

**Pro Real Estate Investment Trust**

**PROREIT Annual Meeting of Unitholders**

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## **CORPORATE PARTICIPANTS**

### **John Levitt**

*Pro Real Estate Investment Trust — Chairman of the Board*

### **Gordon Lawlor**

*Pro Real Estate Investment Trust — Executive Vice President, CFO and Secretary*

### **Jim Beckerleg**

*Pro Real Estate Investment Trust — Trustee, President and Chief Executive Officer*

## PRESENTATION

**John Levitt** — Chairman of the Board, Pro Real Estate Investment Trust

Ladies and gentlemen, let's begin. My name is John Levitt. I am the Chairman of the Board of PROREIT. It's a pleasure for me to welcome all of you to the Annual and Special Meeting of Unitholders of PROREIT. Thank you all for joining us today. I would also like to welcome all those joining us via webcast.

The agenda for the meeting was made available at the registration desk. If anyone would like a copy, please raise your hand.

While the business of today's meeting will be conducted in English, unitholders may ask questions in either English or French.

Before we move on to the formal portion of the meeting, I would like to say a few words. After more than two years of pandemic and increasing global uncertainty, which has impacted all of our stakeholders in different ways, I know I speak on behalf of my fellow trustees when I say that we are incredibly proud of the PROREIT team and how they managed throughout this challenging period. We sincerely thank all of you for your courage and your resilience.

As stewards of the REIT, the board is committed to maintaining high governance standards. This includes making sustainability a priority and in line with our core commitment to generate consistent returns for unitholders.

The board is also fully aligned with PROREIT's strategic direction. We have full confidence in the team in place to create sustainable value to the benefit of all PROREIT stakeholders.

I would now like to introduce members of the management team who are seated to my left: Jim Beckerleg, our President and CEO and member of the board; Gordie Lawlor, Executive Vice President, Chief Financial Officer and Secretary; and Bastian Gauthier, who is counsel to the REIT.

I would also like to take this opportunity to acknowledge the passing of our fellow trustee, Gérard Limoges, in January of this year. Gérard served as a trustee of PROREIT since its founding in 2013, and his contributions to our deliberations were invaluable. He will be greatly missed by the entire team.

At the beginning of this year, we welcomed Christine Pound as a trustee. Christine is a highly respected corporate lawyer who brings a wealth of experience and insight to the board.

I would now like to introduce to you those trustees who are present here today, and I would ask that they stand for a moment as I do so: Peter Aghar, Martin Côté, Shenoor Jadavji, and Christine Pound, and Vincent Chiara. Good timing, Vince.

In accordance with the declaration of trust of the REIT, I will act as chair of the meeting. With the consent of the meeting, Gordon Lawlor will act as secretary.

With the consent of the meeting, I appoint Julie Lariviere of TSX Trust Company as scrutineer for the meeting.

Let us now proceed with the business of the meeting as set forth in the Notice of the Meeting.

I have received an affidavit of a representative of TSX Trust Company as to the due mailing to unitholders of the notice calling the annual and special meeting of unitholders, the Information Circular, and the Form of Proxy for the meeting. Additional copies are available in the registration area.

I would ask the secretary to place this document before the meeting. I request that a copy of the notice of the annual and special meeting of unitholders, together with the affidavit attesting to the mailing of the notice, the Information Circular, and the Form of Proxy be kept by the secretary with the records of the meeting.

I have been advised by the scrutineer that, prior to the meeting, proxies were received from the holders of more than 19.4 million units or approximately 32 percent of the voting rights attached to the

units entitled to be voted at the meeting. As a result, we have a quorum for the meeting, and I declare the meeting to be regularly called and properly constituted for the transaction of business.

The scrutineers' report will be provided to the secretary of the meeting and will be incorporated into the minutes.

The minutes of our last meeting of unitholders are available here today with the secretary.

I would now take a moment to explain our voting procedures. As you may know, most of the trust units of PROREIT are held through brokers in book-entry form. To vote, each holder of trust units held in book-entry form must have previously submitted voting instructions or designated a representative to attend on his or her behalf. All other trust units and special voting units are registered in the name of the persons holding them directly and may be voted in person or by proxy.

Trust units held in book-entry form, trust units registered in the name of the persons holding them, and special voting units are collectively referred to as units. And the holders of any such units are referred to as unitholders.

In view of the necessity of attending to various formal matters at the meeting, the secretary has asked that certain unitholders propose and second various motions. While this procedure will assist the handling of the formal matters, it should not discourage any unitholder or proxyholder from speaking in reference to any motion after it has been proposed and seconded. If you wish to speak, please identify yourself and state whether you are a unitholder or a proxyholder.

In the interest of fairness to all unitholders, I would ask you to be brief with your questions or remarks, limiting them to matters directly related to the meeting or the REIT's business generally.

Following the formal business of the meeting, there will be a management presentation and question period with unitholders and proxyholders. Alternatively, after the meeting, you may leave your questions along with your name and address at the registration desk.

I would also like to caution you by stating that the following on behalf of those speaking today. Forward-looking statements may be made during this meeting or during the discussion following the formal part of the meeting, and there are risks that actual results could differ materially from forecasts, projections, or conclusions in forward-looking statements. You may find additional information about such risks and assumptions that could cause actual results to differ in the Forward-Looking Statements section and the Risk Factors section of our Annual Information Form, which is available on SEDAR.

The first item of business is the presentation of the consolidated annual financial statements of the REIT for the period ended December 31, 2021, together with the auditor's report thereon. The financial statements were mailed to unitholders, and additional copies are available at the registration area. A copy of the 2021 financial statements has been placed before the meeting by the secretary.

The next item of business is the election of trustees to the Board of Trustees for the term expiring at the close of the next annual meeting of unitholders in 2023, or until their respective successors are elected or appointed, or they otherwise cease to hold office.

As stated in the Information Circular that has been sent to the unitholders prior to the meeting, eight trustees are to be elected at the meeting. Eight trustees are named in the Information Circular.

As stated in the circular, the trustees of the REIT have adopted a policy that entitles each unitholder to vote for the nominees for election by the unitholders on an individual basis. In addition, the trustees have adopted a policy stipulating that if the votes in favour of a nominee for election as a trustee

of PROREIT by the unitholders represent less than a majority of the units voted and withheld, the nominee will submit his or her resignation promptly after the meeting for consideration by the Board of Trustees.

Ms. Alison Schafer, would you please propose the nominations for election of trustees.

**Alison Schafer** — Proxyholder, Pro Real Estate Investment Trust

Thank you, Mr. Chairman. My name is Alison Schafer. I'm a proxyholder duly appointed by a unitholder of the REIT. I nominate the following persons for election as trustees of the REIT to hold office for a term to expire immediately following the annual meeting of unitholders in 2023 or until their respective successors are elected or appointed or they otherwise cease to hold office: Peter Aghar, James Beckerleg, Vincent Chiara, Martin Coté, Shenoor Jadavji, John Levitt, Christine Pound, and Ronald Smith.

**John Levitt**

Thank you, Alison.

Certain advance provisions are included in PROREIT's declaration of trust, and any additional nominations must be made in advance of the meeting in accordance with the terms of the advance notice provisions. No other nominees were proposed prior to the meeting.

Since there are no further nominations, I declare the nominations closed.

As the number of persons nominated is equal to the number of trustees required to be elected, I propose, with the consent of the meeting, not to take a formal vote on the election of trustees. Therefore, I confirm that the eight persons who were nominated as trustees have been elected as trustees to hold office for a term to expire immediately following the annual meeting of unitholders in 2023, or until their respective successors are duly elected or appointed, or they otherwise cease to hold office.

For the information of the meeting, will the secretary please announce the number of units represented by proxies received in favour of each of the eight nominees?

**Gordon Lawlor** — Executive Vice President, CFO and Secretary, Pro Real Estate Investment Trust

Mr. Chairman, prior to the meeting, proxies were received in favour of the election of each of the eight nominees as trustees for the holders of at least 19.3 million units or not less than 99 percent of all units represented at the meeting.

**John Levitt**

Thank you.

Next item of business is the appointment of auditors for the ensuing year and authorizing the Board of Trustees of the REIT to fix their remuneration. The board's audit committee and the full board have recommended the reappointment of MNP LLP as auditors. Ms. Schafer, would you please make a motion.

**Alison Schafer**

My name is Alison Schafer. I'm a proxyholder duly appointed by a unitholder of the REIT. I move that MNP LLP be reappointed auditors of the REIT to hold office until the next annual meeting of unitholders or until their successors are appointed and that the Board of Trustees of the REIT be authorized to fix their remuneration.

**John Levitt**

Monsieur Gauthier, would you please second the motion.

**Bastian Gauthier** — Proxyholder, Pro Real Estate Investment Trust

My name is Bastian Gauthier. I am a proxyholder duly appointed by a unitholder of the REIT. I second the motion.

**John Levitt**



A motion has been made and seconded to appoint MNP LLP as the REIT's auditors, and to authorize the Board of the Trustees of the REIT to fix their remuneration.

The meeting will now vote on the motion. Based on the proxies received from unitholders, which are to be voted on this matter, if a ballot were conducted on this matter, more than 99 percent of the units represented by such proxies at the meeting would be voted in favour of the reappointment of MNP LLP as auditors for the REIT. Therefore, I propose to take the vote by a show of hands.

All those in favour, please signify by raising your hands. Any against?

The motion is carried. I declare that MNP LLP are appointed as auditors of the REIT until the next annual meeting or until their successors are appointed and that the Board of Trustees is authorized to fix their remuneration.

The next item of business is the adoption of a resolution, which I will refer to as the Rights Plan resolution, to approve the recommendation of the REIT unitholders' Rights Plan. The Rights Plan resolution is described on pages 15 and 16 of the Information Circular, and a copy of the Rights Plan is available on SEDAR and on the REIT's website.

The Rights Plan resolution will be voted on and must be passed by at least a majority of the votes cast at the meeting. I will ask for a motion to submit to the meeting the Rights Plan resolution. Ms. Schafer, would you please make a motion?

**Alison Schafer**

My name is Alison Schafer. I'm a proxyholder duly appointed by a unitholder of the REIT. I move that the REIT's Rights Plan be reconfirmed, the whole as provided by the Rights Plan resolution, the full text of which is set forth on page 16 of the Information Circular.

**John Levitt**

Monsieur Gauthier, would you please second the motion?

**Bastian Gauthier**

My name is Bastian Gauthier. I am a proxyholder duly appointed by a unitholder of the REIT. I second the motion.

**John Levitt**

The motion has been moved and seconded. Based on the proxies that were deposited prior to the start of the meeting, the Rights Plan resolution has the support of at least 98.8 percent of the votes by proxy. Is there any discussion on the motion?

We will now conduct a vote by ballot on the Rights Plan resolution. If any registered unitholder or proxyholder has not received a ballot, please raise your hands.

Unitholders who have previously completed a proxy should not vote by way of ballot unless they wish to revoke their ballots.

Please mark the Rights Plan resolution ballot with an X, either in the box for or in the box against.

As previously indicated, please indicate your name on the ballot, the name of the unitholder, and sign. If you are voting less than all of the units registered in the name of the unitholder for whom the ballots may be voted, please indicate the number and class of the units to be voted. Does anyone still need time to complete the ballot?

The polls are now closed with respect to voting on the Rights Plan resolution. The scrutineer will collect any ballots. Please make sure to sign the ballot and print your name on the space provided and raise your hand in order for the scrutineer to collect the completed ballots, if there are any.

Have all the ballots been collected? Please raise your hand if you have not had your ballot collected.

The meeting will now resume. I have received the scrutineers' interim report on the Rights Plan resolution. The interim report indicates that on the motion to adopt the Rights Plan resolution, at least 19 million units or approximately 98 percent of all the voting rights attached to the issued and outstanding units held by disinterested unitholders represented at the meeting entitled to vote on such resolution have been voted for the Rights Plan resolution.

The scrutineer reports that the Rights Plan resolution has been duly passed by more than the required majority of the votes cast. I accept the scrutineers' interim report and declare that the Rights Plan resolution has been passed.

The final report to be furnished by the scrutineer subsequent to the meeting will be incorporated into the minutes of the meeting.

As there is no more formal business to conduct, I would ask Ms. Schafer for a motion concluding the meeting. This will be followed by a presentation by management and a question period for unitholders.

**Alison Schafer**

My name is Alison Schafer. I'm a proxyholder duly appointed by a unitholder of the REIT. I move that the meeting be concluded.

**John Levitt**

Monsieur Gauthier, would you please second the motion?

**Bastian Gauthier**

Mr. Chairman, I second the motion.

**John Levitt**

All in favour, please signify by raising your hand. Any opposed? The motion is carried.

This concludes the formal part of the meeting, and I will turn the microphone over to Jim Beckerleg, the REIT's CEO. Thank you.

**Jim Beckerleg** — Trustee, President and Chief Executive Officer, Pro Real Estate Investment Trust

Good morning, everybody, and thank you very much, John. I must say before starting, it's great to be back standing in front of you after a two-year hiatus doing these meeting telephonically. So it's nice to see everybody here and good morning again.

Before we begin, like John, I have to remind you that some of our presentation this morning will contain forward-looking statements, and therefore, I invite you to have a look at the disclaimer, which is up on the screen before you right now.

And while you're reading that, let me just start by saying we're very pleased with all that PROREIT have accomplished over the past year, both from a financial and from an operational point of view. It was a great year.

Going into a little more detail, we continue to operate in a very challenging environment, of course, in many regards, from the multiyear pandemic to the war in the Ukraine, and now the coincident economic stresses that are flowing from these events.

Our capacity to succeed in this context reflects the outstanding work of our team. I, therefore, want to acknowledge at the very start of these remarks this morning the contribution and resilience of more than 70 of our employees across Canada, including especially today those working for our Property Management division, Compass Commercial Realty, several of whom are with us today.

Before I go further with my remarks, I would also like to premiere with you a new two-minute corporate video, which we're just putting on our website in the next day or two, which will give you a great overview of just how the Company is seeing itself and progressing.

## **Presentation**

PROREIT is an industrial-focused and fast-growing real estate investment trust. We own and manage high-quality [audio gap].

Our ambition is to reach \$2 billion in asset value in the medium term.

We have a clear plan to deliver on our objectives. Our strategy relies on three pillars. Firstly, increase our scale in the industrial sector. Secondly, focus on high-quality real estate properties in strong secondary markets. And finally, optimize our financial position and capital allocation.

PROREIT has successfully built an integrated business model, both in terms of asset and property management. One of the things we're most proud of is our strong roster of tenants. We truly value the long-standing relationships we have developed with them through the years.

As an owner and operator of real estate across Canada, we understand we have an important role to play in supporting and promoting sound environmental, social, and governance practices. We are fully committed to accelerating our ESG capabilities and to incorporate sustainability measures into our decision-making processes and everyday actions.

We have confidence in our team, assets, and strategy. We look forward to continuing to pursue our growth as an industrial REIT. Our ultimate goal will always be to create sustainable value for our stakeholders.

## **Jim Beckerleg**

So as I said, after a couple of days, it'll be on our website. So if anybody wants to watch again, you can visit the site.

So back to our remarks. Today, PROREIT's portfolio is comprised of 120 investment properties, spread over 6.6 million square feet of gross leasable area, or GLA as we call it in the trade.

And this year we reached a very significant milestone in March as we surpassed \$1 billion in assets for the very first time in our history. We're proud of that achievement as well, which we believe reflects the disciplined execution of our growth strategies.

In 2021, we solidified our core strategic decision to become a more industrial-focused REIT, and our industrial portfolio now accounts for over 79 percent of our gross leasable area.

As you saw in the video, our ambition is to double our property value and reach \$2 billion in asset value over the next number of years. Our focus has been and will remain on mid-sized Canadian cities with strong economies. This core strategy, which management has followed, has proven its merit, and rental growth increases in these markets are one of the key drivers of our success today.

Let me now take just a few moments to provide you with a brief overview of 2021. And again, most importantly, it was one of the best years in our history.

Firstly, we were very active on the transaction front completing the accretive acquisition of 34 institutional-quality industrial assets for \$297 million. Twenty-one of those properties are located in Atlantic Canada, ten are in Manitoba, and the three remainder are important properties in Ottawa.

We also, during the year, divested five nonstrategic assets for about \$21 million of proceeds. All those transactions were above their carrying value, and so they represented good upgrade opportunities for the portfolio. And that will continue to reveal itself in our statistics over time.

Secondly, our total portfolio experienced very sharp fair value gains over the year. We performed independent external appraisals for 50 of our properties in 2021, of which 38 were industrial. This process resulted in a fair market value gain of a little over \$63 million, reflective of both the increasing property performance and also the falling capitalization rates in the market generally.

We maintained a robust financial position, which was a core strategy also in 2021. We raised a record \$133 million in equity from a public offering and two private placements with a very strong institutional investor.

We also successfully improved our debt profile, obtaining \$71.5 million in new mortgage financing at lower rates and considerably extended terms. And that meant we improved our debt-to-equity ratio, and in addition, we also increased our credit facility on improved terms, expanding it from \$45 million to \$60 million.

Turning to financial performance, we delivered robust results across all of the key metrics that we measure ourselves with strong growth in property revenue, net operating income, and adjusted funds from operations or AFFO. Same property net operating income also increased across all asset classes during the year.

In addition to the results from our core industrial portfolio, we were also very pleased with the performance of our legacy retail properties in the persistent COVID environment that we endured. This achievement reflects, we believe, the quality assets we own in the retail segment and coupled with the low-risk tenant roster that we have in place at these properties.

Returning value to unitholders, of course, remains a very strong and top priority. In 2021, we maintained our monthly distributions of \$0.0375 per unit or \$0.45 on an annual basis, which we believe provides a very attractive return for all of our unitholders.

Let me now turn briefly to our 2022 first quarter results, which we reported just a few weeks ago.

We, again, I'm happy to say, generated strong growth in property revenue, net operating income, and AFFO.

We continued the cyclical review of our portfolio by independent appraisers with a further five large industrial properties reviewed. This process resulted in net fair value gains of a further \$40.3 million during the quarter, which is now reflected in our assets on the balance sheet.

Our balance sheet continued to strengthen significantly. We ended the first quarter with a debt-to-gross-book value of 51.2 percent, a very significant improvement from the 57.5 percent we reported a year earlier.

Last year, we set a strategy, which we have talked about, of reducing our debt-to-gross-book value to below 50 percent. And we now, I can report today, expect to achieve that well before the end of this year, an accomplishment we'll be pleased with.

It would be remiss of me not to say a few words about the rising interest rate environment that we all find our self in today. However, we do believe, at PROREIT, that we're well positioned, and we will have time to adjust on a go-forward basis. We actually have no significant mortgage debt coming due in 2022 and only a modest amount in 2023.

Strategically, we have always maintained a diversified debt stack that is appropriate to our portfolio. And, as I said previously, we took successful steps to extend our debt maturity profile during the last year, during 2021.

And again, as I just mentioned, we also benefit, we believe, across the portfolio, from a strong tenant base, and we expect we'll be able to withstand the impact of any modest recession or inflation, our tenants having demonstrated their resilience already during their performance in the pandemic.

The occupancy rate of our portfolio remains strong at 98.5 percent at the end of March. And importantly, we have already renewed or replaced fully 68 percent of leases maturing in 2022. And that



was done at an average increase of just under 12 percent over the maturing rents that were in place, echoing stronger cash flows in the future.

Turning now to some remarks on sustainability, we were very pleased with the introductory strides we have made on that front over the past year. We were proud to publish, in the first quarter of this year, our first ESG report. That report outlines the ESG factors material to our business, our priority areas, as well as our progress to date. Our report can be found, for those of you interested in following along, on our PROREIT website [www.proreit.com](http://www.proreit.com).

With the growing importance placed by investors and other stakeholders on this topic, we felt it was important to enhance our disclosure in this regard. And we actually look forward to advancing on this journey and to providing our stakeholders with regular updates on our progress along with our other reports over time.

So, in conclusion, we remain mindful of the current business environment, which has been marked by increased uncertainty, certainly in the last few months. Nonetheless, economic activity in Canada has been robust since the beginning of the year, and our growth outlook does remain positive on a go-forward basis, with historically high demand and coincident rent growth from our tenants, especially in the industrial sector.

While maintaining our disciplined approach to capital use with respect to both debt and equity allocation, we intend to continue to pursue growth strategies that prove accretive to the REIT. Ultimately, of course, our goal is to create sustainable value on behalf of all of our unitholders.

I want to, once again, sincerely thank each and every employee of PROREIT for their invaluable contributions to our success. I'm also thankful, of course, to our tenants and clients for their trust. And

again, I just want to salute my fellow trustees here in the front row for their encouragement and support in guiding PROREIT through its successful growth.

And finally, I also sincerely want to thank all of our unitholders, especially those of you who have taken the interest to be here today, for their continued confidence in PROREIT.

So thank you very much, and that concludes my presentation. We and my management peers are open to any questions that people may want to pose. You can do that here or you can do that if you'd like to join us for a light lunch in the room just behind us after we conclude this part. So thank you.

If anybody has any questions. Thank you. I'll take that thanks for the whole management team.

No questions? Then I'm glad to invite everybody to join us for lunch in the room behind if they'd like to stay. And I would welcome you to talk to any of the management team or trustees who are here today with any comments you'd like to make privately. Thank you.