

PROREIT**First Quarter Results Conference Call for Fiscal 2026**

Event Date/Time: May 14, 2026 — 9:00 a.m. E.T.

Length: 33 minutes

"While Cision has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. Cision will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que Cision ait fait des efforts commercialement raisonnables afin de produire cette transcription, la société ne peut affirmer ou garantir qu'elle ne contient aucune erreur. Cision ne peut être tenue responsable pour toute perte de profits ou autres dommages ou responsabilité causé par ou découlant directement, indirectement, accessoirement ou spécialement de toute erreur liée à l'utilisation de ce texte ou à toute erreur qu'il contiendrait. »

CORPORATE PARTICIPANTS

Gordon Lawlor

PROREIT — President and Chief Executive Officer

Alison Schafer

PROREIT — Chief Financial Officer and Corporate Secretary

Zach Aaron

PROREIT — Vice President, Investments and Asset Management

CONFERENCE CALL PARTICIPANTS

Sam Damiani

TD Cowen — Analyst

Kyle Stanley

Desjardins — Analyst

Brad Sturges

Raymond James — Analyst

PRESENTATION

Operator

Good morning and welcome to PROREIT's first quarter results conference call for fiscal 2026. 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 * key, then the number 1 on your telephone keypad. If you would like to withdraw your question, please press the * key, followed by the number 2.

For your convenience, the results released, along with first quarter financial statements and management's discussion 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, 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, levels 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 13, 2026, available at www.sedarplus.ca.

Forward-looking statements represent management's expectations as at May 13, 2026, 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 financial 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 2026 and Non-IFRS Measures section in the MD&A for the first quarter of fiscal 2026 for additional information.

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

Gordon Lawlor — President and Chief Executive Officer, PROREIT

Thank you, Jenny (phon). Good morning, everyone, and welcome.

Joining me today is Alison Schafer, our CFO and corporate secretary. Also joining us for the Q&A session is Zach Aaron, Vice President of Investments and Asset Management.

We are pleased with our start of our 2026 as a pure-play industrial REIT. We continued to execute on our strategic plan and delivered sound operating performance.

Despite owning eight fewer properties than at this time last year, we increased revenue, NOI, and AFFO, while further reducing leverage.

Building on several years of strong growth momentum, Same Property NOI increased 6.4 percent during the quarter, driven by 6.8 percent growth in our industrial segment.

These results reflect the strength of our tenant base and the embedded lease growth within our portfolio.

At quarter-end, our portfolio comprised 104 investment properties, totalling 6.4 million square feet of GLA, with a weighted average lease term to maturity of 4.3 years, compared to 4.5 years at the same time last year.

Industrial assets represent 90.7 percent of our base rent, compared to 81.8 percent a year ago, as we continue to redeploy capital towards this segment.

Geographically, we further diversified the portfolio across Canada. Manitoba and Western Canada increased to 19 percent of base rent, up from 9.6 percent a year ago, while Atlantic Canada declined to 44 percent from 52.4 percent.

Our targeted markets continue to demonstrate strong industrial fundamentals. In Winnipeg, CBRE reported continued growth in industrial rental rates during the quarter. In Ottawa, increased federal defence spending is supporting near-term demand for both small and mid-bay industrial space. Meanwhile, Halifax industrial rents reached a record high of \$15.18 per square foot, reflecting a strong start to the year.

Turning to the portfolio transactions during the quarter, we completed the previously announced sale of a 50 percent co-ownership interest in an industrial property located in Dartmouth, Nova Scotia, totalling approximately 65,000 square feet, for our share of gross proceeds of \$5.7 million.

Subsequent to quarter-end, we engaged in two additional transactions.

First, we completed the acquisition of 100 percent interest in a single-tenant, 2024-built, 10-year leased industrial building in Moncton, New Brunswick, totalling approximately 60,000 square feet of GLA, for \$12.3 million, and representing a going-in capitalization rate of 7 percent. This acquisition was financed through a combination of draws on the revolving credit facility and cash on hand from the Dartmouth property sale I just mentioned.

Second, we entered into a binding agreement for the sale of 100 percent interest in a retail property located in Bathurst, New Brunswick, totalling approximately 15,000 square feet of GLA, for gross proceeds of \$1.4 million. Net proceeds from the sale are expected to be used for general business and working capital purposes. The transaction is scheduled to close in the second quarter, subject to customary closing conditions.

Turning to leasing activity, momentum remained strong during the quarter. As of today, we've renewed approximately 76.9 percent of 2026 lease maturities, at positive average spreads of 34.8 percent. Notably, five lease renewals commencing in 2026 include rental increases ranging from 40 percent to 45 percent.

Lease renewals negotiated in 2024 and 2025, and kicking in in 2026, will provide for incremental cash flow as 418,000 square feet of space realizes new rental rates in September '26 and fully in Q4.

Overall portfolio occupancy was 96 percent at quarter-end, compared to 97.7 percent a year earlier. As noted on previous calls, this change was primarily driven by the temporary vacancy at our 176,000-square-foot single-tenant industrial property located in Saint-Hyacinthe, Quebec, following the tenant's decision not to renew its lease in July of 2025.

On May 6, 2026, the REIT entered into a binding lease for approximately 74,250 feet of the 176,000-square-foot facility located at 6375 Picard Street, and again in Saint-Hyacinthe. The new tenant will have a 15-year lease term at market rent, commenced in mid-2026. The new base rent on the 74,000 square feet, which is 42 percent of the total property GLA, represents an increase of over 122 percent compared to the rent paid by the previous tenant for the same GLA in the prior lease.

The new lease will provide for incremental cash flows for Q3 and Q4 2026. We continue to actively market the remaining vacant space. Excluding this property vacancy, portfolio occupancy would have been approximately 97.6 percent at quarter-end.

With that, I'll now turn the call over to Alison. Alison, over to you.

Alison Schafer — Chief Financial Officer and Corporate Secretary, PROREIT

Thank you, Gordie, and good morning, everyone.

We are pleased with our first quarter performance.

In the quarter, property revenue totalled \$26.9 million, up 4.5 percent year over year, despite owning eight fewer properties. The increase is mainly driven by contractual increases in rent and higher rental rates on lease renewals and new leases.

Net operating income, or NOI, was \$16.1 million, an increase of 8.1 percent compared to last year, due to the same factors.

Same Property NOI represents 97 of our 104 properties. This reached \$14.1 million. That was up 6.4 percent year over year, including a 6.8 percent growth from our industrial segment. The increase was driven by contractual rent escalations, stronger renewal rates, and higher rents on new leases. And this was achieved despite a decline in overall average occupancy related to the single-tenant Quebec vacancy Gordie mentioned earlier.

Our Funds from Operations, or FFO, amounted to \$8.7 million for the quarter. This was up 10.6 percent, and it was driven by increases in contractual base rent, higher rent rates on renewals, and higher rental rates on new leases. This was offset by higher general and administrative expenses due to timing impact of certain professional fees, and an increase in interest expense. On a per-unit basis, basic FFO was relatively stable, year over year, at approximately \$0.13.

Basic AFFO Payout Ratio was 96.6 percent in Q1, compared to 93.8 percent for the same quarter last year. This higher ratio was due to the AFFO dilution related to the sale of 15 properties over the past 12 months and the ongoing redeployment of capital towards higher-quality industrial assets. Based on leasing renewals already completed in 2026, we expect the AFFO Payout Ratio to improve as the year progresses.

Net cash flows provided from operating activities were \$10.0 million in the quarter, up 34.1 percent, mainly impacted by the timing of cash receipts and the settlement of payables. The weighted average capitalization rate for our portfolio remained stable year over year at approximately 6.7 percent at March 31, 2026.

Moving on to the balance sheet, we continue to focus on reducing leverage.

Adjusted Debt to Gross Book Value improved to 47.8 percent, compared to 49.5 percent a year earlier.

Adjusted Debt to Annualized Adjusted EBITDA Ratio came in at 8.8 times at March 31, 2026. This was down from 9 times at December 31, 2025, and in the same periods last year.

We continue to target further reductions in both Adjusted Debt to Annualized Adjusted EBITDA and Adjusted Debt to Gross Book Value as we continue to scale the platform.

At quarter-end, our total debt, including current and noncurrent portions, totalled \$521.3 million compared to \$525 million at December 31, 2025, and \$495 million at March 31, 2025.

Looking at upcoming maturities, in 2026, we have \$157.1 million maturing. Subsequent to quarter-end, we secured financing commitments and term sheets totalling \$146.2 million on competitive terms, addressing \$108.3 million of our 2026 mortgage maturities and supporting the acquisition of the industrial property in Moncton that we just closed on. The financing is expected to be completed in the second quarter of 2026 and will carry fixed-term market interest rates with terms to maturity ranging from three to seven years.

In 2027, we have another \$46.1 million maturing, mainly tied to high-performing industrial assets in Burnside Industrial Park. And for 2028, we have \$59.8 million in maturities. The weighted average interest rate on these mortgages is 3.9 percent for 2026, 4.8 percent for 2027, and 3.5 percent for 2028.

Finally, our distribution of \$0.0375 per unit was maintained for the first quarter of 2026.

That wraps up our financial review. Gordie, back to you for closing remarks.

Gordon Lawlor

Thank you, Alison.

We remain well positioned to continue executing on our strategy and to scale our industrial platform in high-performing secondary markets across the country.

Mark-to-market rent increases are rolling through our quarters and provide incremental cash flows as we move through the year.

Demand for well located, small and mid-bay industrial properties remains healthy across several of our core markets, supported by limited supply and solid tenant demand.

We continue to actively evaluate acquisition opportunities while maintaining a disciplined approach to capital allocation, always with the aim of creating long-term value for all stakeholders. Thank you.

Jenny, back to you for the question-and-answer period.

Q&A

Operator

Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. Should you have a question, please press the *, followed by the 1 on your touch-tone phone. Should you wish to cancel your request, you may press *, 2.

Once again, that is *, 1, should you wish to ask a question.

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

Sam Damiani — TD Cowen

Thank you and good morning, everyone. Congrats again on the good quarter.

So, you've got a lot of leases either coming online or renewing at significant steps in around the middle of the year into September. Are there any known pending move-outs over the course of 2026 that could offset that step-up in rent that the REIT's set to receive?

Gordon Lawlor

The only thing we have real knowledge of now is we have 80,915 square feet in Woodstock, Ontario. That tenant didn't renew, so they moved out March 31st. That's in two of our best buildings in the portfolio, 30-foot clear heights, eat-off-the-floor type stuff, so that's move-in ready. The Southwest

Ontario market's a little bit—little slow right now but, that said, that would negate some of the new acquisition, if you will.

And a bit of the—but when you take the tos and the fros in the new acquisition, the incremental upside in the Saint-Hyacinthe property, and then some significant leasing steps in the end of Q3 and Q4, it shouldn't be that much noticeable, honestly (phon), compared to this quarter.

Sam Damiani

Okay. And just—that's great colour. And just for clarity, is that March 31st vacancy, is that included as occupied at Q1? Or is that ...

Gordon Lawlor

Yes. That was—

Sam Damiani

It is?

Gordon Lawlor

—it was occupied at Q1. They vacated April 1st.

Sam Damiani

Okay. Got it. Okay. Fair enough. Okay. And so there was a small drop in in-place occupancy in the quarter from Q4. Is there any notable or trend or colour to share on that movement?

Gordon Lawlor

I'll turn it over to Zach, who manages the multitudes of leasing there, and he can probably provide a bit of colour.

Zach Aaron — Vice President, Investments and Asset Management, PROREIT

Sure. Yeah. Thanks, Gordie, and thanks, Sam.

Nothing noticeable or really pertinent in terms of larger spaces that came empty in Q1 from Q4. I would say just a few small bay spaces, a mix of Halifax and Winnipeg, but all of our typical, kind of plus-minus 5,000-square-foot units, that were 20 percent, 30 percent below today's market. So some of these units, we already have deals in the works on, and that we hope to sign up in Q2 and cash flow Q2, Q3, but nothing significant overall.

Sam Damiani

Okay. I'll turn it back. Thanks very much, guys.

Gordon Lawlor

Thanks, Sam.

Operator

Thank you. Your next question is from Kyle Stanley from Desjardins. Your line is now open.

Kyle Stanley — Desjardins

Thanks. Good morning, everyone.

Gordon Lawlor

Good morning, Kyle.

Kyle Stanley

Just going back to the post-quarter financing activity, Alison. Are you able to disclose the average interest rate that you've got there?

Zach Aaron

The average interest rate in terms of the new financing?

Kyle Stanley

Yes. In terms of the new financing, the \$146 million.

Zach Aaron

No. I would ... It's a bit hard to give an actual all-in rate because some of these rates aren't fixed yet, but we're getting financing terms. For one example, on seven-year money, we're getting 157 basis points over the seven-year bond. On another deal, priced over Quora, we're getting 165. And then I think there's another one—

Alison Schafer

Which is—so, I think we have a term sheet for maybe 160 over seven-year money.

Zach Aaron

One hundred and sixty over seven-year money as well. So we're seeing—

Kyle Stanley

Okay.

Zach Aaron

—really good spreads, overall, on our financing and healthy appetite to get 65 percent, 70 percent LTV kind of with no problem. And just using kind of the five-year bond as a standard point, we seem to be getting pricing in and around the kind of 160, 165 over, give or take.

Kyle Stanley

Okay. Perfect. That's good colour. Thank you.

Gordon Lawlor

And, Kyle, we have some flexibility on when we fix these ... We've got commitment letters for two of these three financings. So it's just kind of watching almost the week, really. And maybe we get a 10-basis-point break from today. It's been a little rough the last week or so, but, yeah. We're in the 4.75-

to-just-below-5 range so, maybe we get a good week and save 10 bips on that. But that's the kind of world we're in.

Kyle Stanley

Okay. Fair enough. No shortage of volatility in the rate market. I agree with you there.

Just moving over to acquisitions. So last quarter, obviously, and maybe for a few quarters now, you've highlighted seeing some opportunities in Winnipeg, Quebec City. Obviously, your leverage did improve again this quarter. So just wondering where the acquisition opportunity set stands today. I think you've indicated in the past that you'd be willing to take leverage on for the right deal. So in addition, how much acquisition capacity do you see in your existing kind of equity base?

Gordon Lawlor

Yeah. I mean, we'd like to stick around the 49 percent-to-51 percent range. I mean, it took a lot to get there. So we're not going to—unless we have a plan to reduce it again, going significantly above that, obviously. We don't get the benefit of that anyway.

So right now, we have \$30 million to \$40 million of acquisitions room, if you will, on our balance sheet. So we're actively looking at those. There's a lot of deals out there, and we're working on some of them. And so that room, \$30 million to \$40 million, it'd be hopeful that we could land that in the next little bit.

Kyle Stanley

Okay. Thank you. And then just going back to one of Sam's questions, you talked about all the puts and takes on the timing of leases starting and some vacancy in the acquisition. As we look at your Same Property NOI growth this quarter and the high 6 percent from the industrial portfolio, when we kind

of look at all those puts and takes, is it fair to assume that we should expect that to start to ramp towards year-end as some of those bigger renewals come online?

Gordon Lawlor

Yeah. I mean, again, there's lots goes on in a quarter with 104 tenants here. I mean, the 6.8 percent on the industrial basis, you're comparing the Saint-Hyacinthe vacant building to when it was fully leased. So we would have been above 6.8 percent if that was excluded from the math or was fully leased.

So, yeah, I think we're looking for some—we've talked about mid to high single digits so, hopefully, we'll see a bit more of that.

We do have the 80,000 square feet, which'll be a negative, obviously, on Q2, but. And the acquisitions don't go into the same-store, obviously. So I can't see why we'd be below the mid of the pack there. So we're hopeful to see some ... 6.8 percent strong is strong, so. But we'd like—hope to see that change (phon) a little bit higher, but we, just honestly, haven't done the math like in Q4 yet or anything.

Kyle Stanley

Okay. Thank you for that. I will turn it back.

Operator

Thank you. Once again, that is *, 1, should you wish to ask a question.

And your next question is from Brad Sturges from Raymond James. Your line is now open.

Brad Sturges — Raymond James

Hey. Good morning.

Gordon Lawlor

Good morning.

Alison Schafer

Good morning.

Brad Sturges

Just continuing on with the acquisition theme, I think you've talked about, in recent quarters, there's been a bid-ask spread in the market, and then that's kind of held back some of the opportunities that you could execute on. Now that you're, I guess, talking about a little bit more opportunity, does that suggest the bid-ask spread has been narrowing? And you're seeing vendor expectations change, moving more towards where you guys might be underwriting assets?

Gordon Lawlor

Yeah. I think there's some public deals out there that have been marketed. And whether we won the deal or a piece of the deal or not, there's assets under contract. So I think that would say—and Zach can comment about some deals that have gone on that we weren't involved in. But they would say that there's a meeting of the middle there to get some transactions done. So I think that's pretty positive.

Zach, do you have any comments on that?

Zach Aaron

Yeah. At a high level, my answer's kind of yes and no. I think we've definitely seen some deals come to market in and around our core markets, where the pricing sound seems to be at a level that we would expect and be interested in that. But at the same time, we'll still get off-market opportunities, again, in our markets and not our markets, where the pricing still seems to be at a level that just doesn't match today's reality.

So the answer is a bit of both. But from what we see in the market in terms of bid depth on some of the opportunities that have been brought to market on industrial, call it in GTA or Winnipeg or

Montreal, there still seems to be a very healthy amount of capital and institutional capital bidding and chasing these opportunities, just with more discipline on pricing.

Brad Sturges

And at this point, are you mainly looking at existing markets? Or have you changed your strategy a bit and kind of looking at new markets, Alberta being an example?

Gordon Lawlor

No. I mean, we're still focused on the existing markets. We'd like to eventually move to Alberta. We'd kick the tires on some stuff there. That would be an example where pricing expectations don't align at this point. So, yeah, it's in around our current markets.

I mean, if you haven't noticed, in our MD&A this quarter, we isolated Manitoba instead of calling it Western Canada, just because we have 1.3 million square feet there. And then we have assets in Quebec, Atlantic Canada, and Ottawa, so, I mean, that's still our focus.

Alberta's this just discussion of, if we could get a significant portfolio of small, mid-bay assets there, we'd be interested in setting up a platform. It's just, whenever we look, there's just always a disconnect on value. So that's a frustration we have there.

Brad Sturges

Gotcha. Last question, just to go back to the financing activity. On the \$108 million that's being refinanced, what's the expiring—the average expiring rate on that?

Gordon Lawlor

Is that also like 3.8 percent or something like that?

Alison Schafer

Yeah. Approximately 3.8 percent.

Brad Sturges

Okay. Thank you. I'll turn it back.

Gordon Lawlor

Thanks.

Operator

Thank you. The next question is from Sam Damiani from TD Cowen. Your line is now open.

Sam Damiani

Thanks. Thanks for the second chance here. I did notice that the WALT on the Government of Canada tenancy did increase by about a year from Q4, but it's still less than three years. Can you—like is there any colour to share there in terms of why didn't it go longer or what sort of is going on there?

Zach Aaron

Yeah. I'll chime in.

Gordon Lawlor

Yeah. Go ahead, Zach.

Zach Aaron

I mean, we have several Government of Canada tenants in the portfolio across Ottawa and Halifax. So it's not tied to any one deal. There are some spaces, larger, that their expiries are just coming up soon in '27, '28, and conversations haven't started yet. And there are some spaces, particularly in Burnside, where we've just recently completed or—yeah, completed some renewals, but on relatively smaller spaces.

So I think that's really the story there—not that there is a story, frankly. Just, yeah, we've completed some renewals. And then on some larger spaces, just those discussions haven't started yet as they're still a year or two away.

Gordon Lawlor

I.e., we haven't done, like, less than five-year deals or anything like that, right, Zach? Like just—

Zach Aaron

Yeah. No. No. Like on Burnside, they're all standard term, if not longer-term deals.

Sam Damiani

Okay. Well, that's helpful. And just wondering, I guess the lease roll does tick higher in 2027. Is there anything in that year that is, I guess, more concerning than the rest?

Zach Aaron

As of right now, I have nothing to speak to in terms of any known coming vacancies. We're just starting to engage some of the larger 2027 expiries. From the few conversations I've had so far, all very preliminary, more positive than negative. But, again, still very preliminary. No paper's been traded yet. But I expect and hope that we'll start to get some action on some of these groups in the next quarter or two.

Gordon Lawlor

Zach, a lot of that's Winnipeg. Right? There's some—

Zach Aaron

Yes. There's a decent chunk coming due in Winnipeg, some of it from the latest acquisition we did last summer and then some just in our historic portfolio. Yeah. All those rents, too, are, as you can—

Gordon Lawlor

Below market.

Zach Aaron

—kind of expect, still below market with healthy upsides.

Sam Damiani

Okay. That's all helpful. Thank you. And just last one. On the interest expense, was there anything unusual in there that might have offset the reported sort of net expense number? It just seemed to have dropped a bit versus the Q4 run rate.

Alison Schafer

We did have a small correction in the quarter. It was about \$80,000. That reduced our interest expense. It was overstated in the last quarter.

Sam Damiani

Okay. That's good. Okay. Thank you very much, and I'll turn it back.

Gordon Lawlor

Thanks.

Operator

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

Ladies and gentlemen, that concludes our conference call for today. Thank you all for joining.

You may now disconnect your lines.