

QUARTERLY
REPORT

REVESCO PROPERTIES TRUST

Q3 2024

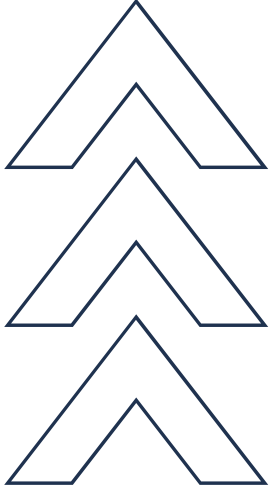


REVESCO
PROPERTIES TRUST

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Quarterly Insights from our Trustees



Dear Investors,

We are pleased to provide you with an update on RPT's performance and strategic initiatives for the third quarter of 2024.

Economic and Market Overview

The economic performance in the United States during the third quarter of 2024 has been strong, characterized by record employment levels, strong U.S. consumption and strong projected gross GDP growth of 2.7% in 2024. However, even with inflation below the Federal Reserve's 3% target rate, geopolitical conflict and recent strong employment levels have created uncertainty on the number and size of further interest rate cuts by the Federal Reserve. At the time of writing, the 10-Year U.S. Treasury rate has elevated to over 4.0% from a low of 3.6% during the quarter. Revesco watches these macro-economic factors as they affect our cost of borrowing and have a direct correlation to our underwriting of potential acquisitions.

In the retail sector, tenant expansion and the national vacancy rate remains at historically low levels, currently standing at 4.1% as of October 2024 as reported by Colliers International. Having attended the International Shopping Centre Conference last week, we met with large publicly traded tenants such as Costco, PETsMART, and TJX who continue to look for markets in the U.S. to open locations and expand their operations. Landlords see a path towards rental growth and higher occupancy levels as demand by tenants outstrips supply while new construction costs create significant barriers to any meaningful level of new supply coming online. Consequently, RPT continues to see compelling acquisitions for those who have capital to deploy.

Portfolio Performance & Growth

RPT has now completed its due diligence of two acquisitions: Whole Foods in Flagstaff, AZ, and Roswell Village Shopping Center in metro Atlanta.

Whole Foods in Flagstaff, AZ is a strategic addition to our portfolio with over nine years remaining on its lease. Located next to our Aspen Place shopping center, this acquisition enhances the value of both properties, as grocery-anchored centers command higher market valuations, as well as the overall value of our existing portfolio.

Our second acquisition, Roswell Village in metro Atlanta, offers a compelling investment in an affluent area just 35 minutes from downtown. This 150,211-square-foot center, acquired for \$38.3 million, is anchored by top-tier tenants like Marshall's, Ross, Dollar General, and Starbucks. With a weighted average lease term (WALT) of 6 years, the center's location and tenant mix make it a strong addition to our portfolio.

We are pleased to report that in-place rents across our portfolio have increased 3.25% since the same period last year and all properties are performing in-line with expectations. Our team continues to engage with best-in-class retailers to improve tenant mix at our properties with a focus on lining up potential retailers to replace space that is coming available over the next 12-24 months.

As we look ahead to Q4 2024, we are excited about the significant growth opportunities on the horizon. RPT remains confident in the strength of the U.S. retail real estate market, supported by the robust deal flow for well-capitalized investors. We believe RPT is strategically positioned to seize these acquisition opportunities, further expanding our portfolio and driving long-term value for our investors.

We extend our gratitude for your continued trust and support.

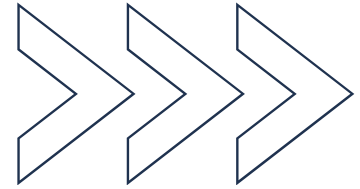
Warm regards,



Christopher A. Wood
Trustee
Revesco Properties Trust

Scott R. Lee
Trustee
Revesco Properties Trust

Market Highlights



Retail Revival

Retail is experiencing robust growth, fueled by a thriving economy, limited new construction, and remarkable consumer resilience. This dynamic environment highlights a significant shift in spending patterns, with consumers increasingly prioritizing experiences and quality. As retailers adapt to these changes, the competitive landscape will create opportunities for innovation and expansion, positioning the sector for continued strength in the broader economic landscape.

01 Robust Resilience

According to Marcus & Millichap, the retail sector has emerged as the only major commercial real estate category with a vacancy rate below pre-pandemic levels. Consumer resilience is evident, with retail sales soaring to a record high in August. Coupled with recent interest rate reductions and robust job growth, these factors are likely to enhance household spending power, driving further growth in the retail sector.

02 The Star of Retail Commercial Real Estate

Suburban open-air shopping centers are firmly in the spotlight for investors, even as urban areas show signs of growth. Cushman & Wakefield highlighted how cities are working to revitalize neighborhoods to entice consumers back for a vibrant live-work-play experience, yet suburban centers continue to hold substantial value. This ongoing demand highlights their resilience and solidifies their status as prime investment opportunities in the retail market.

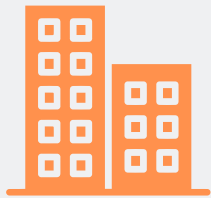
03 Rewriting the Retail Playbook

Consumers have shattered expectations of core retail sales. July's spending was up 3.4% year-over-year despite inflation. Marcus & Millichap reported how retail segments are thriving, with nine out of ten seeing gains from 0.4% to 6.7%. This performance mirrors trends from August 2022 and signals strength for both property owners and retailers.

RPT by the Numbers

AUM

\$100 M



WALT

3.2 Years



SQFT

425K



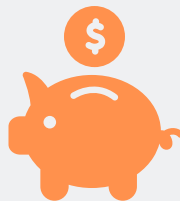
OCCUPANCY

96%



LTV

44.4%*



Q3 NOI

\$1.9 M



5 West

Bozeman, MT

SQFT
37,668

PURCHASE
DATE
2021

Regus

clearwater
CREDIT UNION

FICO

	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Occupancy	100%	100%	100%	100%	100%
Avg. In-Place Rents (\$/SF)	\$26.19	\$26.54	\$26.54	\$26.58	\$26.77
WALT (Years)	4.38	4.13	3.88	3.63	3.38
NOI	\$251,424	\$337,920	\$288,010	\$289,754	\$287,140

QOQ | YOY Change

5 West remains fully occupied, demonstrating its continued stability within the portfolio. Net Operating Income (NOI) held strong at \$287,140, reflecting a slight decrease from \$289,754. This modest decline was primarily driven by lower utility reimbursements and a dip in restaurant sales, which impacted our percentage rent income. Despite these fluctuations, 5 West continues to be a high-performing and strategic asset, reinforcing its importance within the RPT portfolio.

Q3 Updates

Throughout Q3, 5 West demonstrated remarkable consistency across all metrics. Property Management has initiated plans to increase parking fees in the residence garage, aiming to boost revenue and maintain a competitive edge in the market.



Harmony School Shops

Fort Collins, CO

SQFT
88,144

PURCHASE
DATE
2021



	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Occupancy	100%	100%	100%	100%	100%
Avg. In-Place Rents (\$/SF)	\$18.68	\$18.71	\$18.73	\$18.73	\$18.73
WALT (Years)	3.73	3.33	3.33	3.08	2.89
NOI	\$386,041	\$369,840	\$394,958	\$320,627	\$424,055

QOQ | YOY Change

Harmony School Shops is performing in-line with expectations. Net Operating Income (NOI) surpassed the budget by 4.4% this quarter, however, this increase is mainly attributed to a true-up in annual property insurance payments for 24 Hour Fitness. Typically, adjustments in recoverable expenses would not lead to an increase in NOI, as any additional revenue usually corresponds with increased costs, resulting in a net neutral effect.

Q3 Updates

During the quarter, a promising prospective tenant in the child entertainment industry expressed strong interest in the Office Depot space, which becomes available in March 2025. The group is actively reviewing our Letter of Intent (LOI), signaling a potential exciting addition to the property and positioning it for continued success and enhanced appeal.



Aspen Place at the Sawmill

Flagstaff, AZ

SQFT
99,566

PURCHASE
DATE
2021



VILLAGE ASPEN PLACE

	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Occupancy	99%	99%	99%	99%	98.57%
Avg. In-Place Rents (\$/SF)	\$24.80	\$25.27	\$25.24	\$25.31	\$25.74
WALT (Years)	4.30	4.39	4.33	3.95	3.83
NOI	\$703,768	\$625,261	\$638,667	\$734,536	\$746,486

QOQ | YOY Change

Aspen Place continues to outperform expectations, with Net Operating Income (NOI) exceeding budget by 3.56%, driven primarily by lower operating expenses (OP) than anticipated. This positive variance reflects effective cost management, reinforcing the asset's stability and solid performance within the portfolio.

Q3 Updates

Recent leasing activity has further strengthened the asset's appeal: Club Pilates has successfully opened, while Edward Jones opted for an early lease termination. Additionally, we executed a new lease with Luxottica, replacing Local Juicer. Looking ahead, the property management team is focused on securing a tenant to replace Grimaldi's Pizza, further enhancing the tenant mix and long-term performance of the property.



Preston Place

Louisville, KY

SQFT
134,019

PURCHASE
DATE
2022

FLOOR DECOR & VCF VALUE CITY FURNITURE

	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Occupancy	100%	100%	100%	100%	100%
Avg. In-Place Rents (\$/SF)	\$7.81	\$7.81	\$7.81	\$7.81	\$7.81
WALT (Years)	4.69	4.50	4.50	4.00	3.75
NOI	\$247,520	\$160,266	\$266,100	\$270,748	\$297,933

QOQ | YOY Change

Preston Place continues to demonstrate stable performance, delivering stable cash flow and solidifying its position within our portfolio. Net operating income (NOI) has surpassed the budget by 10.7%, driven by lower security costs and effective management of last year's Common Area Maintenance (CAM).

Q3 Updates

During the quarter, Fry's (Kroger) showed interest in the pad site located in the parking lot as a potential gas station site. However, no decisions have been met as we continue to ensure that the right user and deal come along for the property.



Park Lee

Phoenix, AZ

SQFT
75,559

PURCHASE
DATE
2022



	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Occupancy	93.11%	81.40%	81.40%	81.40%	81.40%
Avg. In-Place Rents (\$/SF)	\$13.44	\$13.85	\$15.38	\$15.43	\$15.46
WALT (Years)	2.44	2.20	2.30	1.71	1.86
NOI	\$187,887	\$186,668	\$150,285	\$167,972	\$203,100

QOQ | YOY Change

Net Operating Income (NOI) at Park Lee remains on target with budget expectations, despite lower-than-expected occupancy levels. Average in-place rents continue to show year-over-year growth, though they have remained steady since the previous quarter. This performance reflects the property's resilience and ability to maintain rent levels in a competitive market.

Q3 Updates

During the quarter, construction began on the 2,600 SF end-cap space to be occupied by WaveMax, with completion expected by year-end. Additionally, Fry's (Kroger) is exploring the pad site in the parking lot as a potential location for a new gas station, which would further enhance the property's appeal and long-term value.



Financial Assets

Name	Address	Asset Type	Size	Purchase Price	Purchase Date
Santa Barbara Loan	111 E Victoria St. Santa Barbara, CA	Loan	21,970 SF	\$4 Million	August 2023
Debenture Investment	4 Sites in Denver, CO	Convertible Debenture for Mixed-Use Development	308 Units	\$1.525 Million	December 2021



Upcoming Acquisitions



Roswell Village is a 150,211 SF retail asset in Atlanta, GA anchored by a Marshalls, Crunch Fitness, and Ross Dress For Less. Carniceria Hermanos, a local Hispanic grocer, is averaging sales of nearly \$1,200 psf and draws customers to the center from an extended trade area. The property underwent a multi-million dollar renovation completed between 2018-2022, increasing total visits to the center from 202,000 (2017) to 2,300,000 (T12 as of Apr-23 to Mar-24). This renovation aligns with the concentrated pockets of wealth and affluent customer base nearby.

ROSWELL VILLAGE
Roswell City, GA

CLOSING DATE:
NOVEMBER 5TH

We are excited to announce that Whole Foods Market which is adjacent to RPT's Aspen Place shopping center in Flagstaff, AZ will expand RPT's footprint in the market upon acquisition. Aspen Place was acquired by RPT in 2021 and the Whole Foods will enhance the overall valuation of the combined asset as grocery anchored centers demand a higher valuation.



CLOSING DATE:
NOVEMBER 15TH

WHOLE FOODS
Aspen Place
Flagstaff, AZ

Key Takeaways



Asking rates for rents in shopping centers have risen 0.8% since Q2 2024, now averaging \$33.87/SF. This increase is a clear indicator of the robust demand for retail space, with retailers demonstrating a willingness to invest more and securing leases in just 8.5 months on average.

Source: Colliers



Economic growth continues to show resilience, driven by the Federal Reserve's recent interest rate reductions, stronger-than-expected job growth at the end of Q3, and an increase in personal income. These positive indicators suggest that consumers are in an increasingly favorable position to spend, laying a solid foundation for continued economic momentum.

Source: Cushman & Wakefield



Retail vacancy remains at a historic low of 4.1%, creating significant challenges for tenants seeking available space, especially in high-quality shopping centers within desirable markets. This tight supply is poised to benefit property owners substantially, particularly given the limited new construction on the horizon.

Source: Colliers and Cushman & Wakefield

Acknowledgements

Authors

Lauren Karl

Marketing Coordinator
lkarl@revescoproperties.com

Juli Ann Booker

Vice President, Strategy and Operations
jabooker@revescopropertiestrust.com

We appreciate the invaluable support and feedback from our investors and stakeholders, whose trust and partnership are fundamental to our achievements. This report reflects our collective efforts and commitment to transparency and success of Revesco Properties Trust.

Thank you.

Contact

Revesco Properties
Trust

1090 West Georgia
Street
Suite 1310
Vancouver BC V6E 3V7

Chris Wood, Trustee RPT

cwood@revescoproperties.com
604.603.4273

Scott Lee, Trustee RPT

slee@revescoproperties.com
604.763.8985

Juli Ann Booker, Vice President,

Strategy and Operations
jabooker@revescopropertiestrust.com
604.396.3698