Slate Grocery REIT

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2024 and 2023

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Independent Auditor's Report

To the Unitholders and the Board of Trustees of
Slate Grocery REIT

Opinion

We have audited the consolidated financial statements of Slate Grocery REIT (the "REIT"), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the REIT as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the REIT in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Valuation of Properties – refer to Notes 3 and 5 of the financial statements

Key Audit Matter Description

The REIT has elected the fair value model for all properties and, accordingly, measures all properties at fair value subsequent to initial recognition on the consolidated statement of financial position. The fair value of properties is determined primarily using the overall income capitalization method, which uses current leasing and market assumptions. The determination of the fair value of properties requires the use of assumptions such as future cash flows from assets, tenant profiles, future revenue streams and overall repair and condition of the property and capitalization rates.

While there are several assumptions used to determine the fair value of properties, the assumptions with the highest degree of subjectivity and impact on fair value are the capitalization rates. Auditing the capitalization rates required a high degree of auditor judgment as the estimations made by management contain significant measurement uncertainty. This resulted in an increased extent of audit effort, including the need to involve fair value specialists.

How the Key Audit Matter Was Addressed in the Audit

With the assistance of fair value specialists, the audit procedures related to the capitalization rates, included, amongst others, evaluating their reasonableness by considering recent market transactions and industry surveys.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the REIT's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the REIT or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the REIT's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the REIT's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the REIT's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the REIT to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the REIT as a basis for forming an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Rose Fitzsimon.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
February 11, 2025
Toronto, Ontario

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	Note	December 31, 2024	December 31, 2023
ASSETS			
Non-current assets			
Properties	5	$ 2,054,511	$ 2,062,599
Joint venture investments	6	112,429	107,101
Interest rate swaps	8	4,690	7,652
Other assets		3,624	718
		$ 2,175,254	**$ 2,178,070**
Current assets			
Cash		22,668	23,587
Accounts receivable	7	23,417	22,172
Other assets		4,327	6,985
Prepaids		5,050	4,984
Interest rate swaps	8	2,983	—
		$ 58,445	**$ 57,728**
Total assets		**$ 2,233,699**	**$ 2,235,798**
LIABILITIES			
Non-current liabilities			
Debt	9	$ 1,120,616	$ 859,637
Deferred income taxes	10	153,580	146,651
Other liabilities		4,378	4,346
		$ 1,278,574	**$ 1,010,634**
Current liabilities			
Debt	9	46,039	302,119
Accounts payable and accrued liabilities	11	42,071	43,217
Exchangeable units of subsidiaries	12	8,733	8,269
Distributions payable	13	4,323	4,323
		$ 101,166	**$ 357,928**
Total liabilities		**$ 1,379,740**	**$ 1,368,562**
EQUITY			
Unitholders' equity		$ 673,474	$ 687,443
Non-controlling interest	14	180,485	179,793
Total equity		**$ 853,959**	**$ 867,236**
Total liabilities and equity		**$ 2,233,699**	**$ 2,235,798**

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

Slate Grocery REIT

CONSOLIDATED STATEMENTS OF INCOME

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

		Year ended December 31,	
	Note	2024	2023
Rental revenue	15	$ 209,135	$ 203,281
Property operating expenses		(64,625)	(63,791)
General and administrative expenses	16	(16,176)	(15,583)
Interest and finance costs	17	(57,113)	(52,413)
Share of income in joint venture investments	6	8,735	3,708
Disposition costs	4	(388)	—
Change in fair value of financial instruments		1,325	(3,284)
Change in fair value of properties	5	(20,637)	(50,389)
Net income before income taxes and unit (expense) income		**$ 60,256**	**$ 21,529**
Deferred income tax (expense) recovery	10	(7,460)	1,332
Current income tax expense	10	(816)	(2,625)
Unit (expense) income	18	(1,386)	1,428
Net income		**$ 50,594**	**$ 21,664**
Net income attributable to			
Unitholders		$ 38,280	$ 15,024
Non-controlling interest	14	12,314	6,640

Slate Grocery REIT

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

		Year ended December 31,	
	Note	2024	2023
Net income		$ 50,594	$ 21,664
Items to be subsequently reclassified to profit or loss			
Gain on effective hedges of interest rate risk, net of tax	8	7,220	3,791
Reclassification of other comprehensive income reserve to profit or loss		(571)	(1,061)
Reclassification of effective hedges of interest rate risk to profit or loss	8	(8,190)	(8,912)
Other comprehensive loss		(1,541)	(6,182)
Comprehensive income		**$ 49,053**	**$ 15,482**
Comprehensive income attributed to			
Unitholders		$ 37,119	$ 10,368
Non-controlling interest	14	11,934	5,114

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

Slate Grocery REIT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

	Note	REIT units	Retained earnings	Accumulated comprehensive income (loss)	Capital reserve	Non-controlling interest	Total
December 31, 2023		$ 584,769	$ 96,835	$ 7,263	$ (1,424)	$ 179,793	**$ 867,236**
Net income and other comprehensive (loss) income		—	38,280	(1,161)	—	11,934	**49,053**
Distributions	13	—	(51,088)	—	—	(11,242)	**(62,330)**
December 31, 2024		**$ 584,769**	**$ 84,027**	**$ 6,102**	**$ (1,424)**	**$ 180,485**	**$ 853,959**

	Note	REIT units	Retained earnings	Accumulated comprehensive income (loss)	Capital reserve	Non-controlling interest	Total
December 31, 2022		$ 596,701	$ 133,314	$ 11,919	$ (1,424)	$ 190,592	**$ 931,102**
Net income and other comprehensive income (loss)		—	15,024	(4,656)	—	5,114	**15,482**
Distributions	13	—	(51,503)	—	—	(15,913)	**(67,416)**
Repurchases, net of costs	13	(11,932)	—	—	—	—	**(11,932)**
December 31, 2023		**$ 584,769**	**$ 96,835**	**$ 7,263**	**$ (1,424)**	**$ 179,793**	**$ 867,236**

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

Slate Grocery REIT

CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Note		Year ended December 31, 2024		2023
OPERATING ACTIVITIES					
Net income		$	50,594	$	21,664
Items not affecting cash					
Straight-line rent	5		(363)		(760)
Change in fair value of financial instruments			(1,325)		3,284
Change in fair value of properties	5		20,637		50,389
Deferred income tax expense (recovery)			7,460		(1,332)
Unit expense (income)	18		1,386		(1,428)
Share of income in joint venture investments	6		(8,735)		(3,708)
Interest and finance costs	17		57,113		52,413
Cash interest paid, net	17		(54,999)		(50,446)
Changes in working capital items			(795)		6,223
		$	**70,973**	**$**	**76,299**
INVESTING ACTIVITIES					
Acquisitions			—		(201)
Dispositions	4		12,226		—
Contributions to joint venture investments	6		(880)		—
Distributions from joint venture investments	6		4,287		6,063
Funds held in escrow			(1,121)		(1,819)
Capital expenditures	5		(3,931)		(4,521)
Leasing costs	5		(2,950)		(3,083)
Tenant improvements	5		(5,629)		(3,891)
Development and expansion capital	5		(12,433)		(13,100)
		$	**(10,431)**	**$**	**(20,552)**
FINANCING ACTIVITIES					
Revolver advances, net of financing costs	23		239,873		69,073
Term loan advances, net of financing costs	23		221,994		—
Mortgage advances, net of financing costs	23		127,737		55,071
Revolver, term loan and mortgage repayments	23		(587,951)		(96,475)
Repurchases of REIT units, net	13		—		(11,932)
REIT unit distributions	13		(51,088)		(51,592)
Exchangeable units of subsidiaries distributions	18		(784)		(784)
Distributions to non-controlling interest			(11,242)		(15,913)
		$	**(61,461)**	**$**	**(52,552)**
(Decrease) increase in cash			**(919)**		**3,195**
Cash, beginning of the period			**23,587**		**20,392**
Cash, end of the period		**$**	**22,668**	**$**	**23,587**

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

1. DESCRIPTION OF THE REIT AND OPERATIONS

Slate Grocery REIT (the "REIT") is an unincorporated, open-ended mutual fund trust under and governed by the laws of the Province of Ontario. The REIT focuses on acquiring, owning, and leasing a portfolio of grocery-anchored real estate properties (the "properties") in the United States of America (the "U.S.").

The class U units of the REIT trade on the Toronto Stock Exchange ("TSX") under the symbols SGR.U and SGR.UN. The principal, registered, and head office of the REIT is 121 King Street West, Suite 200, Toronto, Ontario, M5H 3T9.

The objectives of the REIT are to:

- provide unitholders with stable cash distributions from a portfolio of grocery-anchored real estate properties in the U.S.;
- enhance the value of the REIT's assets in order to maximize long-term unitholder value through active management; and
- expand the asset base of the REIT and increase the REIT's earnings on a per unit basis, including through accretive acquisitions.

2. BASIS OF PREPARATION

i. Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards ("IFRS Accounting Standards"), as issued by the International Accounting Standards Board ("IASB").

ii. Approval of the consolidated financial statements

The consolidated financial statements were approved by the trustees of the REIT and authorized for issuance on February 11, 2025.

iii. Basis of measurement

These consolidated financial statements have been prepared on a going concern basis and measured at historical cost, except for properties and certain financial instruments, which are measured at fair value.

The application of the going concern basis of preparation assumes that the REIT will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The REIT expects to continue as a going concern for the foreseeable future.

iv. Functional and presentation currency

These consolidated financial statements are presented in U.S. dollars, which is the REIT's functional currency and the functional currency of all its subsidiaries.

v. Comparative information

Certain comparative balances have been reclassified in the consolidated financial statements to provide consistency with the current period classification. The aforementioned changes are not material to the consolidated financial statements as a whole.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements have been prepared in accordance with the material accounting policy information described below.

i. 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. When a non-controlling interest is first created through a transaction other than a business combination, the REIT accounts for the non-controlling interest at its fair value which equals the consideration received.

ii. 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 operation 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.

iii. Properties

Properties include land and buildings held primarily to earn rental income, for capital appreciation or for both. The REIT accounts for the properties in accordance with International Accounting Standard ("IAS") 40, *Investment Property* (“IAS 40”). For acquired properties that meet the definition of a business, the acquisition is accounted for as a business combination. Acquisitions of properties that do not meet the definition of a business are initially measured at cost including directly attributable transaction costs.

Subsequent to acquisition, properties are measured at fair value, which is determined based on available market evidence at the statement of financial position date including, among other things, rental revenue from current leases and reasonable and supportable assumptions that represent what knowledgeable, willing parties would assume about rental revenue from future leases less future cash outflows in respect of capital expenditures. Changes in fair value of properties are recognized in net income in the period in which they arise.

The carrying value of properties includes the impact of straight-line rent receivable, tenant inducements, direct leasing costs and adjustments related to the impact of International Financial Reporting Interpretations Committee ("IFRIC") 21, *Levies* ("IFRIC 21").

Direct leasing costs include leasing commissions, lease incentives, and legal fees directly attributable to negotiating and arranging a lease. Lease incentives that are spent on improvements are referred to as tenant improvements and are capitalized. All other lease incentives are referred to as tenant inducements. Lease incentives that do not provide benefits beyond the initial lease term are included in the carrying amount of properties and are amortized on a straight-line basis over the term of a lease as a reduction of revenue.

When a property is disposed of, the gain or loss is determined as the difference between the sales price and the carrying amount of the property and is recognized in net income in the period of disposal as a change in the fair value of property. Sales costs are recorded as disposition costs on the consolidated statements of income.

iv. Business combinations

The REIT accounts for property acquisitions as a business combination if the particular assets and set of activities acquired can be operated and managed as a business in its current state. In particular, this assessment includes an evaluation of whether there are inputs and substantive processes, in addition to the properties, that together significantly contribute to the ability to generate outputs. The REIT has an option to apply the 'concentration test' that allows for a simplified assessment of whether an acquired set of activities and assets constitutes a business. The concentration test assesses whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the aforementioned test is met, the acquisition can be treated as an asset acquisition.

The consideration transferred for a business combination is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the REIT. The total consideration includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired as well as liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

The REIT recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognized amounts of the acquiree’s identifiable net assets.

Any contingent consideration is recognized at fair value at the acquisition date. Subsequent changes to the fair value of contingent consideration are recognized as a liability in accordance with IFRS 9, *Financial Instruments* ("IFRS 9") primarily in net income or, in certain circumstances, as a change to OCI. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the fair value of consideration transferred and the fair value of non-controlling interest over the identifiable net assets acquired. If the consideration is lower than the fair value of the net assets acquired, the difference is recognized in net income as a bargain purchase option.

v. Leases

Leases where the REIT, as the lessor, does not transfer substantially all the risks and rewards of ownership of its properties are classified as operating leases. Leases that transfer substantially all the risks and rewards of ownership of an asset are classified as finance leases. The REIT assesses the classification of leases at the inception date of the lease, being the date when the lease is signed. All of the REIT's leases are considered operating leases.

vi. Revenue recognition

Revenue from properties includes rents from tenants under lease agreements, percentage rents and property tax and operating cost recoveries. Lease components, including rents from tenants, percentage rents and property tax recoveries are accounted for pursuant to IFRS 16, *Leases* ("IFRS 16") and are therefore outside the scope of IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15") while non-lease components which includes operating cost recoveries are within the scope of IFRS 15. The REIT recognizes lease income when the tenant has a right to use the leased asset. This occurs on the lease commencement date or, where the REIT is required to make additions to the property in the form of tenant improvements that enhance the value of the property, upon substantial completion of those improvements. The total amount of contractual rent to be received from operating leases is recognized on a straight-line basis over the term of the lease. Straight-line rent receivables, which is included in the carrying amount of the property, is the difference between the cumulative lease income recorded and the contractual amounts due. Common area maintenance and other services are recognized in the period that services are performed and are chargeable to tenants.

vii. Expenses

Property operating expenses and general and administrative expenses are recognized in net income in the period in which they are incurred.

viii. Property tax and liabilities

IFRIC 21 provides guidance on when to recognize a liability for levies that are accounted for in accordance with the requirements of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* ("IAS 37"), and those where the timing and amount of the levy are certain. Levies are outflows from an entity imposed by a government in accordance with legislation. The REIT has assessed property taxes as being within the scope of IFRIC 21, given that property taxes are non-reciprocal charges imposed by a government, in accordance with legislation, and are based on the assessed value of property. IFRIC 21 confirms that an entity recognizes a liability for a levy when, and only when, the triggering event specified in the legislation occurs. The REIT has determined that the liability to pay property taxes on its properties should be recognized at a point in time, being the start of the fiscal year. This resulted in the REIT recognizing the annual property tax liability and expense on its properties annually at January 1, with a corresponding increase to the fair value of properties that is reversed as the liability is settled throughout the year.

ix. Other comprehensive income

Comprehensive income consists of net income and OCI. OCI represents items of income and expenses, including reclassification adjustments, that are not recognized in profit or loss, including the effective portion of hedging instruments.

x. Income taxes

Subsidiaries of the REIT, Slate Grocery Investment L.P. ("Investment L.P."), and GAR (1B) Limited Partnership ("GAR B"), that hold the REIT’s investments each made an election pursuant to the U.S. Internal Revenue Code, as amended, to be classified as corporations for U.S. federal income tax purposes. Consequently, Investment L.P. and GAR B are each considered a 'foreign corporation' for U.S. federal income tax purposes. Slate Grocery Investment Inc. ("Investment Inc.") is a U.S. corporation formed in the state of Delaware. It is subject to federal and state income taxation on its allocable share in Slate Grocery Investment US L.P. ("SGIUSLP"), a subsidiary of the REIT, and any subsidiaries thereof.

The REIT measures deferred tax liabilities of these subsidiaries by applying the appropriate tax rate to temporary differences between the carrying amounts of assets and liabilities and their respective tax basis. The appropriate tax rate is determined by reference to the rates that are expected to apply to the year and the jurisdiction in which the assets are expected to be realized or the liabilities settled. Deferred tax assets are recorded for all deductible temporary differences, carry forwards of unused tax credits and unused tax losses, to the extent that it is probable that deductions, tax credits and tax losses can be utilized. For the determination of deferred tax assets and liabilities where the property is measured using the fair value model, the presumption is that the carrying amount of a property is recovered through sale, as opposed to presuming that the economic benefits of the property will be substantially consumed through use over time. The REIT qualifies as a 'mutual fund trust' under the Canadian Income Tax Act and plans to distribute or designate all taxable earnings to unitholders and, under current legislation, the obligation to pay tax rests with each unitholder. Accordingly, no current or deferred tax provision is recognized on the REIT’s income at the REIT level in addition to deferred tax amounts recorded in respect of Investment L.P., GAR B, and Investment Inc. on consolidation.

xi. Slate Grocery exchangeable units and GAR B exchangeable units

Class B units of Slate Grocery One L.P. ("LP1") and Slate Grocery Two L.P. ("LP2") (collectively, "Slate Grocery exchangeable units"), which are each subsidiaries of the REIT, are redeemable by the unitholder, for cash or class U units of the REIT at the option of the REIT and therefore are classified as financial liabilities under IAS 32, *Financial Instruments: Presentation* ("IAS 32"). Exchangeable limited partnership units of GAR B ("GAR B exchangeable units") have also been issued from a subsidiary of the REIT and are redeemable for class U units at the option of the holder and therefore, are classified as financial liabilities under IAS 32. The REIT does not have the right to defer the settlement of the GAR B exchangeable units and Slate Grocery exchangeable units (collectively, the "exchangeable units of subsidiaries") and therefore, the exchangeable units of subsidiaries are classified as current liabilities in the consolidated statements of financial position.

The exchangeable units of subsidiaries are designated as fair value through profit or loss ("FVTPL") under IFRS 9. Exchangeable units of subsidiaries are re-measured based on the quoted closing price of REIT units into which they are exchangeable with changes in fair value recognized in net income as unit expense. Distributions paid on exchangeable units of subsidiaries are recorded as unit expense in the period in which they become payable.

xii. REIT units

The REIT has class A units, class I units and class U units issued and outstanding (collectively, the "REIT units"). As an open-ended investment trust, unitholders of each class of units of the REIT are able to require the REIT to redeem at any time or from time to time at the demand of the unitholder all or any part of the REIT units held by the unitholder in an amount equal to redemption price, as specified by the REIT's Declaration of Trust. This redemption is to be provided in cash, subject to certain limitations. If a redemption is not satisfied in cash, the redemption price is to be paid by notes of the REIT or property of the REIT.

xiii. Financial instruments

Financial instruments are classified as amortized cost, FVTPL, or fair value through OCI ("FVOCI"). The REIT has made the following classifications:

	Classification
Financial assets	
Cash	Amortized cost
Accounts receivable	Amortized cost
Financial assets within other assets [1]	Amortized cost
Interest rate swaps [2]	FVTPL
Financial liabilities	
Accounts payable and accrued liabilities	Amortized cost
Distributions payable	Amortized cost
Revolver, term loans and mortgages	Amortized cost
Financial liabilities within other liabilities [3]	Amortized cost
Exchangeable units of subsidiaries	FVTPL

[1] Relates primarily to restricted cash held in escrow to satisfy reserve requirements on debt obligations, as well as note receivables and deposits.
[2] Fair value movements for interest rate swaps that meet the qualification for hedge accounting are recognized in OCI as opposed to profit or loss.
[3] Relates to rental security deposits included in other liabilities.

All financial assets and liabilities are measured at fair value on initial recognition. Transaction costs, other than those related to financial instruments classified as FVTPL or FVOCI, are capitalized to the carrying amount of the instrument. These costs include amortization of discounts or premiums on borrowings, fees and commissions paid to agents, brokers and advisers, transfer taxes, and duties that are incurred in connection with the arrangement of borrowings.

Exchangeable units of subsidiaries are classified as FVTPL and are measured at fair value with gains and losses recognized in net income as unit (expense) income.

Subsequent to initial recognition, debt instruments or other financial liabilities are measured at amortized cost, using the effective interest method or at FVTPL. All recognized financial assets are measured subsequently in their entirety at either amortized cost or FVTPL, depending on the classification of the financial assets.

Fair value changes on derivatives that are designated and qualify for hedge accounting are recognized in OCI. Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognized in profit or loss.

The REIT derecognizes a financial asset or liability when its contractual rights or obligations expire, or it transfers its rights or obligations in a transaction in which substantially all the risks and rewards of ownership are transferred. Any rights and obligations created or retained by the REIT in a transfer are recognized as separate assets or liabilities.

Impairment of financial assets

The REIT uses an expected credit loss ("ECL") impairment model for financial assets measured at amortized cost or debt instruments measured at fair value through OCI. The ECL model uses an allowance for expected credit losses being recorded regardless of whether or not there has been an actual loss event. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The REIT recognizes lifetime ECL for trade receivables and 12-month ECL for TIF notes receivables. The amount of the expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. If the credit risk is determined to increase significantly over the period, then the REIT would recognize lifetime ECL for TIF notes receivables and notes receivable.

xiv. Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the REIT considers the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date, unless otherwise noted.

Except as noted, the carrying value of the REIT's financial assets and financial liabilities approximate their fair values because of the short period until receipt or payment of cash. Fair value measurements recognized in the statements of financial position are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values:

- Level 1: Quoted prices in active markets for identical assets or liabilities that the REIT can access at the measurement date.
- Level 2: Inputs other than quoted prices included in Level 1, which are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs that are not based on observable market data.

Each type of fair value is categorized based on the lowest level input that is significant to the fair value measurement in its entirety.

Exchangeable units of subsidiaries are measured at fair value based on the market trading price of REIT units consistent with Level 1. All other fair value measurements for non-derivative financial instruments are measured using Level 2 or Level 3 inputs.

The fair values of derivative instruments are calculated using quoted rates. The fair value of interest rate swaps, which is a Level 2 input, are calculated as the present value of estimated future cash flows discounted at actively quoted interest rates and an applicable yield curve for the duration of the instruments.

xv. Derivative financial instruments and hedging activities

A derivative financial instrument is initially recognized at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The REIT uses certain financial instruments to hedge its exposure to certain market risks arising from operational, financial and investing activities. At the inception of the hedge transaction, the REIT documents the following:

- the type of hedge;
- the relationship between the hedging instrument and hedged item;
- hedge effectiveness; and
- the REIT's risk management objective and strategy for undertaking various hedge transactions.

The REIT documents and assesses hedge effectiveness on an ongoing basis, whether the hedging instrument is highly effective in offsetting changes in cash flows of hedged items.

Cash flow hedge – interest rate swaps

The REIT has entered into pay-fixed, receive-float interest rate swap contracts that are cash flow hedges for interest rate risk exposure on the REIT's floating rate debt. These contracts entitle the REIT to receive interest at floating rates on a notional principal amount and obliges the REIT to pay interest at a fixed rate on the same notional principal amount. This allows the REIT to raise borrowings at floating rates and swap them into fixed rates.

The interest rate swaps are designated as cash flow hedges in OCI if the hedges are highly effective in offsetting the hedged risk. Accordingly, the changes in fair value of the swaps are recorded in the hedging reserve in OCI if the hedges are considered to be effective. If the cash flow hedge is considered to be ineffective, the changes in fair value of the swaps are recognized in net income.

As the critical terms of the interest rate swap contracts and their corresponding hedged items are the same, the REIT performs a qualitative assessment of effectiveness and it is expected that the value of the interest rate swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying interest rates. The REIT expects the interest rate swap contracts and their corresponding hedged items to operate on a one-to-one basis. The main source of hedge ineffectiveness in these hedge relationships is the effect of the counterparty and the REIT's own credit risk on the fair value of the interest rate swap contracts, which is not reflected in the fair value of the hedged item attributable to the change in interest rates. Hedge ineffectiveness may also arise subsequent to initial hedge designation upon a renegotiation of the key terms of the swap contracts.

xvi. Deferred unit incentive plan

The REIT has a deferred unit incentive plan ("DUP") whereby trustees of the REIT, who are not also members of management may elect to receive all or a portion of their Trustee fees in the form of deferred units that vest immediately upon grant. Officers of the REIT may elect to acquire deferred class U units, which represent a right to receive class U units, in lieu of equivalent amounts of asset management fees for management services rendered by Slate Asset Management (Canada) L.P. (the "Manager").

The deferred units are equivalent in value to REIT units and accumulate additional deferred units at the same rate that distributions are paid on REIT units in relation to the market value of REIT units, as defined by the DUP. Deferred units may be redeemed by a participant for a period of two years after the participant ceases to be a trustee or officer of the REIT in whole or in part for cash or REIT units. The value of deferred units when converted to cash will be equivalent to the market value of REIT units on the date of the redemption request. Deferred units have been classified as a liability recorded within accounts payable and accrued liabilities, and measured at fair value. Initial recognition of the deferred units is recorded as a general and administrative expense. Subsequent changes in the fair value of deferred units are recorded in net income as unit (expense) income.

xvii. Finance costs

Finance costs comprise interest expense on borrowings, amortization or derecognition of mark-to-market adjustments on assumption of mortgages, amortization of transaction costs and accretion expense.

xviii. Segments

The REIT has only one reportable segment. The REIT owns and operates properties in the U.S. The REIT identifies each property as an individual operating segment and has aggregated them into a reportable segment based on similarity in the nature of the tenants and operational processes.

xix. Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported in the consolidated financial statements and accompanying disclosures. Although these estimates are based on management's knowledge of current events and actions the REIT may undertake in the future, actual results may differ from these estimates.

Judgments

Information about critical judgments in applying accounting policies that have the most significant effect on amounts recognized in the consolidated financial statements is discussed below:

- Business combinations

  The REIT acquires real estate properties. At the time of acquisition, the REIT considers whether or not the acquisition represents the acquisition of a business. The REIT accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. Consideration is also made to the extent to which significant processes are acquired and the extent of ancillary services provided by the property (e.g. maintenance, cleaning, security, bookkeeping, etc.). The significance of any process is judged with reference to the guidance in IAS 40 regarding ancillary services. The REIT also applies the aforementioned concentration test in assessing whether the acquisition constitutes a business acquisition or an asset acquisition.

  When the acquisition of a property does not represent a business, it is accounted for as an acquisition of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill is recognized.

- Control assessments

  Assessing the REIT's ability to control, jointly control or influence the relevant financial and operating policies of another entity may, depending on the facts and circumstances, require significant judgment. In determining if the REIT has control over another entity, judgments are made when identifying which activities of the entity are relevant to significantly affecting returns and the REIT's ability to direct those activities. The REIT will also make judgments as to the potential voting rights, the existence of contractual terms that provide the ability to direct the relevant activities, and the extent to which decisions must be made unanimously with or independently of the other parties of the entity. The REIT considers all relevant facts and circumstances in assessing whether or not their voting rights, alongside all other powers implied or expressed in the terms of the contractual agreement into which it enters, are sufficient to infer control, joint control or significant influence. As part of this assessment, the REIT considers the contractual rights and obligations, voting rights, board representation and the legal structure of the joint arrangement along with other facts and circumstances present in the contractual agreement. This assessment of control impacts how the operations of these entities are reported in the REIT's consolidated financial statements.

- Lease contracts

  The REIT has entered into property leases on its property portfolio. The REIT makes judgments in determining whether certain leases, in particular those leases with long contractual terms, are operating or finance leases.

- Classification of REIT units and exchangeable units of subsidiaries

  In determining whether REIT units and exchangeable units of subsidiaries should be classified as liabilities or equity, management has assessed whether REIT units contain a contractual agreement to deliver cash or another financial asset to another entity, whether the units are puttable, and whether the criteria in IAS 32 that permit classification of a puttable instrument as equity have been satisfied.

Estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Estimates that have the most significant impact on the consolidated financial statements include:

- Valuation of properties

  On a quarterly basis, the fair value of properties is determined by management using current leasing and market assumptions.

  The determination of the fair value of property requires the use of estimates such as future cash flows from assets, tenant profiles, future revenue streams, the overall repair and condition of the property, and capitalization rates applicable to those assets. These estimates are based on market conditions existing at the reporting date.

  The following approaches, either individually or in combination, are used by management, in the determination of the fair value of the properties:

  a. Income approach

     This approach derives market value by estimating the future cash flows that will be generated by the property and then applying an appropriate capitalization rate to those cash flows. This approach can utilize the overall income capitalization method as described below:

     Overall income capitalization method: One year of income is stabilized and capitalized at a rate appropriate for each property. The most significant assumptions in determining fair values under the overall capitalization method include:

     i. Stabilized net operating income – based on the location, type and quality of the properties and supported by existing lease terms, or external evidence such as current market rents for similar properties, adjusted for estimated vacancy rates based on current and expected future market conditions after expiry of any current lease and expected maintenance costs.

     ii. Capitalization rate – based on location, size and quality of the properties and considering market data at the valuation date.

     The REIT uses leasing history, market reports, tenant profiles and available independent appraisals, among other things, in determining the most appropriate assumptions.

  b. Direct comparison approach

     This approach involves comparing or contrasting the recent sale, listing or optioned prices of properties comparable to the subject and adjusting for any significant differences between them.

  At December 31, 2024 and December 31, 2023, the fair value of the REIT's properties is determined primarily using the overall income capitalization method using level 3 inputs, under the fair value hierarchy. The REIT uses the sales price when a firm contract for the sale of a property exists.

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

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.

xx. Application of new and revised IFRS Accounting Standards

Amendments to IAS 1

In January 2020 and October 2022, the IASB issued amendments to IAS 1, *Classification of Liabilities as Current or Non-Current,* to specify the requirements for the classification of liabilities as either current or non-current. The amendments clarified the following:

i. Right to defer settlement – that if an entity's right to defer settlement is subject to compliance with future covenants, the entity has a right to defer settlement of the liability regardless of compliance with such covenants at the end of the reporting period.

ii. Expected deferrals – that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer the settlement of the liability for at least twelve months following the reporting period even if settlement occurs prior to the authorization of the issuance of the financial statements.

iii. Settlement by way of own instruments – that settlement by way of an entity's own equity instruments is considered settlement for classification purposes with the exception of a conversion option that itself is classified as an equity instrument.

The amendment also provided for additional disclosures surrounding non-current liabilities for which a right to defer settlement is subject to compliance with future covenants within twelve months.

The REIT adopted the amendments on a retrospective basis effective for the annual period beginning on January 1, 2024. As a result of the amendments, the REIT reclassified the following liabilities from non-current to current in the consolidated statements of financial position:

	December 31, 2023
Exchangeable units of subsidiaries	$ 8,269
Other liabilities	736
Total	**$ 9,005**

As a result of this amendment, the other liabilities transferred to current were also reclassified to the accounts payable and accrued liabilities line item in the consolidated statements of financial position. In addition, there were immaterial reclassification adjustments made in the notes to the consolidated financial statements in relation to the REIT's joint venture investments and non-controlling interests to conform with the presentation change. There were no further material changes as a result of the adoption of the amendments.

xxi. Future Accounting policies

IFRS 18, Presentation and Disclosure in Financial Statements

In April 2024, IFRS 18, Presentation and Disclosure in Financial Statements, was issued to replace IAS 1, Presentation of Financial Statements with the aim to provide users with more transparent and comparable information. It requires the usage of new categories of income and expense in the consolidated statements of income and comprehensive income including operating, investing, financing, income taxes and discontinued operations sections, as well as new subtotals aligning with these categories. The standard further requires management-defined performance measures to be disclosed in the consolidated financial statements, along with disclosures related to how such measures are calculated and reconciled to the most comparable subtotals specified by IFRS Accounting Standards.

IFRS 18 is effective for reporting periods beginning on or after January 1, 2027, with early adoption permitted, and is to be applied retrospectively. The REIT is currently in the process of assessing the impact of adopting the new standard on its consolidated financial statements.

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

4. DISPOSITIONS

The REIT disposed of one property and one property outparcel during the year ended December 31, 2024, as follows:

Property	Disposition date	Location	Anchor tenant	Sales price
Stonefield Square	June 27, 2024	Louisville, Kentucky	Crunch Fitness	$ 12,750
Salerno Village Square - Outparcel	October 11, 2024	Stuart, Florida	N/A	430
Total				**$ 13,180**

Sales price	$ 13,180
Capital adjustments	(423)
Properties	**$ 12,757**
Working capital and other adjustments	(143)
Disposition costs	(388)
Total	**$ 12,226**

The REIT did not dispose of any properties during the year ended December 31, 2023.

5. PROPERTIES

As at December 31, 2024, the REIT owned 116 properties (December 31, 2023 - 117 properties), of which 101 are in entities consolidated by the REIT. The remaining 15 properties are accounted as joint venture investments (note 6) and not included in the table below.

The change in properties is as follows:

	Note	December 31, 2024	December 31, 2023
Beginning of the period		$ 2,062,599	$ 2,087,432
Acquisitions		—	201
Capital expenditures		3,931	4,521
Leasing costs		2,950	3,083
Tenant improvements		5,629	3,891
Development and expansion capital		12,433	13,100
Straight-line rent		363	760
Dispositions	4	(12,757)	—
Change in fair value of properties		(20,637)	(50,389)
End of the period		**$ 2,054,511**	**$ 2,062,599**

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

	December 31, 2024 [1]	December 31, 2023 [1]
Capitalization rate range	5.6% – 10.2%	6.0% – 9.2%
Weighted average capitalization rate	7.2 %	7.2 %

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

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

The following table presents the estimated change to the fair value of the REIT's properties when there is an increase or decrease to the capitalization rates as at December 31, 2024:

(Decrease) Increase in capitalization rate	Change in fair value of properties [1]
(1.00%)	$ 398,988
(0.75%)	287,373
(0.50%)	184,279
(0.25%)	88,759
0.25%	(82,695)
0.50%	(159,931)
0.75%	(232,235)
1.00%	(300,067)

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

The following table presents the estimated change to the fair value of the REIT's properties when there is an increase or decrease to the REIT's stabilized net operating income as at December 31, 2024:

(Decrease) Increase in stabilized net operating income	Change in fair value of properties [1]
$(100)	$ (1,393)
$100	1,393

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

6. JOINT VENTURE INVESTMENTS

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

		December 31, 2024		December 31, 2023	
Portfolio	Anchors	Number of properties	Ownership interest	Number of properties	Ownership interest
Tom Thumb Portfolio	Tom Thumb, Walmart, and Raley's	10	90% – 95%	10	90% – 95%
Other Grocery Portfolio	Stop & Shop, Price Chopper, Acme Markets, and Strack & Van Til	4	85%	4	85%
Other	Kroger	1	50%	1	50%

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

				December 31, 2024	December 31, 2023
	Tom Thumb Portfolio	Other Grocery Portfolio	Other	Total	Total
Beginning of the period	$ 58,388	$ 45,193	$ 3,520	$ 107,101	$ 109,456
Contributions	—	—	880	880	—
Distributions	(3,285)	(1,002)	—	(4,287)	(6,063)
Share of income (loss) in joint venture investments	3,284	6,132	(681)	8,735	3,708
End of the period	**$ 58,387**	**$ 50,323**	**$ 3,719**	**$ 112,429**	**$ 107,101**

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

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

				December 31, 2024	December 31, 2023
	Tom Thumb Portfolio	Other Grocery Portfolio	Other	Total	Total
Assets					
Properties	$ 178,994	$ 156,824	$ 20,400	$ 356,218	$ 352,559
Other non-current assets	—	—	—	—	682
Current assets	7,850	4,594	2,372	14,816	13,597
Total assets	**$ 186,844**	**$ 161,418**	**$ 22,772**	**$ 371,034**	**$ 366,838**
Liabilities					
Non-current debt	$ —	$ 62,275	$ 13,957	$ 76,232	$ 237,792
Other non-current liabilities	343	594	28	965	605
Current debt	121,168	36,025	356	157,549	—
Current liabilities	2,574	3,321	993	6,888	5,528
Total liabilities	**$ 124,085**	**$ 102,215**	**$ 15,334**	**$ 241,634**	**$ 243,925**
Net assets at 100%	**$ 62,759**	**$ 59,203**	**$ 7,438**	**$ 129,400**	**$ 122,913**
At the REIT's interest	**$ 58,387**	**$ 50,323**	**$ 3,719**	**$ 112,429**	**$ 107,101**

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

				Year ended December 31,	
	Tom Thumb Portfolio	Other Grocery Portfolio	Other	2024	2023
Rental revenue	$ 17,559	$ 17,950	$ 2,386	$ 37,895	$ 37,734
Property operating expenses	(5,928)	(6,709)	(856)	(13,493)	(12,942)
General and administrative expenses	(463)	(655)	(21)	(1,139)	(954)
Interest and finance costs	(4,232)	(4,107)	(492)	(8,831)	(8,844)
Change in fair value of financial instruments	—	(394)	—	(394)	(483)
Change in fair value of properties	(3,329)	1,128	(2,378)	(4,579)	(10,222)
Net income (loss) and comprehensive income (loss) at 100%	**$ 3,607**	**$ 7,213**	**$ (1,361)**	**$ 9,459**	**$ 4,289**
At the REIT's interest	**$ 3,284**	**$ 6,132**	**$ (681)**	**$ 8,735**	**$ 3,708**

Debt refinancing

The REIT's joint venture investments did not have any debt refinancing during the year ended December 31, 2024.

On August 1, 2023, the REIT amended the interest rate benchmark from one-month London Inter-Bank Offering Rate ("LIBOR") to one-month Secured Overnight Financing Rate ("SOFR") in relation to the Other Grocery Portfolio's existing mortgage and interest rate swap, which both mature on September 1, 2025.

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

7. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	December 31, 2024	December 31, 2023
Rent receivable	$ 10,576	$ 7,501
Allowance	(2,002)	(1,171)
Accrued recovery income	8,879	8,949
Other receivables	5,964	6,893
Total	**$ 23,417**	**$ 22,172**

Rent receivable consists of base rent and operating expense recoveries billed to tenants. Accrued recovery income represents amounts that have not been billed to the tenants and are generally billed and paid subsequent to the period in which they were incurred.

The change in the allowance is as follows:

	December 31, 2024	December 31, 2023
Beginning of the period	$ (1,171)	$ (1,096)
Allowance	(1,198)	(854)
Bad debt write-off	121	415
Bad debt recovery	246	364
End of the period	**$ (2,002)**	**$ (1,171)**

The REIT measures the allowance at an amount equal to lifetime expected losses by taking into account past default experience and considering both current and potential bankruptcy, abandonment by tenants and certain tenant disputes.

The aging analysis of rent receivable balances, net of allowance, is as follows:

	December 31, 2024	December 31, 2023
Current to 30 days	$ 4,788	$ 3,332
31 to 60 days	861	446
61 to 90 days	22	125
Greater than 90 days	2,903	2,427
Total	**$ 8,574**	**$ 6,330**

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

8. INTEREST RATE SWAPS

The REIT has entered into certain pay-fixed receive-float interest rate swap contracts to hedge the cash flow risk associated with monthly SOFR based interest payments on the REIT's floating rate debt.

The terms of the interest rate swaps are as follows:

					Total/ Weighted average
Pay-fixed rate	2.822 %	2.400 %	3.615 %	3.465 %	**3.084%**
Notional amount	$ 175,000	$ 137,500	$ 137,500	$ 175,000	**$ 625,000**
Receive-floating rate	One-month SOFR	One-month SOFR	One-month SOFR	One-month SOFR	
Maturity date	August 22, 2025	July 22, 2027 [1]	July 22, 2027	August 22, 2028	
Remaining term (years)	0.6	2.6	2.6	3.6	**2.3**

[1] The $137.5 million interest rate swap, featuring a pay-fixed rate of 2.400%, includes a one-time cancellation option exercisable by the counterparty on July 24, 2025 and therefore has been classified as a current asset in the consolidated statements of financial position.

On May 18, 2023, the REIT amended the $137.5 million interest rate swap with a pay-fixed rate of 1.691% and maturity date of July 22, 2027 by adding a one-time cancellation option by the REIT's counterparty on July 24, 2024. As a result of this amendment, the cash flow hedge was deemed no longer to be an effective hedge and hedge accounting was discontinued. On the day of the amendment, $0.9 million was reclassified from the cash flow hedge reserve to profit or loss as the underlying cash flow was no longer expected to occur. The remaining $3.3 million cash flow hedge reserve is amortized on a straight-line basis over the remaining expected terms of the hedged cash flows. Subsequent to the amendment, the swap is carried at fair value through profit or loss.

On May 18, 2023, the REIT entered into a forward pay-fixed, receive-float swap contract to hedge the cash flow risk associated with monthly SOFR based interest payments, effective August 22, 2023, for $175.0 million. The swap is for a 5-year term maturing on August 22, 2028 with a pay-fixed rate of 3.465%.

On November 15, 2023, the REIT amended the $137.5 million interest rate swap with a pay-fixed rate of 3.615% and maturity date of July 22, 2027. The one-time cancellation option that was in place prior to the amendment was removed and this swap is carried at fair value through profit or loss.

A reconciliation of the change in the fair value of the interest rate swaps and related deferred tax impact is as follows:

	Note	Fair value of interest rate swaps	Deferred income tax (expense) recovery	Net impact after tax
Balance, December 31, 2023		$ 7,652	$ (1,959)	$ 5,693
Change in fair value of effective hedges of interest rate risk		9,703	(2,483)	7,220
Change in fair value of financial instrument through profit or loss		3,530	(903)	2,627
Net payments received on effective hedges of interest rate risk	17	(11,007)	2,817	(8,190)
Net payments received on financial instruments through profit or loss	17	(2,205)	564	(1,641)
Balance, December 31, 2024		**$ 7,673**	**$ (1,964)**	**$ 5,709**

	Note	Fair value of interest rate swaps	Deferred income tax (expense) recovery	Net impact after tax
Balance, December 31, 2022		$ 18,731	$ (4,793)	$ 13,938
Change in fair value of effective hedges of interest rate risk		5,095	(1,304)	3,791
Change in fair value of financial instrument through profit or loss		(1,380)	353	(1,027)
Net payments received on effective hedges of interest rate risk	17	(11,976)	3,064	(8,912)
Net payments received on financial instrument through profit or loss	17	(2,818)	721	(2,097)
Balance, December 31, 2023		**$ 7,652**	**$ (1,959)**	**$ 5,693**

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

9. DEBT

Debt held by the REIT at December 31, 2024 is as follows:

	Maturity	Interest rate	Properties provided as security	Fair value of security	Maximum available	Principal	Available to be drawn [1]
Revolver [1 2]	January 14, 2028	S+175 bps [3 4]	N/A [5]	N/A [5]	$ 275,000	$ 220,771	$ 54,229
Term loan	July 15, 2027	S+160 bps [3 4]	N/A [5]	N/A [5]	275,000	275,000	—
Term loan 2	January 14, 2028	S+165 bps [3 4]	N/A [5]	N/A [5]	225,000	225,000	—
Mortgage	July 1, 2025	4.14%	5	78,800	31,004	31,004	—
Mortgage	August 1, 2025	4.43%	1	13,333	7,700	7,700	—
Mortgage	December 1, 2029	6.40%	10	140,667	100,500	100,500	—
Mortgage	January 1, 2030	5.51%	2	57,800	33,000	33,000	—
Mortgage	March 18, 2030	3.48%	8	153,400	75,268	75,268	—
Mortgage	January 1, 2031	5.50%	1	24,000	4,686	4,686	—
Mortgage	May 1, 2031	3.75%	19	320,800	156,397	156,397	—
Mortgage	February 1, 2033	5.50%	5	102,300	55,374	55,374	—
Total					**$ 1,238,929**	**$ 1,184,700**	**$ 54,229**

[1] Debt available to be drawn is subject to certain calculations, as provided by the REIT's lending agreements.
[2] The revolver requires a stand-by fee to be paid in an amount equal to 0.25% of the unused portion of the revolver where the unused portion is greater than or equal to 50% of the maximum amount available and 0.15% of the unused portion of the revolver where the unused portion is less than 50% of the maximum amount available, calculated daily.
[3] "S" means one-month SOFR, and "bps" means basis points.
[4] The applicable spread for the revolver where the total indebtedness to gross asset value (the "consolidated leverage ratio") is: (i) less than or equal to 45% is 145 bps; (ii) greater than 45% but less than or equal to 50% is 155 bps; (iii) greater than 50% but less than or equal to 55% is 175 bps (iv) greater than 55% but less than or equal to 60% is 200 bps; and (iv) greater than 60% is 220 bps, and includes a 10 bps SOFR index adjustment. The applicable spread for the term loan where the consolidated leverage ratio is; (i) less than or equal to 45% is 135 bps; (ii) greater than 45% but less than or equal to 50% is 150 bps; (iii) greater than 50% but less than or equal to 55% is 160 bps (iv) greater than 55% but less than or equal to 60% is 185 bps; and (iv) greater than 60% is 205 bps, and includes a 10 bps SOFR index adjustment. The applicable spread for the term loan 2 where the consolidated leverage ratio is; (i) less than or equal to 45% is 135 bps; (ii) greater than 45% but less than or equal to 50% is 150 bps; (iii) greater than 50% but less than or equal to 55% is 165 bps (iv) greater than 55% but less than or equal to 60% is 190 bps; and (iv) greater than 60% is 210 bps, and includes a 10 bps SOFR index adjustment.
[5] Debt is secured by a general pledge of equity of certain subsidiaries of the REIT. Collectively, those subsidiaries hold an interest in 50 of the REIT's properties at December 31, 2024.

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

Debt held by the REIT at December 31, 2023 is as follows:

	Maturity	Interest rate	Properties provided as security	Fair value of security	Maximum available	Principal	Available to be drawn [1]
Revolver [1 2 6]	March 21, 2024	S+170 bps [3 4]	N/A [5]	N/A [5]	$ 300,000	$ 188,360	$ 111,640
Term loan 2	March 21, 2025	S+160 bps [3 4]	N/A [5]	N/A [5]	225,000	225,000	—
Term loan	July 15, 2027	S+160 bps [3 4]	N/A [5]	N/A [5]	275,000	275,000	—
Mortgage	December 6, 2024	4.03%	11	156,333	103,950	103,950	—
Mortgage	January 1, 2025	3.80%	3	92,000	38,927	38,927	—
Mortgage	July 1, 2025	4.14%	5	80,500	33,139	33,139	—
Mortgage	August 1, 2025	4.43%	1	13,667	7,700	7,700	—
Mortgage	March 18, 2030	3.48%	8	154,000	77,089	77,089	—
Mortgage	January 1, 2031	5.50%	1	23,400	5,317	5,317	—
Mortgage	May 1, 2031	3.75%	19	314,200	159,852	159,852	—
Mortgage	February 1, 2033	5.50%	5	100,900	56,000	56,000	—
Total					**$ 1,281,974**	**$ 1,170,334**	**$ 111,640**

[1] Debt available to be drawn is subject to certain calculations, as provided by the REIT's lending agreements.
[2] The revolver requires a stand-by fee to be paid in an amount equal to 0.25% of the unused portion of the revolver where the unused portion is greater than or equal to 50% of the maximum amount available and 0.15% of the unused portion of the revolver where the unused portion is less than 50% of the maximum amount available, calculated daily.
[3] "S" means one-month SOFR, and "bps" means basis points.
[4] The applicable spread for the revolver where the consolidated leverage ratio is: (i) less than or equal to 45% is 145 bps; (ii) greater than 45% but less than or equal to 50% is 155 bps; (iii) greater than 50% but less than or equal to 55% is 170 bps (iv) greater than 55% but less than or equal to 60% is 195 bps; and (iv) greater than 60% is 215 bps, and includes a 10 bps SOFR index adjustment. 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 135 bps; (ii) greater than 45% but less than or equal to 50% is 150 bps; (iii) greater than 50% but less than or equal to 55% is 160 bps (iv) greater than 55% but less than or equal to 60% is 185 bps; and (iv) greater than 60% is 205 bps, and includes a 10 bps SOFR index adjustment.
[5] Debt is secured by a general pledge of equity of certain subsidiaries of the REIT. Collectively, those subsidiaries hold an interest in 50 of the REIT's properties at December 31, 2023.
[6] As at December 31, 2023, the REIT had two six-month extension options remaining on the Revolver.

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

The carrying value of debt held by the REIT at December 31, 2024 is as follows:

	Interest rate[1]	Principal	Deferred financing costs and mark-to-market ("MTM") adjustments	Accumulated amortization of MTM adjustments and costs	Carrying amount	Current	Non-current
Revolver	6.08%	$ 220,771	$ (3,718)	$ 279	$ 217,332	$ —	$ 217,332
Term loan	5.93%	275,000	(5,381)	2,539	272,158	—	272,158
Term loan 2	5.98%	225,000	(3,006)	225	222,219	—	222,219
Mortgage	4.14%	31,004	(1,079)	1,030	30,955	30,955	—
Mortgage	4.43%	7,700	78	(66)	7,712	7,712	—
Mortgage	6.40%	100,500	(5,175)	172	95,497	—	95,497
Mortgage	5.51%	33,000	(588)	10	32,422	444	31,978
Mortgage	3.48%	75,268	(1,562)	732	74,438	1,885	72,553
Mortgage	5.50%	4,686	127	(47)	4,766	667	4,099
Mortgage	3.75%	156,397	(3,133)	1,266	154,530	3,586	150,944
Mortgage	5.50%	55,374	(929)	181	54,626	790	53,836
Total		**$ 1,184,700**	**$ (24,366)**	**$ 6,321**	**$ 1,166,655**	**$ 46,039**	**$ 1,120,616**

[1] The revolver, term loan and term loan 2 interest rates are based on the applicable one-month SOFR rate under borrowings as at December 31, 2024.

The carrying value of debt held by the REIT at December 31, 2023 is as follows:

	Interest rate[1]	Principal	Deferred financing costs and mark-to-market ("MTM") adjustments	Accumulated amortization of MTM adjustments and costs[2]	Carrying amount	Current	Non-current
Revolver	7.04%	$ 188,360	$ (2,072)	$ 1,820	$ 188,108	$ 188,108	$ —
Term loan 2	6.94%	225,000	(1,377)	1,024	224,647	—	224,647
Term loan	6.94%	275,000	(5,381)	1,446	271,065	—	271,065
Mortgage	4.03%	103,950	570	(405)	104,115	104,115	—
Mortgage	3.80%	38,927	(1,549)	1,382	38,760	1,228	37,532
Mortgage	4.14%	33,139	(1,079)	953	33,013	2,135	30,878
Mortgage	4.43%	7,700	78	(44)	7,734	—	7,734
Mortgage	3.48%	77,089	(1,562)	564	76,091	1,821	74,270
Mortgage	5.50%	5,317	127	(36)	5,408	631	4,777
Mortgage	3.75%	159,852	(3,133)	943	157,662	3,455	154,207
Mortgage	5.50%	56,000	(929)	82	55,153	626	54,527
Total		**$ 1,170,334**	**$ (16,307)**	**$ 7,729**	**$ 1,161,756**	**$ 302,119**	**$ 859,637**

[1] The revolver, term loan and term loan 2 interest rates are based on the applicable one-month SOFR rate under borrowings as at December 31, 2023.
[2] Excludes the impact of any available extension options not yet exercised.

On December 13, 2024, the REIT entered into a $33.0 million mortgage, which is secured by two properties, bearing interest at 5.51% and maturing on January 1, 2030. The proceeds of the mortgage were used to repay a portion of the existing mortgage on the portfolio. In connection with the repayment, the REIT transferred one property in the existing portfolio to the Revolver and term loans pool.

On November 20, 2024, the REIT entered into a $100.5 million mortgage, secured by a portfolio of ten properties, bearing interest at 6.40% and maturing on December 1, 2029. The proceeds of the mortgage were used to repay a portion of the existing mortgage on the portfolio. In connection with the repayment, the REIT removed one property from the existing portfolio.

On October 21, 2024, the REIT refinanced its Revolver and Term loan 2 (collectively, the "Facility") for an aggregate principal amount of $275.0 million and $225.0 million, respectively. The Facility has a maturity date of January 14, 2028, and pays an interest rate of one-month SOFR plus an applicable spread based on a consolidated leverage ratio. The applicable spreads for the Revolver and Term loan 2 are 175 bps and 165 bps, respectively.

On February 1, 2023, the REIT entered into a $56.0 million mortgage, with a 10-year term bearing interest at 5.50%. The net proceeds from the mortgage were used to paydown the REIT's term loan 3.

10. INCOME TAXES

Subsidiaries of the REIT, Investment L.P., and GAR B made an election to be classified as corporations for U.S. federal tax purposes. Investment L.P. and GAR B are subject to U.S. federal and state income taxation on their allocable shares in LP1, a subsidiary of the REIT, and any subsidiary limited partnership thereof.

Investment Inc. is a U.S. corporation formed in the state of Delaware. It is subject to federal and state income taxation on its allocable share in SGIUSLP, a subsidiary of the REIT, and any subsidiaries thereof.

The REIT is therefore subject to U.S. federal income taxation on its allocable share of rental income derived directly or indirectly through such subsidiary limited partnerships and corporations, on a net basis taking into account allowable deductions. Investment L.P. and GAR B are each subject to a combined federal and state income tax rate of 25.59% (December 31, 2023 – 25.59%). Investment Inc. is subject to a combined federal and state income tax rate of 25.12% (December 31, 2023 – 25.12%). To the extent U.S. taxes are paid by Investment L.P., GAR B and Investments Inc. such amounts will be creditable against an investor’s Canadian federal income tax liability to the extent permitted by Canadian tax law.

Total taxes paid for the year ended December 31, 2024 was $2.7 million (year ended December 31, 2023 – $1.4 million). Branch profit tax is tax imposed on U.S. earned income that is repatriated to Canada.

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

The loss carry-forwards and the tax effects of temporary differences that give rise to the recognition of deferred tax assets and liabilities is as follows:

	December 31, 2024	December 31, 2023
Deferred tax assets		
Deferred financing costs	$ 115	$ 14
Loss carry-forwards	3,566	5,896
	$ 3,681	**$ 5,910**
Deferred tax liabilities		
Financial instruments	$ 3,243	$ 2,727
Properties	135,811	133,030
Joint venture investments	18,207	16,804
	$ 157,261	**$ 152,561**
Deferred tax liabilities, net	**$ 153,580**	**$ 146,651**

The following is a reconciliation of deferred tax liabilities during the period:

	December 31, 2024	December 31, 2023
Beginning of the period	$ 146,651	$ 150,108
Deferred tax recovery recorded in accumulated other comprehensive income	(531)	(2,125)
Deferred tax expense (recovery)	7,460	(1,332)
End of the period	**$ 153,580**	**$ 146,651**

A reconciliation between the expected income taxes based upon the statutory rates and the income tax expense recognized during the period is as follows:

	Year ended December 31,	
	2024	2023
Net income before income taxes and unit (expense) income	$ 60,256	$ 21,529
Expected income tax expense at Canadian statutory tax rates of 26.5%	$ 15,968	$ 5,705
Income not subject to tax	(7,989)	(5,385)
Branch profit tax	2,275	2,146
Net effect of change in tax rates and differentials	(537)	(209)
Other items	(1,441)	(964)
Current and deferred income tax expense	**$ 8,276**	**$ 1,293**

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consists of the following:

	December 31, 2024	December 31, 2023
Accounts payable and accrued liabilities	$ 17,732	$ 16,714
Prepaid rent	8,468	7,019
Tenant improvements payable	6,582	7,793
Other payables	9,289	11,691
Total	**$ 42,071**	**$ 43,217**

Included in accounts payable and accrued liabilities are operating expenses, property taxes, and capital and leasing expenses. Other payables include security deposits, trustee fees, accrued interest payable, branch profit tax payable and other non-operating items.

12. EXCHANGEABLE UNITS OF SUBSIDIARIES

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

		Year ended December 31,					
		2024			2023		
	Note	Exchangeable Units		Value	Exchangeable Units		Value
Beginning of the period		907	$	8,269	907	$	10,082
Change in fair value	18	—		464	—		(1,813)
End of the period		**907**	**$**	**8,733**	**907**	**$**	**8,269**

13. REIT UNITS

As at December 31, 2024, the REIT has the following REIT units issued and outstanding, in thousands of units:

	Class A	Class I	Class U
Authorized for issue	Unlimited	Unlimited	Unlimited
Issued and outstanding	111	10	59,009

Each REIT unit confers the right to one vote at any meetings of REIT unitholders. The REIT is also authorized to issue an unlimited number of special voting units. Special voting units are only issued in tandem with the issuance of securities redeemable for or exchangeable into REIT units. The special voting units do not have any economic entitlement in the REIT with respect to distributions but provide the holder with the same voting rights in the REIT as a holder of REIT units. GAR B exchangeable units are accompanied by an equivalent number of special voting units.

Each REIT unit entitles the holder to the same rights and obligations as any other REIT unitholder and no REIT unitholder is entitled to any privilege, priority or preference in relation to any other holder of REIT units of class A units, class I units and class U units of the REIT to participate in distributions made by the REIT including distributions of net income, net realized capital gains or other amounts and, in the event of termination or winding-up of the REIT, in the net assets of the REIT remaining after satisfaction of all liabilities. REIT units will be fully paid and non-assessable when issued and are transferable.

The REIT's Declaration of Trust grants holders of class A units and class I units of the REIT the right to convert all or any portion of their class A units and class I units of the REIT, at any time (the “conversion date”), into class U units by giving written notice to the REIT. On the applicable conversion date, the REIT will deliver to the class A unitholder or class I unitholder the applicable number of class U units for each class A unit or class I unit converted by such unitholder.

With certain restrictions, the unitholders have the right to require the REIT to redeem their units on demand. Upon receipt of the redemption notice by the REIT, all rights to and under the units tendered for redemption shall be surrendered and the holder thereof shall be entitled to receive a price per unit as determined by a market formula and shall be paid in accordance with the conditions provided for in the Declaration of Trust.

At the Market Program

On March 30, 2022, the REIT established an at the market equity program ("ATM program") that allows the REIT to issue, at its discretion, up to $150.0 million of class U units of the REIT to the public from time to time through an agent. Distributions pursuant to the ATM program will be made in accordance with the terms of an equity distribution agreement dated March 30, 2022 entered into among the REIT and the agent. The ATM program was effective until April 28, 2024 and was not renewed thereafter. For the year ended December 31, 2024, no units were issued under the ATM program (year ended December 31, 2023 – nil).

Normal course issuer bid

On February 1, 2024, the REIT renewed its normal course issuer bid ("NCIB"), which was effective until January 31, 2025. For the year ended December 31, 2024, no class U units have been purchased and subsequently canceled under the NCIB (year ended December 31, 2023 - 1.2 million class U units were purchased and subsequently canceled for a total cost, including transaction costs, of $11.9 million).

Total REIT units outstanding during the period and their respective class U equivalent amounts if converted is as follows, in thousands of units:

	December 31, 2024			December 31, 2023		
	REIT units		Value	REIT units		Value
Beginning of the period	59,130	$	584,769	60,370	$	596,701
Repurchased	—		—	(1,240)		(11,932)
End of the period	**59,130**	**$**	**584,769**	**59,130**	**$**	**584,769**

Weighted average class U units outstanding

The following is the weighted average number of class U units outstanding on a fully diluted basis, in thousands of units:

	Year ended December 31,	
	2024	2023
Class U units	59,003	59,496
Class A units	115	131
Class I units	12	18
Exchangeable units of subsidiaries	907	907
Deferred units	300	223
Total	**60,337**	**60,775**

Class U units outstanding

The following is the total number of class U units outstanding, if all other units of the REIT, its subsidiaries, and its deferred unit plans ("DUP"), were converted or exchanged, as applicable, for class U units of the REIT, in thousands of units:

	December 31, 2024	December 31, 2023
Class U units	59,009	58,986
Class A units	111	126
Class I units	10	18
Exchangeable units of subsidiaries	907	907
Deferred units	341	264
Total	**60,378**	**60,301**

Unit distributions

Pursuant to the Declaration of Trust, the income of the REIT is distributed on dates and in amounts as determined by the board of trustees.

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

	Year ended December 31,			
		2024		2023
Declared				
REIT unit distributions	$	51,088	$	51,503
Exchangeable units of subsidiaries distributions		784		784
	$	**51,872**	**$**	**52,287**
Add: Distributions payable, beginning of period		4,323		4,412
Less: Distributions payable, end of period		(4,323)		(4,323)
Distributions paid	**$**	**51,872**	**$**	**52,376**

Deferred unit plans

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

	Year ended December 31, 2024	Year ended December 31, 2023
Beginning of the period	264	196
Reinvested distributions	29	22
Issued	48	46
End of the period	**341**	**264**
Fair value of units	**$ 3,280**	**$ 2,405**

14. NON-CONTROLLING INTEREST

The REIT has an established partnership with the North America Essential Fund ("NA Essential Fund"), a vehicle with management services provided by the Manager. The NA Essential Fund made an initial cash investment of $180.0 million indirectly into the REIT's assets through the purchase of an 18.37% partnership interest in two of the REIT's subsidiaries, LP1 and SGIUSLP. The non-controlling interest in SGIUSLP includes the proportionate interest in the Tops Portfolio, a grocery anchored portfolio comprising 11 properties and 1.4 million square feet in major metro markets in New York, Ohio, and Georgia.

Primary Investment	Number of properties	December 31, 2024	December 31, 2023
LP1, SGIUSLP	116	18.4 %	18.4 %
Tops Portfolio	11	10.0 %	10.0 %

The REIT measures non-controlling interests in its subsidiaries at cost. The net assets attributable to the non-controlling interest and the REIT are as follows:

	December 31, 2024	December 31, 2023
Assets		
Property	$ 2,053,687	$ 2,061,791
Other non-current assets	120,737	115,443
Current assets	52,285	52,981
Total assets	**$ 2,226,709**	**$ 2,230,215**
Liabilities		
Non-current debt	$ 1,120,616	$ 859,637
Other non-current liabilities	20,093	20,061
Current debt	46,039	302,119
Current liabilities	31,872	37,740
Total liabilities	**$ 1,218,620**	**$ 1,219,557**
Net assets	**$ 1,008,089**	**$ 1,010,658**
Net assets attributable to		
Unitholders of the REIT	$ 827,604	$ 830,865
Non-controlling interest	$ 180,485	$ 179,793

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

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

	Year ended December 31, 2024	Year ended December 31, 2023
Rental revenue	$ 209,135	$ 203,281
Property operating expenses	(64,625)	(63,791)
General and administrative expenses	(12,310)	(11,780)
Interest and finance costs	(57,128)	(52,439)
Disposition costs	(388)	—
Change in fair value of properties	(20,637)	(50,392)
Share of income in joint venture investments	8,735	3,706
Change in fair value of financial instruments	1,325	(3,284)
Current income tax expense	—	(82)
Net income	**$ 64,107**	**$ 25,219**
Items to be subsequently reclassified to profit or loss		
Gain on effective hedges of interest rate risk	9,703	5,095
Reclassification of other comprehensive income reserve to profit or loss	(768)	(1,426)
Reclassification of effective hedges of interest rate risk to profit or loss	(11,006)	(11,976)
Other comprehensive loss	(2,071)	(8,307)
Comprehensive income	**$ 62,036**	**$ 16,912**
Comprehensive income attributable to		
Unitholders of the REIT	$ 50,102	$ 11,798
Non-controlling interest	$ 11,934	$ 5,114

15. REVENUE

Revenue consists of the following:

	Year ended December 31, 2024	Year ended December 31, 2023
Rental revenue	$ 153,313	$ 149,365
Common area maintenance recoveries	20,980	19,926
Property tax and insurance recoveries	28,676	28,257
Percentage rent	886	866
Other revenue[1]	5,280	4,867
Total	**$ 209,135**	**$ 203,281**

[1] Other revenue includes straight-line rent, ground rent, termination fees, storage rent, and other non-rental income.

The REIT enters into long-term lease contracts with tenants for space in the REIT's properties. Leases generally provide for the tenant to pay base rent, with provisions for contractual increases in base rent over the term of the lease, plus operating costs and property tax recoveries. Certain leases have limitations or escalation restrictions on the amount of recoveries or cost reimbursements, which the tenant is obligated to pay regardless of the actual costs incurred by the REIT to operate and maintain the properties.

The REIT's existing leases have a weighted average outstanding term of 4.7 years (December 31, 2023 – 4.7 years) in which certain include clauses to enable periodic increases in rental rates.

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

The future minimum lease payments from the REIT's non-cancellable operating leases as a lessor are as follows:

	December 31, 2024	December 31, 2023
In one year or less	$ 171,154	$ 162,806
In more than one year but not more than five years	446,387	426,916
In more than five years	182,639	188,842
Total [1]	**$ 800,180**	**$ 778,564**

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

16. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses consists of the following:

		Year ended December 31,	
	Note	2024	2023
Asset management fees	22	$ 9,113	$ 9,022
Professional fees and other		5,362	5,057
Bad debt expense		1,313	968
Franchise and business taxes		388	536
Total		**$ 16,176**	**$ 15,583**

17. INTEREST AND FINANCE COSTS

Interest and finance costs consists of the following:

		Year ended December 31,	
	Note	2024	2023
Interest on debt and finance charges		$ 68,211	$ 65,240
Interest rate swaps, net settlement	8	(13,212)	(14,794)
Interest income		(276)	(34)
Amortization of finance charges and MTM premium	23	3,246	2,600
Amortization of gain on financial instrument	8	(768)	(512)
Amortization of deferred gain on TIF notes		(88)	(87)
Total		**$ 57,113**	**$ 52,413**

18. UNIT (EXPENSE) INCOME

Unit (expense) income consists of the following:

		Year ended December 31,	
	Note	2024	2023
Exchangeable units of subsidiaries distributions	12, 13	$ (784)	$ (784)
Change in fair value of DUP		(138)	399
Change in fair value of exchangeable units of subsidiaries	12	(464)	1,813
Total		**$ (1,386)**	**$ 1,428**

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

19. FAIR VALUES

Except as noted, the carrying value of financial assets and financial liabilities including cash, accounts receivable, funds held in escrow, accounts payable and accrued liabilities, distributions payable, and rental security deposits recorded within other liabilities, approximate their fair values because of the short period until receipt or payment of cash.

The carrying amounts and fair value hierarchy of the REIT's financial instruments are as follows:

		Fair Value			
December 31, 2024	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets					
Interest rate swaps	$ 7,673	$ —	$ 7,673	$ —	$ 7,673
TIF notes receivable	677	—	—	810	810
Total financial assets	**$ 8,350**	**$ —**	**$ 7,673**	**$ 810**	**$ 8,483**
Financial liabilities					
Revolver	$ 217,332	$ —	$ 220,771	$ —	$ 220,771
Term loan	272,158	—	275,000	—	275,000
Term loan 2	222,219	—	225,000	—	225,000
Mortgages	454,946	—	427,258	—	427,258
Exchangeable units of subsidiaries	8,733	8,733	—	—	8,733
Total financial liabilities	**$ 1,175,388**	**$ 8,733**	**$ 1,148,029**	**$ —**	**$ 1,156,762**

		Fair Value			
December 31, 2023	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets					
Interest rate swaps	$ 7,652	$ —	$ 7,652	$ —	$ 7,652
TIF notes receivable	999	—	—	1,115	1,115
Total financial assets	**$ 8,651**	**$ —**	**$ 7,652**	**$ 1,115**	**$ 8,767**
Financial liabilities					
Revolver	$ 188,108	$ —	$ 188,360	$ —	$ 188,360
Term loan	271,065	—	275,000	—	275,000
Term loan 2	224,647	—	225,000	—	225,000
Mortgages	477,936	—	449,284	—	449,284
Exchangeable units of subsidiaries	8,269	8,269	—	—	8,269
Total financial liabilities	**$ 1,170,025**	**$ 8,269**	**$ 1,137,644**	**$ —**	**$ 1,145,913**

20. CAPITAL MANAGEMENT

The REIT's capital management objectives are to:

i. ensure compliance with the REIT's Declaration of Trust;

ii. ensure compliance with restrictions in debt agreements; and

iii. provide sufficient liquidity to operate the REIT's properties, fund obligations as they become due and build unitholder value.

Procedures to monitor compliance with the Declaration of Trust and debt agreements are performed as a part of the overall management of operations and periodically by review of the REIT's board of trustees and reporting to the REIT's lender. In order to maintain or adjust the capital structure, the REIT may issue trust units, debentures, or mortgage debt, adjust the amount of distributions paid to unitholders, return capital to unitholders, or reduce or increase debt.

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

The REIT considers its debt and equity instruments to be its capital as follows:

	Note	December 31, 2024	December 31, 2023
Debt	9	$ 1,166,655	$ 1,161,756
Exchangeable units of subsidiaries	12	8,733	8,269
Equity		853,959	867,236
Total		**$ 2,029,347**	**$ 2,037,261**

The Declaration of Trust provides that the REIT is not permitted to exceed financial leverage in excess of 60% of gross book value, as defined by the Declaration of Trust, and is calculated as follows:

	Note	December 31, 2024	December 31, 2023
Gross book value		$ 2,233,699	$ 2,235,798
Debt	9	1,166,655	1,161,756
Leverage ratio		**52.2 %**	**52.0%**

Additional investment and operating guidelines are provided for by the Declaration of Trust. The REIT is in compliance with these guidelines.

The REIT's revolver and term loans are subject to financial and other covenants. The following are the primary financial covenants, with all terms defined by the respective lending agreement:

	Threshold	December 31, 2024	December 31, 2023
Maximum leverage ratio: consolidated total indebtedness shall not exceed 60% of gross asset value	< 60%	53.4%	54.4%
Minimum fixed charge coverage ratio: adjusted EBITDA to consolidated fixed charges shall not be less than 1.50x [1]	> 1.50x	2.01x	2.22x

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

As at December 31, 2024 and 2023, the REIT is in compliance with all of its applicable financial covenants.

21. RISK MANAGEMENT

The REIT's risk management policies are established to identify, analyze, and manage the risks faced by the REIT and to implement appropriate procedures to monitor risks and adherence to established controls. Risk management policies and systems are reviewed periodically in response to the REIT's activities and to ensure applicability.

In the normal course of business, the main risks arising from the REIT's use of financial instruments include credit risk, liquidity risk and market risk. These risks, and the actions taken to manage them, include:

i. Credit risk

Credit risk is the risk of financial loss to the REIT associated with the failure of a tenant or other party to meet its contractual obligations related to lease agreements, including future lease payments, loan arrangements and TIF notes receivables. This risk is mitigated by diversifying the REIT's tenant base through the limitation of concentration in individual tenants and geographical areas. In addition, the risk is mitigated by carrying out appropriate credit checks and related due diligence on any significant tenants.

As of December 31, 2024, one individual tenant accounted for 5.8% (December 31, 2023 – 6.4%) of the REIT's base rent.

ii. Liquidity risk

Liquidity risk is the risk that the REIT will not be able to meet its financial obligations as they fall due. The REIT's approach to managing liquidity is to ensure sufficient financial resources are available to meet its liabilities as they become due. This includes monitoring of cash, current receivables, current payables, and non-current liabilities as they become current.

Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to the demand for and the perceived desirability of such investments. Such illiquidity can limit the REIT's ability to vary its portfolio promptly in response to changing economic or investment conditions. If the REIT were required to liquidate a real property investment promptly, the proceeds to the REIT might be significantly less than the aggregate carrying value of such property.

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

The REIT's contractual commitments as at December 31, 2024 are as follows:

	Total contractual cash flow	2025	2026-2027	2028-2029	Thereafter
Accounts payable and accrued liabilities	$ 42,071	$ 42,071	$ —	$ —	$ —
Distributions payable	4,323	4,323	—	—	—
Revolver [1 2]	220,771	—	—	220,771	—
Revolver interest payable [1 2 3]	39,122	13,093	25,544	485	—
Term loan [2 4]	275,000	—	275,000	—	—
Term loan interest payable [2 4]	39,477	15,796	23,681	—	—
Term loan 2 [1 2]	225,000	—	—	225,000	—
Term loan 2 interest payable [1 2]	38,940	13,037	25,418	485	—
Mortgages	463,929	46,076	15,690	148,061	254,102
Mortgage interest payable	113,623	20,953	39,033	37,142	16,495
Exchangeable units of subsidiaries	8,733	8,733	—	—	—
Total	**$ 1,470,989**	**$ 164,082**	**$ 404,366**	**$ 631,944**	**$ 270,597**

[1] Revolver and term loan 2 interest payable is calculated on its balance outstanding using an estimated "all-in" interest rate of 5.89% and 5.79%, respectively, under the "2025" column. The revolver and term loan 2 long-term average interest rate is based on the one-month SOFR forward curve plus the specified margin for the SOFR rate option resulting in "all-in" interest rate of 5.75% and 5.65%, respectively. The total revolver and term loan 2 interest payable is calculated until maturity of the initial term.
[2] Excludes the impact of the REIT's $625.0 million pay-fixed, receive-float interest rate swaps that hedge a portion of the cash flow risk associated with one-month SOFR based interest payments.
[3] Includes stand-by fee on the revolver to be paid in an amount equal to 0.25% of the unused portion of the revolver where the unused portion is greater than or equal to 50% of the maximum amount available and 0.15% of the unused portion of the revolver where the unused portion is less than 50% of the maximum amount available, calculated daily.
[4] Term loan interest payable is calculated on its balance outstanding at period end, using an estimated "all-in" interest rate of 5.74%, under the "2025" column. The long-term average interest rate is based on the one-month SOFR curve plus the specified margin for the SOFR rate option under the term loan resulting in an "all-in" interest rate to 5.60%. The total term loan interest payable is calculated until maturity.

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

The REIT's contractual commitments as at December 31, 2023 are as follows:

	Total contractual cash flow	2024	2025-2026	2027-2028	Thereafter
Accounts payable and accrued liabilities	$ 43,217	$ 43,217	$ —	$ —	$ —
Distributions payable	4,323	4,323	—	—	—
Revolver [1 2]	188,360	188,360	—	—	—
Revolver interest payable [1 2 3]	3,033	3,033	—	—	—
Term loan [2 4]	275,000	—	—	275,000	—
Term loan interest payable [2 4]	51,057	17,354	26,763	6,940	—
Term loan 2 [1 2]	225,000	—	225,000	—	—
Term loan 2 interest payable [1 2]	17,463	14,199	3,264	—	—
Mortgages	481,974	113,846	90,546	15,335	262,247
Mortgage interest payable	92,230	19,328	24,120	21,842	26,940
Interest rate swap, net of cash outflows	1,622	—	355	1,267	—
Exchangeable units of subsidiaries	8,269	8,269	—	—	—
Total	**$ 1,391,548**	**$ 411,929**	**$ 370,048**	**$ 320,384**	**$ 289,187**

[1] Revolver and term loan 2 interest payable is calculated on its balance outstanding using an estimated "all in" interest rate of 7.01% and 6.29%, respectively, under the "2024" column. The term loan 2 long-term average interest rate is based on the one-month SOFR forward curve plus the specified margin for the SOFR rate option under the term loan 2 resulting in "all-in" interest rate of 6.70%, respectively. The total revolver and term loan 2 interest payable is calculated until maturity of the initial term.
[2] Excludes the impact of the REIT's $625.0 million pay-fixed, receive-float interest rate swaps that hedge a portion of the cash flow risk associated with one-month SOFR based interest payments.
[3] Includes stand-by fee on the revolver to be paid in an amount equal to 0.25% of the unused portion of the revolver where the unused portion is greater than or equal to 50% of the maximum amount available and 0.15% of the unused portion of the revolver where the unused portion is less than 50% of the maximum amount available, calculated daily.
[4] Term loan interest payable is calculated on its balance outstanding at period end, using an estimated "all in" interest rate of 6.29%, under the "2024" column. The long-term average interest rate is based on the one-month SOFR curve plus the specified margin for the SOFR rate option under the term loan resulting in an anticipated increase to the "all-in" interest rate to 4.84%. The total term loan interest payable is calculated until maturity.

The REIT maintains $8.0 million in cash and cash equivalents to satisfy a mortgage covenant that is recorded in the cash balance on the consolidated statements of financial position.

iii. Interest rate risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will vary as a result of changes in market interest rates. The REIT manages its financial instruments with the objective of mitigating any potential interest rate risks. For the revolver, term loan, and term loan 2, interest rate on the loans will vary depending on changes in base rate and/or SOFR rate. The REIT is subject to interest rate risks mainly from non-current debt that has variable interest rate. The REIT manages these cash flow interest rate risks using pay-fixed received-float interest rate swap contracts to swap the floating-rate payments on the credit facility for fixed rate payments.

Cash flow sensitivity analysis

The interest rate profile of variable rate interest bearing debt and associated interest rate sensitivity to changes in interest rates is as follows:

	December 31, 2024	December 31, 2023
Variable-rate instruments		
Revolver	$ 220,771	$ 188,360
Term loan	275,000	275,000
Term loan 2	225,000	225,000
Effect of interest rate swaps	(625,000)	(625,000)
Total effective variable-rate debt	**$ 95,771**	**$ 63,360**
Effective fixed rate debt as a total of all debt	**91.9%**	**94.6%**
Annual impact of a 25 bps change on interest rates	**$ 239**	**$ 158**

iv. Unit price risk

The REIT is exposed to unit price risk in net income as a result of its exchangeable units of subsidiaries. Exchangeable units of subsidiaries have been classified as liabilities and measured at fair value based on market trading prices. Exchangeable units of subsidiaries negatively impact net income when the unit price rises and positively impact net income when unit prices decline. An increase of $1.00 in the underlying price of exchangeable units of subsidiaries results in an increase to liabilities and a decrease in net income of $0.9 million.

v. Currency risk

Currency risk is associated with a fluctuation in the value of the U.S. dollar relative to other foreign currencies. Although not material, the REIT is exposed to currency risk as certain of the REIT's expenses are denominated in Canadian dollars.

22. RELATED PARTIES

Pursuant to the terms of a management agreement, as amended on October 1, 2021, the Manager provides all management services to the REIT. The Manager agreed to provide certain services in connection with the business of the REIT, including: the structuring of the REIT; liaising with legal and tax counsel; identifying properties for acquisition; maintaining ongoing relationships with the lenders in respect of the mortgage loans for the properties; conducting continuous analysis of market conditions; and advising with respect to the disposition of the properties. In return for its service, the Manager receives the following fees:

i. an asset management fee calculated as a percentage of gross book value ("GBV") of the REIT. A rate of 0.40% (the "rate") is applicable to a GBV of up to $2.0 billion and reduced based on certain GBV increases. The asset management fee is recognized in net income as a general and administrative expense; and

ii. an acquisition fee in an amount equal to 0.75% of the gross purchase price of each property (or interest in a property), including the price, due diligence costs, closing costs, legal fees, and additional capital costs for all properties indirectly acquired by the REIT. The acquisition fee is capitalized to the properties at the time of acquisition.

Related party transactions incurred and payable to the Manager for the year ended December 31, 2024 were $9.1 million (year ended December 31, 2023 - $9.0 million). 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 the contract, as approved by the REIT's board of trustees. The Manager is a significant unitholder in the REIT, with an approximate 5.6% interest.

Trustee fees

The REIT's key personnel include trustees and officers of the REIT. For the year ended December 31, 2024, trustee fees amounted to $0.8 million (Year ended December 31, 2023 - $0.7 million).

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

23. SUPPLEMENTAL CASH FLOW INFORMATION

Changes in liabilities arising from financing activities are as follows:

	Revolver [1]	Term Loans [1]	Mortgages	Exchangeable units of subsidiaries	Total
Balance, December 31, 2023	$ 188,108	$ 495,712	$ 477,936	$ 8,269	
Cash flows					
Advances, net[1]	239,873	221,994	127,737	—	**589,604**
Debt repayments	(211,405)	(225,000)	(151,546)	—	**(587,951)**
Non-cash changes					
Amortization of deferred financing costs and mark-to-market adjustments	756	1,671	819	—	**3,246**
Change in fair value	—	—	—	464	**464**
Balance, December 31, 2024	**$ 217,332**	**$ 494,377**	**$ 454,946**	**$ 8,733**	

	Revolver [1]	Term Loans [1]	Mortgages	Exchangeable units of subsidiaries	Total
Balance, December 31, 2022	$ 123,027	$ 577,298	$ 431,162	$ 10,082	
Cash flows					
Advances, net[1]	69,073	—	55,071	—	**124,144**
Debt repayments	(4,560)	(83,000)	(8,915)	—	**(96,475)**
Non-cash changes					
Amortization of deferred financing costs and mark-to-market adjustments	568	1,414	618	—	**2,600**
Change in fair value	—	—	—	(1,813)	**(1,813)**
Balance, December 31, 2023	**$ 188,108**	**$ 495,712**	**$ 477,936**	**$ 8,269**	

[1]Changes in financial instruments that hedge the REIT's liabilities arising from financing activities include the REIT's interest rate swaps. Refer to note 8 for more detail.
[2]Advances for revolver, term loan and mortgages are presented net of financing costs of $12.7 million (Year ended December 31, 2023 - $1.2 million).

24. SUBSEQUENT EVENTS

The following events occurred subsequent to December 31, 2024:

i. On January 15, 2025, 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.

ii. On January 27, 2025, the REIT renewed its NCIB program, effective from February 3, 2025 to January 30, 2026, to repurchase and cancel up to 5.5 million Class U units of the REIT.