

PRO Real Estate Investment Trust

Third Quarter Results Conference Call

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CORPORATE PARTICIPANTS

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CONFERENCE CALL PARTICIPANTS

Brad Sturges

Raymond James – Analyst

Sam Damiani

TD Cowen – Analyst

Gaurav Mathur

Laurentian Bank Securities – Analyst

David Chrystal

Echelon Capital Markets – Analyst

PRESENTATION

Operator

Good morning, and welcome to PROREIT's Third Quarter Results Conference Call for Fiscal 2023.

At this time, all lines have been placed on mute to prevent background noise. Management will make a short presentation, which will be followed by a question-and-answer period, open exclusively to financial analysts. (Operator instructions)

For your convenience, the result release, along with the third quarter financial statements and Management's Decision and Analysis are available at proreit.com, in the Investors section, and on SEDAR+.

Before we start, I have been asked by PROREIT to read the following message regarding forward-looking statements and non-IFRS measures.

PROREIT's remarks today may contain forward-looking statements about its current and future plans, expectations, intentions, results, level of activity, performance, goals for achievement, or other future events or developments. Forward-looking statements are based on information currently available to Management. Estimates and assumptions are based on the factors that Management believes are appropriate and are reasonable in the circumstances; however, there can be no assurance that such estimates and assumptions will prove to be correct. Many factors could cause actual results,

level of activity, performance, achievements, future events or developments to differ materially from those expressed or implied by forward-looking statements. As a result, PROREIT cannot guarantee any forward-looking statements will materialize and you are cautioned not to place undue reliance on these forward-looking statements.

For additional information on the assumptions and risks, please consult the cautionary statement regarding forward-looking statements contained in PROREIT's MD&A dated November 8, 2023, available at www.sedarplus.ca.

Forward-looking statements represent Management's expectation as of November 8, 2023, and, except as may be required by law, PROREIT has no intention and undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

The discussion today will include non-IFRS financial measures. These non-IFRS measures should be considered in addition to and not as a substitute for or in isolation from the REIT's IFRS results. For a description of these non-IFRS financial measures, please see the third quarter earnings release and MD&A. A reconciliation of non-IFRS to IFRS results, as applicable, may also be found in the earnings release and MD&A for the third quarter. Please refer to the non-IFRS measures sections in the MD&A for the third quarter for additional information.

I will now turn over the call to Mr. Gordon Lawlor, President and Chief Executive Officer. Please go ahead.

Gordon Lawlor – President and Chief Executive Officer, PRO Real Estate Investment Trust

Thank you, Lester, and good morning, everyone, and welcome.

With me today is Alison Schafer, our CFO and Corporate Secretary, and Zack Aaron, our Director, Investments and Asset Management.

I will start the call with an overview of our third quarter results, before turning the call over to Alison for a deeper dive into the financials.

As you know, the real estate market continues to face a challenging economic environment. Against this backdrop, I'm pleased to report that we were able to maintain our operating momentum in the third quarter, which reflects the fundamental strength of our portfolio and our platform. That being said, I'd like to note that our operating performance cannot be directly compared year-over-year. At September 30, 2023, we owned 126 properties, compared to 132 properties at the same time last year, both with 50 percent ownership interest in 42 of the properties.

Our portfolio continues to be resilient and to generate organic growth. Same property NOI income increased 1.7 percent in the third quarter, when excluding the impact of the temporary vacancy in a 102,000 square foot industrial facility, which we mentioned on our last call. This Québec property is fully leased as of October 1, 2023, on a 10-year lease, with terms and average spread of 55 percent over the previous tenant rents. We will see the full benefits of this attractive renewal reflected in our fourth quarter results; more specifically, positively impacting AFFO, payout ratio, net operating income and same property NOI.

We continue to benefit from a high occupancy rate and high renewals at favourable spreads across all asset classes. More specifically, we have successfully renewed 88 percent of GLA maturing in 2023 at 43.9 percent average spread, and for GLA maturing in 2024, approximately 18 percent have been renewed at approximately 30 percent average spread.

We are well positioned to capitalize on future growth in markets where we have a strong presence. Halifax, for example, where we have a leading position in the industrial market, is experiencing rapid population growth and is poised to receive major investment as a result of that surge. We look forward to incremental cash flows from our organic growth and GLA renewals.

Let me now briefly go over some recent portfolio transactions.

In the third quarter, we sold two non-core office properties totaling 60,000 square feet for gross proceeds of \$9.1 million. The proceeds were used to repay approximately \$5.7 million of related mortgages, and the balance was used for general business purposes.

Also, during the quarter, we sold a 3,000 square foot non-strategic retail property for gross proceeds of \$2.2 million. Proceeds of the sale were used to repay approximately \$1.5 million of related mortgage balances, with the rest used for general business purposes.

This brings the total to four successfully non-core properties sold for total proceeds \$13.4 million year to date.

Subsequent to quarter end, we entered into binding agreements to sell two additional non-core properties in our retail segment for gross proceeds of \$10.9 million. The first agreement signed was for a

45,000 square foot property with gross proceeds of \$8.7 million with a purchaser who will assume a \$4.4 million mortgage. The second one was with respect to a 4,500 square foot property for gross proceeds of just under \$2.2 million. These sales are expected to close in the fourth quarter of this year.

I'll now turn the call over to Alison for a more detailed look at our third quarter results.

Alison Schafer – Chief Financial Officer and Secretary, PRO Real Estate Investment Trust

Thank you, Gordie, and good morning, everyone.

At the end of Q3 2023, we owned approximately 6.4 million square feet of GLA and managed approximately 10.8 million square feet of GLA. Total assets amounted to \$1.05 billion at September 30, 2023, up 1 percent year-over-year. Our properties revenue for the third quarter was relatively flat at \$24.1 million, compared to the same period last year.

Net operating income was \$14.1 million, down 5.1 percent from \$14.8 million in Q3 2022, largely because of the impact of the decrease in properties owned, that Gordie discussed.

General and administrative expenses for Q3 this year was \$1.2 million, down slightly from Q3 2022.

Net cash flows provided from operating activities was \$11.0 million, which is relatively flat compared to the third quarter of 2022.

AFFO totaled \$7.0 million for the quarter, compared to \$7.9 million last year. The decrease is mainly due to the temporary vacancy at our Montréal property, a decrease in properties owned and ownership percentages, as well as an increase in interest expenses.

Our AFFO payout ratio was 96.9 percent, an improvement from 97.3 percent in Q2 2023.

From a balance sheet perspective, our liquidity position is strong, with \$46.4 million available from our credit facility, plus \$11.4 million in cash at September 30, 2023. We also paid down \$14.4 million of debt and credit facility during the third quarter. Our adjusted debt to gross book value was back at 50.0 percent at September 30, 2023, compared to 50.9 percent at June 30, 2023.

With approximately \$25.0 million of maturing mortgages remaining for 2023, and approximately \$27 million for 2024, we continue to benefit from the well-staggered debt profile with limited material maturities until 2026, and only 2.7 percent of our total debt is at a variable rate. As for the weighted average interest rate on mortgage debt, it was 3.76 percent at September 30, 2023, compared to 3.69 percent at the same date in 2022.

Finally, our weighted average cap rate is 6.1 percent.

Gordie, back to you for closing remarks.

Gordon Lawlor – President and Chief Executive Officer, PRO Real Estate Investment Trust

Thanks, Alison.

I'd like to conclude by first thanking the entire team for all the good work done in the third quarter. Through this market turbulence, we remain focused on executing on our long-term strategy, while managing our risks to reinforce our solid foundation. As we continue to operate in a volatile environment, we will manage our business strategically and our balance sheet prudently. Our portfolio benefits from solid fundamentals and we remain committed to strengthening it, while increasing concentration in the industrial sector.

On the capital allocation front, our strategy also remains on course, with regular distribution payments to our unitholders and the reduction of debt to gross book value. Above all, we remain steadfast in commitment to sustainably deliver long-term value for the benefit of all of our stakeholders.

This concludes our formal remarks. Lester, we would be pleased to take questions from analysts at this time.

Q & A

Operator

Thank you. Ladies and gentlemen, this is now our question-and-answer session. (Operator instructions)

Your first question comes from Brad Sturges from Raymond James. Your line is now open.

Brad Sturges – Analyst, Raymond James

Hey, good morning.

Gordon Lawlor – President and Chief Executive Officer, PRO Real Estate Investment Trust

Good morning.

Alison Schafer – Chief Financial Officer and Secretary, PRO Real Estate Investment Trust

Good morning.

Brad Sturges – Analyst, Raymond James

Gordie, I just wanted to clarify some of your leasing comments at the start of the call there. It sounded like for your 2024 maturities, you've already addressed 18 percent at 30 percent rent spreads. Is that what I heard correct?

Gordon Lawlor – President and Chief Executive Officer, PRO Real Estate Investment Trust

Yes, that's correct.

Brad Sturges – Analyst, Raymond James

Okay, and how are you thinking about your 2024 maturities as we sit today? Do you have any guidance or general expectations of where you think you could land in terms of average spreads on renewal for next year?

Gordon Lawlor – President and Chief Executive Officer, PRO Real Estate Investment Trust

I'll introduce Zack Aaron to the group to comment on that a little bit. He's heavily into this on a daily basis.

Zachary Aaron – Director, Investments and Asset Management, PRO Real Estate Investment Trust

Sure. Hi, Brad. So, we have about 75 percent to 80 percent of our expired GLA in 2024 as industrials expiring, and so far, from what we've seen across about 25 deals, we're at about a 45 percent spread on those industrial renewals. That's kind of in line with what we saw in 2023, and that's a combination over our Burnside portfolio in Halifax, Ottawa, Winnipeg and Southwest Ontario. We see more of the same coming due for 2024 across our industrial renewals, kind of expectation to be in that 30 percent to 40 percent renewal spread range throughout the year, similar to 2023.

Brad Sturges – Analyst, Raymond James

Okay, that's helpful, and any expectations around a non-renewal or any transitional vacancy at this point with respect to your 2024 maturities, or expiries.

Zachary Aaron – Director, Investments and Asset Management, PRO Real Estate Investment Trust

In 2024, at this moment, from what we know on hand, there's nothing major. There's a few retail offices with some larger spaces that are later in the year, but we don't have knowledge of where those will end up one way or another, but on the industrial front, there's nothing major, as well, in terms of any large spaces coming due that we know are vacating, just yet at least.

Brad Sturges – Analyst, Raymond James

Okay, and just for the remainder of this year, I think there's just a little bit of space left, like 75,000, just what are your prospects for what's left to do this year?

Zachary Aaron – Director, Investments and Asset Management, PRO Real Estate Investment Trust

Yes, in terms of what's remaining this year on our 2023 list, there's really kind of one or two spaces of larger size that are kind of outstanding, and that leaves us 11 percent that's remaining. Kind of where we're seeing in terms of discussions we're having, I think we'll probably end up closer to 93 percent, 94 percent in terms of a final 2023 number in terms of our renewal spread. So, that's kind of what we're seeing in terms of these last kind of two months of the year.

Brad Sturges – Analyst, Raymond James

Okay, thanks. I'll turn it back.

Operator

Your next question comes from Sam Damiani from TD Cowen. Your line is now open.

Sam Damiani – Analyst, TD Cowen

Good morning, and thank you. I just wanted to started off on the, I guess, investment market, what are you seeing in your core markets for industrial investment activity. Cap rates, have they changed, obviously, specifically, on the Halifax market, as well?

Gordon Lawlor – President and Chief Executive Officer, PRO Real Estate Investment Trust

Yes, hey, Sam. It's Gordie. From the Halifax market, we haven't seen anything significant going on there. As of late, no major sales of interest. There's building of a couple hundred thousand square feet in Bayer's Lake, on the Halifax side, some IB energy-efficient-type stock that's coming, and that's 200,000 to 300,000. That's in some of the occupancy numbers now. You see, I think, that Halifax might have gone from 3 percent vacancy to 4 percent in this quarter, but it's basically showing that new development space. That's really not in competition to any of our space at this time.

Then, the other thing that's out there, discussion, is this Burnside Park. Finally, after years, they're opening up a section at the top of the Burnside Industrial Park there and there'll be bidding, and whatnot, for some space there. The acreage, as we understand it, is quite small, and I think the group, or the city would be more attuned to owner/user type pieces, but there is room for a couple of 100,000 or 200,000 square foot buildings there, so we'll be looking at that with our partner once it gets live in the next six months, probably, but it's been pretty much status quo there, and I said that the new build has really started on the Bayer's Lake side with some best-in-class type 30-foot clear buildings going up over there.

Sam Damiani – Analyst, TD Cowen

Thank you, that's helpful, and just on that 84,000 square feet that's characterized as redevelopment, what's the status on backfilling those vacancies?

Gordon Lawlor – President and Chief Executive Officer, PRO Real Estate Investment Trust

One of the buildings, we have under contract for sale, so we'll see if that comes to fruition in Q4, and the other one, we actually have an offer on that from a developer, as well. Time will tell, but we may see both of those being sold before the end of the year.

Same Damiani – Analyst, TD Cowen

Okay, and just finally—I may have missed some of the discussion with Brad's questions—did you provide sort of a target year-end occupancy on an in-place basis, just given, obviously, the big change in ...

Gordon Lawlor – President and Chief Executive Officer, PRO Real Estate Investment Trust

No, we didn't. I think what you've seen this quarter, which is unusual for us, is 90,000 of industrial vacancy. That'll be reduced, though, to 60,000 come Q4. We had a 50,000 square foot space in Winnipeg that was leased until the end of June. It was a long-term tenant in there, so we spent a bit of time and cleaned it up, and then we successfully leased it effective October 1 to the neighbouring tenant, which is good and bad. The good is they're coming into the 60,000, but they're leaving the 30,000. Basically, in big spots of space, there'll be 30,000 left in that building in Winnipeg, and we have another 30,000 Côte-de-Liesse property on the island in Montréal, that's been available just since June, as well. There's \$6.25 rents in that building, and the market is in the \$15 to \$16 range, so we expect to have something done with property quite soon, but we'll see.

Sam Damiani – Analyst, TD Cowan

That's great, thank you, and I'll turn it back.

Gordon Lawlor – President and Chief Executive Officer, PRO Real Estate Investment Trust

Thanks.

Alison Schafer – Chief Financial Officer and Secretary, PRO Real Estate Investment Trust

Thank you.

Operator

Your next question comes from Gaurav Mathur from Laurentian Bank. Your line is now open.

Gaurav Mathur – Analyst, Laurentian Bank Securities

Thank you, and good morning, everyone.

Gordon Lawlor – President and Chief Executive Officer, PRO Real Estate Investment Trust

Good morning.

Alison Schafer – Chief Financial Officer and Secretary, PRO Real Estate Investment Trust

Good morning.

Zachary Aaron – Director, Investments and Asset Management, PRO Real Estate Investment Trust

Good morning.

Gaurav Mathur – Analyst, Laurentian Bank Securities

I was looking at your debt ladder and the 40,000 of mortgage maturities for 2024, and the roughly 28,000 for 2023. Could you provide some colour on what lenders are saying in terms of refinancings and where the spreads currently lie?

Gordon Lawlor – President and Chief Executive Officer, PRO Real Estate Investment Trust

The last real fixed rate deal was the 5.07 percent we did on a seven-year money earlier in the year. I think our spread on that was 2.05 ...

Zachary Aaron – Director, Investments and Asset Management, PRO Real Estate Investment Trust

I think it was, actually, closer to 1.90.

Gordon Lawlor – President and Chief Executive Officer, PRO Real Estate Investment Trust

One ninety. So, 1.90 on those for seven years. The \$25 million coming due this year, we're just in talks with a big bank lender just to renew that for a year, just because some of those assets, there's a couple of office assets in that mix, so, as we've indicated, we'd look to sell those assets in the next year or so. We're just looking at that from a standpoint of putting one year down on it or a floating rate option. So, we don't have any issue with that \$25 million, as far as getting it refinanced, it's just what we're doing with the assets. The next \$27 million, that's basically March and April, we're already chatting with lenders on those.

But, I mean, what we're seeing is spreads on good industrial between 1.90 and 2.10, that's what we're hearing in the market, so we don't think we'll have any problems with those. You'd like to lock the rates in a little lower than they are now ...

Gaurav Mathur – Analyst, Laurentian Bank Securities

Right.

Gordon Lawlor – President and Chief Executive Officer, PRO Real Estate Investment Trust

... so, hopefully, we'll see what goes on in the next number of months.

Gaurav Mathur – Analyst, Laurentian Bank Securities

Okay, great, and did I hear you correctly, the \$27 million next year, that's due in March and April?

Gordon Lawlor – President and Chief Executive Officer, PRO Real Estate Investment Trust

Yes, and I think most of it's due in April.

Alison Schafer – Chief Financial Officer and Secretary, PRO Real Estate Investment Trust

Yes.

Gaurav Mathur – Analyst, Laurentian Bank Securities

Okay, great. Then, just switching gears here, on capital recycling, we know that you have the disposition program, but is there anything on the acquisition front that's looking very attractive at the moment and may make sense as you look at 2024?

Gordon Lawlor – President and Chief Executive Officer, PRO Real Estate Investment Trust

Zack's in touch with the brokers all the time, and there's just a large disconnect between vendor industrial values and what purchasers are available to pay right now, based on, you know, anybody that's a leveraged buyer, right? When you're sitting there looking at 6 percent to 6.5 percent debt, or 5.8 percent if you've got the best-in-class on maybe yesterdays' numbers, it's a challenge, right? That's, I think, what we're seeing in the market right now, it's quite stalled.

Zack, you haven't seen any significant trades in the last little bit?

Zachary Aaron – Direct, Investments and Asset Management, PRO Real Estate Investment Trust

No. I would say there's been a fairly significant amount of deals that have come to market post-Labour Day on the industrial front. I think that's just a bit strategic from brokers, with just more people paying attention, but with rates continuing to kind of shoot up and down, I think it's just tough for buyers, especially institutional buyers, to have any sort of real confidence of where values are right now, and then combine that with a tough financing environment, I think a lot of people are still in a very much pen-down situation, so we just simply haven't seen much of the product that even came to market in, call it early September trade. Some of them may be under contract, that we're just not aware of yet, but it's definitely a slow grind out there right now, and what we're seeing across the country.

Gaurav Mathur – Analyst, Laurentian Bank Securities

Okay, fantastic, and just one follow-up question. Is there a specific vendor type that you're seeing emerging as part of some of these assets that are coming to market?

Gordon Lawlor – President and Chief Executive Officer, PRO Real Estate Investment Trust

Yes, all private vendors. Family money, smaller firms, that's really what we're seeing. The single-tenant assets that we have, or small multi-tenant, it's just smaller, private groups. You have to work harder on those deals, and so it takes a lot longer. That's really what we're seeing. But, we're getting—we're happy with the pricing we're getting. For some of these smaller assets, they've been 7.5 caps, which we're fine with for those type of assets, with some low growth and some leasing risk going forward, and then the million-dollar asset that we alluded to, I think that's at 7.25 cap, so we're happy with that pricing, as well. We're not fire-sale-ing any of these assets at all, just some of them are coming to us as unsolicited offers, and things like that. It's a grind, but we're being successful at it, so we're pleased.

Gaurav Mathur – Analyst, Laurentian Bank Securities

Fantastic. Thanks for the colour, Gordie. I will turn it back to the Operator.

Gordon Lawlor – President and Chief Executive Officer, PRO Real Estate Investment Trust

Thanks a lot.

Operator

Your next question comes from David Chrystal from Echelon. Your line is now open.

David Chrystal – Analyst, Echelon Capital Markets

Thanks. Good morning, guys.

Gordon Lawlor – President and Chief Executive Officer, PRO Real Estate Investment Trust

Good morning.

David Chrystal – Analyst, Echelon Capital Markets

You provided a bit of colour on the Winnipeg, I guess, kind of tenant shift within the portfolio. I suppose they're really seen as a good story, but the Winnipeg departure, and you alluded to a smaller Montréal tenant departure on that kind of 90,000 of vacant space, can you provide any commentary on the reasons for vacating the space?

Gordon Lawlor – President and Chief Executive Officer, PRO Real Estate Investment Trust

The Winnipeg asset, it was a long-term tenant that needed more space, that we couldn't accommodate, so that's what that was. I mean, those rents were \$5 and \$6.

Zachary Aaron – Director, Investments and Asset Management, PRO Real Estate Investment Trust

Yes, and the previous rent in the 60,000 square feet was \$5.50, and the new tenant, who started paying rent October 1, is now paying \$7.50 on a 10-year that includes 3 percent annual steps, so we're

extremely happy with that, and now we're just working on backfilling their smaller 28,000 square foot space next door, that's in good shape.

Then, in Montréal, the previous tenant in there had gone bankrupt, so they vacated the space in early 2023. They were paying about \$6.25 on a net basis. We had a temporary tenant come in for three months, so basically just continued paying the same gross rent. So, now the space has been vacant since ...

Gordon Lawlor – President and Chief Executive Officer, PRO Real Estate Investment Trust

End of June.

Zachary Aaron – Director, Investments and Asset Management, PRO Real Estate Investment Trust

End of June, yes, 30,000 square foot industrial space. There's a bit more office in that space, about 30 percent office is the layout, the rest is 24-foot clear industrial warehouse, good shipping access, right along (inaudible 27:30) near the airport. We've had a bunch of tours and a lot of groups looking at it, a few offers already that just haven't got there, but we're fairly confident we'll get a deal done sooner than later in that 15 plus/minus range.

Gordon Lawlor – President and Chief Executive Officer, PRO Real Estate Investment Trust

The tenant there was a distribution facility for a retailer, so that's one thing that we're noticing, is when you have some of these smaller retailers that have run out of room with COVID, and whatnot, so we got that space back, which we were happy to get back, because, like I said, the \$6 rent could be \$15

or \$16, but you get transitional downtime with these deals to create more value, right? We've been lucky on any of those departures to be significantly under market rent and prove to be good stories longer term.

David Chrystal – Analyst, Echelon Capital Markets

Sorry, just to clarify, the tenant that went bankrupt was the logistics or the retailer, or that was the temporary tenant that backfilled that space?

Gordon Lawlor – President and Chief Executive Officer, PRO Real Estate Investment Trust

No, it was a—what is it, an electric shaving company, or something in Québec.

Alison Schafer – Chief Financial Officer and Secretary, PRO Real Estate Investment Trust

It was a company called Centre Du Rasoir.

Gordon Lawlor – President and Chief Executive Officer, PRO Real Estate Investment Trust

Yes. So, shaving materials, and that. Like, they'd be in the malls, and that type of thing. This was a distribution and returns facility for them. Then, we just rented to the liquidator for three months while they were liquidating their inventory there. The liquidator wanted to actually stay on, but we told them no, because we wanted to get a better rent in the space.

David Chrystal – Analyst, Echelon Capital Markets

Okay. So, really, like, no material change in leasing dynamics. I mean, it's actually a mix of kind of good news stories and tenant expansion and inability to accommodate larger tenant requirements. So, I suppose you're not seeing any broader challenges across your portfolio from any tenants.

Gordon Lawlor – President and Chief Executive Officer, PRO Real Estate Investment Trust

No, honestly, we haven't, and if we look back in our 10-year history, we've been lucky with minimal bankruptcies or having real estate that was attractive to re-lease, and so we don't see anything systemic yet, you know, as far as recessionary, or anything like that. We did see everybody being a little slower. Somebody wants to expand, but then they're thinking about it again. So, that works both ways. Somebody wants to expand and thinks that your space is too small for them, they're rethinking and saying, "Well, maybe I'll stay for another couple years." So, you've just got that internal discussion among every tenant about their business, which may or may not affect our business. That's really the way I'd communicate it right now.

David Chrystal – Analyst, Echelon Capital Markets

Okay, thanks, and then, Alison, if we were just to back up the 90,000 of transitional vacancy, what would same property NOI growth have been for the quarter?

Alison Schafer – Chief Financial Officer and Secretary, PRO Real Estate Investment Trust

Because we backed out the Montréal vacancy?

Gordon Lawlor – President and Chief Executive Officer, PRO Real Estate Investment Trust

Yes.

Alison Schafer – Chief Financial Officer and Secretary, PRO Real Estate Investment Trust

If we back out the 90,000 square foot ...

Gordon Lawlor – President and Chief Executive Officer, PRO Real Estate Investment Trust

I think we would have been in, like, 5 percent or 6 percent with that. We honestly didn't look at it for that point. We thought we did enough with backing out the one-time other ones.

Alison Schafer – Chief Financial Officer and Secretary, PRO Real Estate Investment Trust

The Montréal piece, yes.

Gordon Lawlor – President and Chief Executive Officer, PRO Real Estate Investment Trust

I thought the analysts wouldn't like it, if every time we had a vacancy, we adjusted the same store, but it would have been north of 4 percent or 5 percent, I think, on the industrial.

Alison Schafer – Chief Financial Officer and Secretary, PRO Real Estate Investment Trust

Yes. High level of speaking, yes.

Gordon Lawlor – President and Chief Executive Officer, PRO Real Estate Investment Trust

Yes.

David Chrystal – Analyst, Echelon Capital Markets

Yes, yes, fair, and then, I mean, as far as you can give kind of soft guidance for '24, and based on your commentary on leasing velocity, it sounds like it's much the same as '23. Would it be fair to read kind of mid-single-digit NOI growth for the year ahead?

Gordon Lawlor – President and Chief Executive Officer, PRO Real Estate Investment Trust

We just finished our 2024 budget, and then did a five-year cash flow. So, I mean, it's a cash flow and it's based on what your occupancy is, but we were really pleased with the outcome of that, and so we're seeing between, over the five-year period, 5 percent to 8 percent NOI growth, an average CAGR of like 6 percent, 6.5 percent. That's where we think our numbers are going with these incremental rents.

David Chrystal – Analyst, Echelon Capital Markets

Okay, great colour, appreciate it. I'll turning it back. Thanks.

Gordon Lawlor – President and Chief Executive Officer, PRO Real Estate Investment Trust

Thanks very much.

Alison Schafer – Chief Financial Officer and Secretary, PRO Real Estate Investment Trust

Thank you.

Operator

There are no further questions at this time. Ladies and gentlemen, this concludes today's conference. Thank you for participating. You may now disconnect.

Gordon Lawlor – President and Chief Executive Officer, PRO Real Estate Investment Trust

Thanks very much.

Alison Schafer – Chief Financial Officer and Secretary, PRO Real Estate Investment Trust

Thank you.

Zachary Aaron – Director, Investments and Asset Management, PRO Real Estate Investment Trust

Thank you.