 15,080**	**$ 15,991**
Straight-line rental revenue	(109)	(95)
Capital expenditures	(337)	(405)
Leasing costs	(853)	(952)
Tenant improvements	(1,951)	(1,590)
Adjustments for joint venture investments	(757)	(582)
Non-controlling interest	734	662
AFFO [1 2]	**$ 11,807**	**$ 13,029**

[1] Refer to “Non-IFRS Measures” section above.

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

(in thousands of U.S. dollars, except per unit amounts)	Three months ended December 31,			
		2024		2023
NOI [1 2]	**$**	**41,462**	**$**	**40,139**
General and administrative expenses		(4,294)		(4,016)
Cash interest, net		(14,114)		(13,254)
Finance charge and mark-to-market adjustments		(1,060)		(525)
Current income tax expense		(779)		(183)
Adjustments for joint venture investments		(2,892)		(2,739)
Non-controlling interest		(3,375)		(3,446)
Capital expenditures		(337)		(405)
Leasing costs		(853)		(952)
Tenant improvements		(1,951)		(1,590)
AFFO [1 2]	**$**	**11,807**	**$**	**13,029**

[1] Refer to "Non-IFRS Measures" section above.

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

(in thousands of U.S. dollars, except per unit amounts)	Three months ended December 31,			
		2024		2023
Net income [1]	**$**	**15,731**	**$**	**5,177**
Interest and finance costs		15,174		13,779
Change in fair value of financial instruments		(2,473)		4,014
Disposition costs		90		—
Change in fair value of properties		11,218		12,475
Deferred income tax expense		2,454		1,212
Current income tax expense		782		183
Unit (income) expense		(754)		1,291
Adjustments for joint venture investments		2,509		5,447
Straight-line rent revenue		(109)		(95)
IFRIC 21 property tax adjustment		(7,671)		(7,360)
Adjusted EBITDA [1 2]	**$**	**36,951**	**$**	**36,123**
NOI [1 2]		41,462		40,139
General and administrative expenses [1 2]		(4,294)		(4,016)
Adjusted EBITDA [1 2]	**$**	**37,168**	**$**	**36,123**
Cash interest paid		(14,259)		(13,276)
Interest coverage ratio [1 2]		**2.61x**		**2.72x**

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

[2] Refer to "Non-IFRS Measures" section above.

(in thousands of U.S. dollars, except per unit amounts)	December 31, 2024			December 31, 2023		
	Statement of Financial Position	Joint Venture Investments	Proportionate Share (Non-IFRS)	Statement of Financial Position	Joint Venture Investments	Proportionate Share (Non-IFRS)
ASSETS						
Non-current assets						
Properties	$ 2,054,511	$ 310,400	$ 2,364,911	$ 2,062,599	$ 307,300	$ 2,369,899
Joint venture investments	112,429	(112,429)	—	107,101	(107,101)	—
Interest rate swaps	4,690	—	4,690	7,652	580	8,232
Other assets	3,624	—	3,624	718	4,268	4,986
	$ 2,175,254	**$ 197,971**	**$ 2,373,225**	**$ 2,178,070**	**$ 205,047**	**$ 2,383,117**
Current assets						
Cash	22,668	4,851	27,519	23,587	4,420	28,007
Accounts receivable	23,417	1,723	25,140	22,172	1,813	23,985
Other assets	4,327	4,629	8,956	6,985	—	6,985
Prepaids	5,050	1,025	6,075	4,984	1,049	6,033
Interest rate swaps	2,983	245	3,228	—	—	—
	$ 58,445	**$ 12,473**	**$ 70,918**	**$ 57,728**	**$ 7,282**	**$ 65,010**
Total assets	**$ 2,233,699**	**$ 210,444**	**$ 2,444,143**	**$ 2,235,798**	**$ 212,329**	**$ 2,448,127**
LIABILITIES						
Non-current liabilities						
Debt	$ 1,120,616	$ 59,914	$ 1,180,530	$ 859,637	$ 205,831	$ 1,065,468
Deferred income taxes	153,580	2	153,582	146,651	2	146,653
Other liabilities	4,378	837	5,215	4,346	482	4,828
	$ 1,278,574	**$ 60,753**	**$ 1,339,327**	**$ 1,010,634**	**$ 206,315**	**$ 1,216,949**
Current liabilities						
Debt	46,039	143,961	190,000	302,119	1,466	303,585
Accounts payable and accrued liabilities	42,071	5,730	47,801	43,217	4,548	47,765
Exchangeable units of subsidiaries	8,733	—	8,733	8,269	—	8,269
Distributions payable	4,323	—	4,323	4,323	—	4,323
	$ 101,166	**$ 149,691**	**$ 250,857**	**$ 357,928**	**$ 6,014**	**$ 363,942**
Total liabilities	**$ 1,379,740**	**$ 210,444**	**$ 1,590,184**	**$ 1,368,562**	**$ 212,329**	**$ 1,580,891**
EQUITY						
Unitholders' equity	$ 673,474	$ —	$ 673,474	$ 687,443	$ —	$ 687,443
Non-controlling interest	180,485	—	180,485	179,793	—	179,793
Total equity	**$ 853,959**	**$ —**	**$ 853,959**	**$ 867,236**	**$ —**	**$ 867,236**
Total liabilities and equity	**$ 2,233,699**	**$ 210,444**	**$ 2,444,143**	**$ 2,235,798**	**$ 212,329**	**$ 2,448,127**