FINAL TRANSCRIPT

PRO Real Estate Investment Trust

First Quarter Fiscal 2024 Results Conference Call

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CORPORATE PARTICIPANTS

Gordon Lawlor
PRO Real Estate Investment Trust — President & Chief Executive Officer

Alison Schafer
PRO Real Estate Investment Trust — Chief Financial Officer & Corporate Secretary

Zach Aaron
PRO Real Estate Investment Trust — Vice President, Investments & Asset Management

CONFERENCE CALL PARTICIPANTS

Mark Rothschild
Canaccord Genuity — Analyst

Brad Sturges
Raymond James — Analyst

Sam Damiani
TD Cowen — Analyst

David Chrystal
Echelon Capital Markets — Analyst

Sumayya Syed
CIBC Capital Markets — Analyst

PRESENTATION

Operator

Good morning and welcome to the PROREIT's First Quarter Results Conference Call for Fiscal 2024. 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. To ask a question, simply press the star key then the number one on your telephone keypad. If you would like to withdraw your question, please press star then the number two.

For your convenience, the results released along with first quarter financial statements and management's discussion and analysis for fiscal 2024 are available at www.proreit.com in the investor 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, levels of activity, performance, goals or achievements, or other future events or developments. Forward-looking statements are based on information currently available to management and on estimates and assumptions made based on factors that management believes are appropriate and 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 the forward-looking statements. As a result, PROREIT cannot guarantee that any forward-looking statement 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 May 8, 2024, available at www.sedarplus.ca. Forward-looking statements represent management's expectation as at May 8, 2024 and, except as may be required by law, PROREIT has no intention and undertakes no obligation to update or revise any forward-looking statement, 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 first quarter earnings release for fiscal 2024 and non-IFRS measures section in the MD&A for the first quarter of fiscal 2024 for additional information.

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

Gordon Lawlor — President & Chief Executive Officer, PRO Real Estate Investment Trust

Thank you, Chris. Good morning, everyone, and welcome. Joining me today is Alison Schafer, our CFO and Corporate Secretary; and Zach Aaron, Vice President of Investments and Asset Management.

Let me begin by saying that I'm pleased with our performance in the first quarter of 2024. Despite ongoing economic uncertainty, we remain committed to optimizing our portfolio and our balance sheet.

Our shift towards the industrial sector in recent years has proven to be the right strategy. In the first quarter our portfolio generated same property NOI growth of 7.8% year over year. On a segmented basis, our industrial sector, which represents about 76% of our total same property NOI, delivered 7.8% growth in Q1 over last year. The increase was driven by robust leasing renewal spreads and rental steps. At March 31, 2024, the weighted average in-place rent for our industrial portfolio was $8.53 per square foot, an increase of 9.4% compared to the same date last year. We're also pleased with our office segment, which delivered notable same property NOI growth of 17.6% year over year, mainly as a result of increased occupancy compared to the same period in 2023.

During the quarter we were active on the transaction front to rotate capital away from less attractive assets. We completed the sale of three non-core properties for total gross proceeds of $26.1 million. With respect to the transactions, in February we sold two non-core properties located in Nova Scotia and Quebec totaling 124,000 square feet. A portion of the total gross proceeds of $20.7 million were used to repay about at $16 million in related mortgages and the balance for general business purposes. In March we sold a third non-core retail property totaling approximately 11,000 square feet in BC for gross proceeds of $5.4 million. These proceeds were used to partially repay a $9.4 million mortgage secured by additional retail properties. We therefore ended up the first quarter with 120 investment properties, corresponding to approximately 6.2 million square feet of GLA. At the same date last year, we owned 130 properties. Both periods included 50% ownership interest in 42 properties with our partner at Crestpoint. Our property sales in the quarter allowed us to reduce our total debt by $25.1 million compared to March 31, 2023. In Q1 we also entered into a binding agreement for the sale of two non-core retail properties for total gross proceeds of $7 million excluding closing costs. These sales are expected to close in the second quarter with net proceeds to be used to repay a portion of our outstanding credit facility and for general business purposes. These two additional sales will bring our industrial segment to 83.1% of total GLA and 76.1% of NOI on a pro forma basis.

Our leasing activities continue to be strong. Today we've renewed 55.6% of GLA maturing in 2024 at a positive average spread of 33.5% for the entire portfolio and 47.7% for our industrial properties. We're also very pleased to have signed a new lease for 128,000 square feet of space due to expire in January 2025. The lease, starting in February 2025, was signed with a new quality international tenant for a 15-year term with annual rent steps and a base rent in excess of 30% over the expiring lease.

We continue to benefit from an overall high quality and resilient tenancy base. Our occupancy rate remained solid at 97.7% at March 31st. This has been temporarily impacted by transitional vacancies in select industrial properties which are currently experiencing good leasing momentum. As for our property management division, we managed approximately 10.8 million square feet of GLA at quarter end, 6.2 million of that properties were our own.

Finally, on the ESG front, we published our latest annual sustainability report yesterday. As we continue to adapt to evolving stakeholder expectations, our report highlights our commitments, strategy, and accomplishments relating to our ESG factors. For example, a lot of effort has been made to increase our data collection capabilities throughout the year and we engaged with a third-party supplier to monitor and measure our greenhouse gas emissions. We are proud of the progress we have made, but recognize there's still work to be done to improve as we move forward on our ESG journey.

I'll now turn the call over to Alison for a more detailed review of our financial results. Alison, over to you.

Alison Schafer — Chief Financial Officer & Corporate Secretary, PRO Real Estate Investment Trust

Thank you, Gordie, and good morning, everyone.

Our financial discipline contributed to our ability to deliver good results in the first quarter of 2024. Property revenue for the first quarter increased by 1.7% from $25.3 million in Q1 2023 to $25.7 million in Q1 2024. Net operating income increased 1.9% from $14.5 million to $14.8 million. We are pleased with the growth achieved despite having 10 fewer properties in our portfolio compared to last year. General and administrative expenses for Q1 2024 were down by $2.1 million compared to the same period last year, mainly driven by one-time retirement and CEO succession costs in 2023. Net cash flows provided from operating activities in Q1 2024 amounted to $9.7 million, down slightly from $10.6 million in the first quarter of 2023. AFFO totaled $7.4 million for the quarter, down slightly from $7.8 million compared to the same quarter last year. Our basic AFFO payout ratio was 91.6% for Q1 2024, up from 87.0% in Q1 2023. This variance was mainly driven by the decrease in the properties owned in addition to higher interest and leasing costs.

Turning to our balance sheet, our liquidity position remained strong with $39.5 million available through our credit facility in addition to the $11.6 million in cash at March 31, 2024. Our total debt, including current and noncurrent portions, totaled $493.6 million at March 31, 2024, a reduction of $25.1 million from March 31, 2023, as Gordie mentioned. Total debt to total assets also remained stable at 49.3% at March 31, 2024 compared to 49.2% at the same date last year. Our weighted average interest rate on mortgage debt was 3.89% at March 31, 2024 compared to 3.70% at the same date last year. As for the remaining mortgages maturing in 2024, they amount to $17.8 million and we expect to renew them at market terms. The weighted average cap rate for the portfolio was approximately 6.6% at March 31, 2024, up from 5.9% at March 31, 2023. Finally, we maintained our distribution of $0.0375 per unit for each month in the first quarter of 2024.

Gordie, back to you for closing comments.

Gordon Lawlor — President & Chief Executive Officer, PRO Real Estate Investment Trust

Thank you, Alison.

We started the year on solid footing and we continue to focus on strengthening our portfolio and managing our balance sheet with discipline. Once the market stabilizes, we intend to be opportunistic and further increase our footprint in the industrial sector in regions where we already have a presence. The dedicated team we have at PROREIT remains the cornerstone of our success. Thank you, everyone, for a strong start to 2024.

That concludes our remarks. Chris, over to you for the Q&A.

Q & A

Operator

Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. Should you have a question, please press star followed by one on your touchtone phone. You will hear a three-tone prompt acknowledging your request and your questions will be polled in the order they are received. Should you wish to decline from the polling process, please press star followed by two. If you are using a speakerphone, please lift the handset before pressing any keys. One moment please for your first question.

Your first question comes from Mark Rothschild, Canaccord. Mark, please go ahead.

Mark Rothschild — Analyst, Canaccord Genuity

Thanks and good morning, guys.

Gordon Lawlor — President & Chief Executive Officer, PRO Real Estate Investment Trust

Good morning, Mark.

Mark Rothschild — Analyst, Canaccord Genuity

Hey. We've seen some increase in availability for industrial properties, and I know it's a property-type specific even in industrial. I'm wondering if you could just talk to what you're seeing for your properties and then how do you see this impacting your organic growth over the next couple of years.

Gordon Lawlor — President & Chief Executive Officer, PRO Real Estate Investment Trust

Thanks, Mark. I mean, for example, this quarter we're down a little bit in occupancy. We had 40,000 square feet come due in Woodstock, Ontario in February and we're working on a new lease for that, but you'll see that 40,000 is a contributor to the slight drop in our occupancy for this quarter. So, depending on when we lease that up, it'll affect next quarter as well.

But yeah, what we're seeing is, and Zach can jump in as well, we've got three spaces basically, about 30,000 square feet, one in Winnipeg 28,000 where we've got it leased but just on a temporary basis, so we've been trying to get that filled on a long-term basis. We've got 28,000 here on the island in Montreal, a great space that's been vacant for six months now. We've been close on a couple of deals on that. And then this new 40,000 square feet in Woodstock. So that's what we're seeing. It's a 30,000 square foot space taking a little longer than what we've seen in the past.

That said, I think every rent that I mentioned there is coming off of $6 rents and, you know, on the island right now folks are looking for $15 for that kind of space that we have. Woodstock is going to be from $6 going to probably close to $11 and then Winnipeg is $6 to $9. So those are all positive things for us that way, it's just you're seeing some transitional vacancy there. But certainly the larger spaces are taking a little longer. We're seeing that. And now this is good space. The Woodstock is 28-foot clear 2007 building, you know, perfect for whatever it's needed for. But yeah, we just kind of see that specific to all of our markets and I think the general view across the country is the larger spaces are taking a little longer to the lease.

Mark Rothschild — Analyst, Canaccord Genuity

Okay, great. Thanks. And then in regards to the asset sales, you've been pretty clear over the past couple of years that you're going to be disciplined in not just selling non-core assets just to get rid of them but to get the prices you want you're getting some of that now. To what extent have you been maybe giving in a little bit on the price just to get that transition, the numbers of industrial higher relative to other properties that you own?

Gordon Lawlor — President & Chief Executive Officer, PRO Real Estate Investment Trust

We've been marketing all of our stuff at fair value, obviously, and so I mean, on these sales, basically we're getting the values that we think the assets are worth in this market. So we haven't seen significant, you know, really people coming back at a deep discount once they've signed a deal in on us having to bend over to that. I mean that's just the stuff that we're selling is pretty straightforward, I guess. So we really haven't seen that. I mean vendor take-backs, I think, on a smaller asset we did a while ago with a small private, we did $0.5 million VTB, but nothing like that on these sales. It's a couple of Toronto institutions that have kind of looked at a couple of assets that we have and like them and then they keep offering on other assets that we don't have for sale. So that's a little bit what we've seen.

The office, as you know, it's available, but we're working on a couple of transactions there. We'll see if they come to fruition. But the market, I think, for good office these days is probably $150 to $170 a square foot is kind of what we're seeing, so if we see bids in that area, we'd be interested in that to just, ah, the office assets we have has some short-term debt on it and it's a pretty high rate, so to the extent we can sell those, we'll do it.

Mark Rothschild — Analyst, Canaccord Genuity

Okay, great. Thanks so much. I'll turn it back.

Operator

Thank you. Your next question comes from Brad Sturges, Raymond James. Brad, please go ahead.

Brad Sturges — Analyst, Raymond James

Hey, good morning. Just to go back to your commentary on the transitional vacancies, is that mostly in Q2? Or what would be the time frame you're expecting in terms of lease up?

Gordon Lawlor — President & Chief Executive Officer, PRO Real Estate Investment Trust

The property is 28,000 square feet in the island and that's been vacant for a while, so you already have that in our numbers. And as well we've got this temporary tenant in Winnipeg, so that's been in our numbers for the last six months. So I mean that's just an upside discussion when we get a new tenant. The 40,000 square feet, that's brand new. So they left in February. So, if we don't get it leased up by June 30th, obviously, will be down on this 40,000 square feet for the quarter.

And then the asset sales that we have ongoing as well will affect slightly, but offset by the increases that we're seeing in our cash flows that you've seen in the last two quarters. We're 10 less properties than we were last year and we have more NOI, right? So some of this is offsetting and effectively, you know, we're liking what we're seeing. If we got this other 100,000 square foot lease, we'd be happy with our year for sure.

Brad Sturges — Analyst, Raymond James

And in terms of what's left to do for expiries, there's nothing else of material note that you would expect to get back at this point?

Zach Aaron — Vice President, Investments & Asset Management, PRO Real Estate Investment Trust

At this point, no, not really. What's remaining is probably 80% to 90% of the remaining GLA expiring this year is industrial. Most of the office and retail that has come due this year has already kind of been renewed or backfilled. There's one chunkier kind of 15,000 square feet of office that come due in Q3 that we're working on a potential backfill deal there. Industrial-wise, given that the majority of our portfolio is small bay tending to the 5,000 square foot range, that's really what we're mostly dealing with, especially in our Burnside portfolio. So there's tos and fros in that, as they always is a small bay, but nothing wildly material at this point.

Brad Sturges — Analyst, Raymond James

Okay. Congrats on the new lease that you signed for 2025. I'm curious, there's contractual steps. Are you able to disclose what those steps would look like?

Zach Aaron — Vice President, Investments & Asset Management, PRO Real Estate Investment Trust

Yes. So there are 3% annual rent escalations over the 15-year term.

Brad Sturges — Analyst, Raymond James

So the previous lease expired in January and then the new ones in February, so there's a little bit of downtime, I assume, and would there be any free rent associated with this new lease?

Gordon Lawlor — President & Chief Executive Officer, PRO Real Estate Investment Trust

No. No downtime or no free rent. A little bit of a TI, obviously, for a 15-year lease, but it's structured so we don't have any downtime at all for that space.

Brad Sturges — Analyst, Raymond James

Okay. That's great. Are you able to say who the international tenant was or is?

Gordon Lawlor — President & Chief Executive Officer, PRO Real Estate Investment Trust

Zach tells me not yet, but they may have something out in the next little bit, so we can probably talk about it in the future.

Brad Sturges — Analyst, Raymond James

Okay, sounds good. I'll turn it back.

Operator

Thank you. Ladies and gentlemen, as a reminder, should you have a question, please press star one on your touchtone phone.

Your next question comes from Sam Damiani, TD Cowen. Sam, please go ahead.

Sam Damiani — Analyst, TD Cowen

Thanks. Good morning, everyone, and congrats on a great quarter. Just first question is, I guess, you commented that the leasing is taking a little bit longer. I'm just wondering what you would attribute that to specifically.

Zach Aaron — Vice President, Investments & Asset Management, PRO Real Estate Investment Trust

Thanks, Sam. So, obviously, what we've seen is availability increase for industrial across the spectrum, but what's really showing its face now is a bifurcation of large bay versus small bay where most of that availability that you've now seen across the country is really just a statistical thing where now previous buildings that were under development that are now completed developments, those now get tracked as vacancies if it was not pre-leased. So that's where you kind of see the rise in availability across the markets. And all those new developments, or 90% plus, are for large-bay spaces. So, simply put is, if you are a larger bay user, think 50,000 square feet or so plus, you now have more options available in the market plus a lot of the users in that space, a lot of the 3PL type users, given the shakier economic environment, are now more hesitant to either expand or take on more space or additional spaces, so you're just seeing less leasing requirements for these larger-scale users and there's more availability and options. So it's just taking some more time given that tenants have more options than they did before and there isn't that crazed rush like we saw kind of in 2020, 2021. But spaces are still getting leased at good rates, just taking a bit longer than we got used to in peak COVID times.

Gordon Lawlor — President & Chief Executive Officer, PRO Real Estate Investment Trust

It's Gordie. Just to piggyback on that, Sam, specific to the properties we have, so the Côte-de-Liesse property out by the airport here, 28,000 feet, we have potential deals on those. One was the light manufacturing. They wanted more power than we had in the building. So we do the math on that and they didn't want the building until the beginning of 2025 so, to be honest, we didn't work too hard on that, because we thought there'd be easier deals out there. And then when we look at, for example, this Woodstock, we thought we had a tenant to take over there, a 3PL carrier, but what we're learning on a lot of these things is those groups are subject to the contracts they have. So they try to secure space and then if they don't win this contract or renew the contract that they're bidding on, they go away. So that's like two specific examples of ours. It's not like the space is vacant. And we're picky, because we have $6 rents in these spaces, so we don't need to do anything specifically fast on these. These will lease at what we think is significant increases in rent and value.

Sam Damiani — Analyst, TD Cowen

That's really helpful as well. And so, just with this transition that the market's gone through over the last couple of years, like how confident are you that that shift has run its course or do you see the market loosening up further?

Zach Aaron — Vice President, Investments & Asset Management, PRO Real Estate Investment Trust

Yeah, it's hard to say. I think what you started to see over the course of the end of 2023 and going into 2024 is land transactions are virtually nonexistent right now and a lot of development projects in the industrial world have now been shelved just as more inventory comes on line, there's less pre-leasing, and their challenges with the costing. Construction costs are still elevated, financing costs are still elevated, and now there's less certainty around market rents and exit cap rates in those kind of items. So I think, as some of the development starts to trend off and slower, absorption kind of remains steadily. And if we see some of these rate cuts and the economy maybe picks up a little bit, we could see this dynamic where, throughout 2024 going to 2025, things are kind of in the steady state, but that we might get back into a space crunch again, especially for larger bay spaces, if the economic environment improves and development hasn't caught up to what we've been seeing over the last year or two. So there's a bit of that dynamic. That's more specific for large-bay spaces. When it comes to small-bay industrial, which again is kind of the majority of our portfolio, there is virtually zero new developments, because it's just not economically viable. So we still see a lot of strong leasing momentum, both in terms of the time to backfill vacancies and the market rents were achieving.

Sam Damiani — Analyst, TD Cowen

That's helpful. Last one from me is just on the sublet market. How much has that changed in terms of your ability to transact leases? Like I assume the sublet availability has gone up as a portion of total availability. Is that impacting the rent that you're actually able to achieve or is it just too different, that it's not really comparable?

Zach Aaron — Vice President, Investments & Asset Management, PRO Real Estate Investment Trust

Yeah, at least looking at our portfolio, it's really not something we've come across. There's virtually—I'm not familiar with any of our spaces on the market for sublease. Truly, my understanding of the sublease market where, yes, it's contributing more to the availability across the country, it's really the Amazons of the world. I think Amazon in the GTA has like something like two million square feet on the sublease market and other 3PL type users who took on a lot of space or a bit too much space, again in peak COVID times, and now they don't need as much of it. So I think that's the sublease availability, which is just not the type of space we either have or are truly competing with. When it comes to small bay, again, it's a very different dynamic, a stronger dynamic I would say, where we just haven't really seen any subleases in our markets or our properties come around, so it's not really something that we have to compete against or we're seeing much of.

Sam Damiani — Analyst, TD Cowen

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

Operator

Thank you. Your next question comes from David Chrystal, Echelon Capital Markets. David, please go ahead.

David Chrystal — Analyst, Echelon Capital Markets

Thanks. Good morning, guys.

Gordon Lawlor — President & Chief Executive Officer, PRO Real Estate Investment Trust

Good morning.

David Chrystal — Analyst, Echelon Capital Markets

Are you seeing any tenant solvency issues across the portfolio and are any cracks starting to emerge?

Alison Schafer — Chief Financial Officer & Corporate Secretary, PRO Real Estate Investment Trust

Hi there. It's Alison. At this time, no, we haven't seen any tenant insolvencies. Our collections have been on point. We have no indication of any weaknesses in our tenants at this time.

David Chrystal — Analyst, Echelon Capital Markets

Okay. And I know it's a small kind of component, but the office leasing over, obviously the quarter and I think the last lease signed might have been in the second quarter last year, but we're seeing decent spreads versus expiring. Are there significant incentives tied to that leasing and can you maybe comment on the change in net effective rent there?

Zach Aaron — Vice President, Investments & Asset Management, PRO Real Estate Investment Trust

Sure. So yes, over the last few years, obviously, with everything that's happened in the office space, availability has gone up across the board. Yes, in order for landlords in most markets, depending whether it's suburban or downtown, is larger incentives, whether it's free rent, TIs, creating turnkey spaces, have definitely been on the rise and so that obviously impacts your net effective rents. It's hard to say one deal to another, because it depends whether it's a renewal, whether that space was already built out or it was already in kind of base building form. So yes, you are seeing significant TI packages being provided to tenants and really the name of the game for most office, whether it's suburban or downtown, across the country, is being able to create turnkey spaces for tenants where they can come in and the spaces are ready to be operated in from day one. So that obviously comes at a cost just given that construction costs are still elevated across the board.

David Chrystal — Analyst, Echelon Capital Markets

And can you maybe comment on the buyers that are in the market maybe kicking the tires on some of your office properties?

Zach Aaron — Vice President, Investments & Asset Management, PRO Real Estate Investment Trust

Yeah, sure. So obviously, our office portfolio, we only have six remaining office assets, three in Ottawa, three in Atlantic Canada. You're seeing a lot of transaction activity in Ottawa these days. I think a lot of the buying action, especially for some of the downtown office buildings, has been buyers looking opportunistically for either a conversion or a demolish and conversion to residential.

In some of the suburban markets I think you're seeing local private groups, kind of regional private groups who are, I would say, groups who have been around, they already own office, they understand office, and now they're seeing some opportunity where they think they can buy, at what are now bottom-based prices, with good long-term upside in the sense of they have attracted going-in yields, they have expertise and operational expertise in that domain, and they think they can improve vacancy, improve market rents over time, and probably banking a little bit on the return to office just as, you know, a weaker market and maybe gives some employers some leverage to ask employees to return. So it's hard to say, but it's definitely dominated by private groups opportunistic for residential conversion or just local players who have a good operational view of how to operate these assets and get them at good prices.

David Chrystal — Analyst, Echelon Capital Markets

Okay, great. Appreciate that colour. I'll turn it back. Thanks.

Operator

Thank you. Your next question comes from Sumayya Syed, CIBC. Sumayya, please go ahead.

Sumayya Syed — Analyst, CIBC Capital Markets

Thanks. Good morning. I just wanted to maybe drill down in your Halifax market and seeing what you're seeing there in terms of trend. Obviously, it's been an uptick in supply and just curious what you're seeing on renewals there. And if you can remind us of the mark-to-market on your Halifax portfolio, please?

Gordon Lawlor — President & Chief Executive Officer, PRO Real Estate Investment Trust

Yeah, I can jump in just on the new build and stuff and Zach can jump in on the renewals and that. I mean we're seeing this, I don't know, depending on who you talk to, 300,000 to 500,000 square feet coming on there. A couple of them are buildings, what you'd be calling more large-bay looking buildings on the Halifax side, not in Burnside, where there are 28-foot and 30-foot clear pieces are looking for $16 rents, they're carbon net zero buildings, that type of thing. And I think there is slow leasing on those. There's a couple of new builds on our side in Burnside. Most of that's leased. But again, the numbers, the amount that's coming on, on a square-foot basis, moved the vacancy from three to five seems significant or something like that, but yet it's not really, we're not leasing tenants to it. And I think some of the new builders, construction folks, are hoping that it's brand-new tenants coming into Halifax versus taking somebody from Burnside. But we haven't seen any of that and it's not noise that relates to us at all. And Zach can talk about it a little bit more.

Zach Aaron — Vice President, Investments & Asset Management, PRO Real Estate Investment Trust

Yeah. And just to add some more colour on the development side, these few development buildings, which is 500,000 to 600,000 square feet or so of new builds, that's across maybe four or five buildings, half of which is in the Bayer's Lake market. But specifically these are larger-bay spaces, so you can think of 40,000, 50,000 square feet and up. And again, in our Burnside portfolio, our average tenant size is in the realm of 4,000 to 5,000 square feet. So our 5,000-square-foot tenant who has 18-foot clear, some office retail showroom space, is not considering the $17 net rent for the 32 clear building that's 50,000 square feet.

Gordon Lawlor — President & Chief Executive Officer, PRO Real Estate Investment Trust

Across the bridge.

Zach Aaron — Vice President, Investments & Asset Management, PRO Real Estate Investment Trust

Across the bridge. So we're not really seeing that as a true competition to our existing product. In terms of what we are achieving within our portfolio, to give you some sense, we've done just over 60 renewal deals in Q1 so far in our Burnside portfolio and our weighted average year-one spread on those deals is just over 80%. So we're still seeing very, very strong momentum there. When we acquired this portfolio, in-place average rents were in the kind of $7.00, $7.50 range, and being someone who works on the leasing there every single day, the deals we're concluding are in the range now from $13 to $16, really just depending on how big the space is and the quality of the space. So we're seeing really strong momentum there. Market rent has been way ahead of schedule than we ever anticipated. We don't really see that slowing down just given that, when it comes to small bay again, there's really nothing new coming on line. There is no further increased competition for that kind of product. And we're still seeing a great story transitioning in Atlantic Canada and Halifax specifically regarding the growth of the port and the growth of the population there that's really driving the small-bay growth at the same time.

Sumayya Syed — Analyst, CIBC Capital Markets

Okay. That's helpful. Thank you. And then just one more looking, I guess, your lease maturity profile and your top tenants, I guess, you have a somewhat significant one with DRS that rolls in under a year. Is that a space that you're already in discussions? And just wondering what your expectations are.

Gordon Lawlor — President & Chief Executive Officer, PRO Real Estate Investment Trust

That's the same space that we just did the 15-year deal on.

Sumayya Syed — Analyst, CIBC Capital Markets

Oh, okay. All right. Well, that answers that. Thank you.

Gordon Lawlor — President & Chief Executive Officer, PRO Real Estate Investment Trust

Yeah, that's a good news story for sure.

Sumayya Syed — Analyst, CIBC Capital Markets

Okay. I'll turn it back.

Operator

Thank you. There are no further questions at this time. Please proceed.

Gordon Lawlor — President & Chief Executive Officer, PRO Real Estate Investment Trust

Great. Thanks very much. Have a great day, everyone.

Operator

Thank you. Ladies and gentlemen, this concludes your conference call for today. We thank you for participating and ask that you please disconnect your lines.