Pro Real Estate Investment Trust (PROREIT)

PROREIT ANNOUNCES FOURTH QUARTER AND FISCAL YEAR 2023 RESULTS

MONTREAL, March 20, 2024 /CNW/ - PRO Real Estate Investment Trust ("PROREIT" or the "REIT") (TSX: PRV.UN) today reported its financial and operating results for the three-month period ("fourth quarter" or "Q4") and fiscal year ("Fiscal 2023") ended December 31, 2023.

Fourth Quarter and Fiscal 2023 Highlights

- Property revenue increased by 2.2% in Q4 year-over-year and by 2.8% in Fiscal 2023 compared to the prior year ("Fiscal 2022")
- Net operating income (NOI) was up 2.2% in Q4 year-over-year and up 0.4% for Fiscal 2023 compared to Fiscal 2022
- Same Property NOI* was up 7.5% in Q4 year-over-year and up 1.7% in Fiscal 2023 compared to Fiscal 2022
- Sale of seven non-strategic properties for gross proceeds of $26.6 million in Fiscal 2023 and sale of three non-core properties for gross proceeds of $26.1 million subsequent to year-end
- 93.0% of 2023 gross leasable area ("GLA") renewed at 45.6% average spread and 43.7% of GLA maturing in 2024 renewed at average spread of 32.8%
- Occupancy rate at 98.3% at December 31, 2023 (including committed space and excluding an industrial property under redevelopment)
- Total debt (current and non-current) of $515.2 million at December 31, 2023, relatively flat compared to $514.3 million at the same date last year
- Total debt to total assets was 49.8% at December 31, 2023, compared to 49.6% at the same date last year
- Adjusted Debt to Gross Book Value* was 50.2% at December 31, 2023, compared to 49.7% at the same date last year
- $43.0 million in available credit facility and $13.2 million in cash at December 31, 2023

"Throughout 2023, in an uncertain macroeconomic and high interest rate environment, we pursued our capital recycling strategy, aimed at rotating capital away from less attractive assets and towards growing our industrial footprint, and continued to manage our balance sheet. With a clear focus on our stated objectives, we ended the year on a strong footing, pleased with our performance from an operational standpoint," said Gordon G. Lawlor, President and CEO, PROREIT.

"In 2023, we successfully sold seven non-strategic properties for gross proceeds of more than $26.6 million, ending the year with 123 properties with over 82% of our GLA in the industrial sector. Subsequent to year-end, we completed the sale of three non-core properties for gross proceeds of $26.1 million.

"Thanks to robust rental rates and occupancy, we continue to see top line revenue growth. We are particularly pleased to have achieved notable Same Property NOI* growth of 7.5% in the fourth quarter of 2023, compared to the same quarter last year – a testament to our capacity to generate organic growth and to the significant value embedded in our portfolio. On the balance sheet front, Adjusted Debt to Gross Book Value* held steady at 50.2% at December 31, 2023 and we continue to benefit from limited material mortgage maturities until 2026, while only about 3% of our total debt is at a variable rate.

"I am proud of our strong portfolio, long-standing tenant base and outstanding team built over the past decade. With this solid foundation, we are well-positioned to pursue our strategy for growth in the industrial sector in strong secondary markets, and anticipate that the market will stabilize and interest rates will start to come down in the near term. As always, we will continue to manage our balance sheet diligently and maintain disciplined capital allocation to generate sustainable value for all our stakeholders," concluded Mr. Lawlor.

** Measures followed by the suffix "*" in this press release are non-IFRS measures. See "Non-IFRS Measures".*

Financial Results
Table 1- Financial Highlights

(CAD $ thousands except unit, per unit amounts and unless otherwise stated)	**3 Months Ended December 31 2023**	3 Months Ended December 31 2022	**Year Ended December 31 2023**	Year Ended December 31 2022
Financial data				
Property revenue	**$ 25,618**	$ 25,070	**$ 99,893**	$ 97,210
Net operating income (NOI)	**$ 14,897**	$ 14,579	**$ 57,941**	$ 57,737
Same Property NOI (1)	**$ 14,617**	$ 13,603	**$ 47,347**	$ 46,536
Net income and comprehensive income	**$ (149)**	$ 6,456	**$ 25,906**	$ 84,494
Net income and comprehensive income per Unit - Basic (2)	**$ (0.0025)**	$ 0.1068	**$ 0.4281**	$ 1.3978
Net income and comprehensive income per Unit - Diluted (2)	**$ (0.0024)**	$ 0.1048	**$ 0.4281**	$ 1.3643
Total assets	**$ 1,034,591**	$ 1,035,928	**$ 1,034,591**	$ 1,035,928
Total debt	**$ 515,257**	$ 514,325	**$ 515,257**	$ 514,325
Total debt to total assets as reported in the financial statements	**49.8 %**	49.6 %	**49.8 %**	49.6 %
Adjusted Debt to Gross Book Value (1)	**50.2 %**	49.7 %	**50.2 %**	49.7 %
Interest Coverage Ratio (1)	**2.5x**	2.7x	**2.5x**	2.8x
Debt Service Coverage Ratio (1)	**1.6x**	1.6x	**1.6x**	1.6x
Adjusted Debt to Annualized Adjusted EBITDA Ratio (1)	**9.3x**	9.6x	**9.6x**	9.7x
Weighted average interest rate on mortgage debt	**3.88 %**	3.70 %	**3.88 %**	3.70 %
Net cash flows provided from operating activities	**$ 9,462**	$ 8,331	**$ 31,699**	$ 28,235
Funds from Operations (FFO) (1)	**$ 7,557**	$ 7,485	**$ 26,306**	$ 30,275
Basic FFO per unit (1)(2)	**$ 0.1247**	$ 0.1238	**$ 0.4347**	$ 0.5009
Diluted FFO per unit (1)(2)	**$ 0.1232**	$ 0.1215	**$ 0.4285**	$ 0.4888
Adjusted Funds from Operations (AFFO) (1)	**$ 7,595**	$ 7,687	**$ 29,429**	$ 31,295
Basic AFFO per unit (1)(2)	**$ 0.1253**	$ 0.1272	**$ 0.4863**	$ 0.5177
Diluted AFFO per unit (1)(2)	**$ 0.1239**	$ 0.1247	**$ 0.4794**	$ 0.5053
AFFO Payout Ratio – Basic (1)	**89.8 %**	88.5 %	**92.5 %**	86.9 %
AFFO Payout Ratio – Diluted (1)	**90.8 %**	90.2 %	**93.9 %**	89.1 %

(1) Represents a non-IFRS measure. See "Non-IFRS Measures".
(2) Total basic units consist of trust units of the REIT ("Units") and Class B LP Units (as defined herein). Total diluted units also includes deferred

trust units and restricted trust units issued under the REIT's long-term incentive plan.

At December 31, 2023, PROREIT owned 123 investment properties (including a 50% ownership interest in 42 investment properties), compared to 130 investment properties (including a 50% ownership interest in 42 investment properties) at December 31, 2022. In Fiscal 2023, the decrease in total properties is a result of the sale of a 100% interest in seven investment properties. During Fiscal 2022, PROREIT acquired a 50% interest in 21 investment properties, sold a 50% interest in 21 other investment properties and sold a 100% interest in nine other investment properties. At December 31, 2023, total assets amounted to $1.03 billion, compared to $1.04 billion as at December 31, 2022.

For the fourth quarter ended December 31, 2023:

- Property revenue amounted to $25.6 million in Q4 2023, an increase of $0.5 million or 2.2%, compared to $25.1 million for the same prior year period. The increase was mainly due to contractual increases in rent and higher rental rates on lease renewals, offset by the decrease in the number of properties in the portfolio.
- Net operating income (NOI) amounted to $14.9 million for the quarter, compared to $14.6 million in Q4 2022, an increase of $0.3 million or 2.2%. The increase was mainly driven by the same factors impacting property revenue described above.
- Same Property NOI*, which represented 122 properties out of the 123 properties in the portfolio, reached $14.6 million for the quarter, an increase of $1.0 million or 7.5%, compared to the same quarter last year. The increase was largely a result of contractual increases in rent and higher rental rates on lease renewals and new leases across all asset classes, along with higher occupancy rates in the retail and office asset classes, offset by the slight decrease in occupancy in the industrial asset class.
- Net cash flows provided from operating activities for the quarter was $9.5 million, compared to $8.3 million for Q4 2022.
- AFFO* totaled $7.6 million for the quarter, down slightly from $7.7 million for Q4 2022.
- AFFO Payout Ratio – Basic* stood at 89.8% for the quarter, compared to 88.5% for Q4 2022, primarily due to fewer properties owned, as well as higher interest expense and leasing costs, partially offset by contractual increases in rent and higher rental rates on lease renewals.

For the fiscal year ended December 31, 2023:

- Property revenue was $99.9 million for Fiscal 2023, an increase of $2.7 million or 2.8%, compared to $97.2 million for Fiscal 2022. The increase was mainly due to the same factors impacting the quarterly results described above, plus the changes in the related ownership percentages of the 42 properties purchased and sold in August 2022.
- Net operating income (NOI) for Fiscal 2023 was $57.9 million for the year, an increase of $0.2 million, compared to $57.7 million for Fiscal 2022. The increase was mainly driven by the same factors impacting the quarterly property revenue results described above.
- Same Property NOI* for Fiscal 2023, which represented 100 properties out of the 123 properties in the portfolio, was $47.3 million, an increase of $0.8 million or 1.7% over last year. The factors impacting the increase were the same as those impacting the quarterly results described above.
- Net cash flows provided from operating activities for the year was $31.7 million, compared to $28.2 million for the previous year.
- AFFO* for Fiscal 2023 was $29.4 million, compared to $31.3 million for Fiscal 2022, a decrease of $1.9 million or nearly 6.0%, mainly resulting from a decrease in the number of properties owned, as well as temporary vacancy in one industrial property and higher interest expenses for Fiscal 2023.
- AFFO Payout Ratio – Basic* was 92.5% for Fiscal 2023, compared to 86.9% for Fiscal 2022, primarily due to the same factors impacting the quarterly results, in addition to the impact of a temporary vacancy in one industrial property, which returned to full occupancy in Q4 2023.

TABLE 2- Reconciliation of net operating income to net income and comprehensive income

(CAD $ thousands)	**3 Months Ended December 31 2023**	3 Months Ended December 31 2022	**Year Ended December 31 2023**	Year Ended December 31 2022
Net operating income	**14,897**	14,579	**57,941**	57,737
General and administrative expenses	**1,263**	1,360	**7,269**	5,160
Long-term incentive plan expense	**1,117**	1,042	**1,684**	691
Depreciation of property and equipment	**156**	126	**477**	417
Amortization of intangible assets	**61**	93	**309**	372
Interest and financing costs	**5,841**	5,182	**22,425**	20,541
Distributions - Class B LP Units	**153**	157	**619**	634
Fair value adjustment - Class B LP Units	**664**	332	**(1,638)**	(1,179)
Fair value adjustment - investment properties	**5,785**	166	**2,817**	(52,541)
Fair value adjustment - derivative financial instrument	**540**	–	**(587)**	–
Other income	**(1,025)**	(781)	**(3,460)**	(2,302)
Other expenses	**491**	439	**1,795**	1,169
Debt settlement costs	**–**	7	**126**	281
Transaction costs	**–**	–	**199**	–
Net income and comprehensive income	**$ (149)**	$ 6,456	**$ 25,906**	$ 84,494

For the three months ended December 31, 2023, net income and comprehensive income was negative $0.1 million, compared to $6.5 million during the same prior year period. The $6.6 million variance was mainly related to the $5.6 million impact in the non-cash fair market value adjustment on investment properties.

For the twelve months ended December 31, 2023, net income and comprehensive income was $25.9 million, compared to $84.5 million during the same prior year period. The $58.6 million variance was mainly related to a $55.4 million impact on the non-cash fair value adjustment on investment properties, as well as some one-time general and administrative expenses and increased interest and financing costs in Fiscal 2023.

Sustained Operating Environment

At December 31, 2023, PROREIT's portfolio totaled 123 investment properties aggregating 6.4 million square feet of GLA, with a weighted average lease term of 4.0 years.

The occupancy rate of the portfolio remains strong at 98.3% as at December 31, 2023 (including committed space and excluding an industrial property under redevelopment).

PROREIT continues to benefit from a robust operating environment, with 93.0% of 2023 GLA renewed at 45.6% average spread and 43.7% of GLA maturing in 2024 renewed at average spread of 32.8%.

The industrial segment accounted for 82.2% of GLA and 73.0% of base rent at December 31, 2023.

Portfolio Transactions

In 2023, PROREIT sold seven 100%-owned properties for gross proceeds of more than $26.6 million, as follows:

On April 21, 2023, PROREIT sold a 50,000 square foot non-core office property in Amherst, Nova Scotia for gross proceeds of $2.1 million (excluding closing costs) with proceeds of the sale used for general business purposes.

On August 31, 2023, PROREIT sold two non-core office properties in Ottawa, Ontario, totalling approximately 60,000 square feet for gross proceeds of $9.1 million (excluding closing costs). Proceeds of the sale were used to repay approximately $5.7 million of related mortgages with the balance used for general business purposes, including a repayment of approximately $1.0 million under the REIT's credit facility.

On September 28, 2023, PROREIT sold a 3,000 square foot non-core retail property in Sherbrooke, Quebec for gross proceeds of about $2.2 million (excluding closing costs). Proceeds of the sale were used to repay approximately $1.5 million of a related mortgage, with the balance used for general business purposes.

On November 27, 2023, PROREIT sold two non-core retail properties located in Halifax, Nova Scotia and Levis, Quebec totalling approximately 49,000 square feet for gross proceeds of approximately $10.9 million (excluding closing costs). Proceeds of the sale were used to repay approximately $4.4 million of related mortgages, with the balance used for general business purposes.

On December 28, 2023, PROREIT sold a 19,000 square foot non-core retail property in Quebec City, Quebec for gross proceeds of about $2.3 million (excluding closing costs) with proceeds of the sale used for general business purposes.

Subsequent to fiscal year end on February 2 and 9, 2024, PROREIT completed the sales of two non-core properties in Upper Tantallon, Nova Scotia and Montreal, Quebec totalling approximately 124,000 square feet for gross proceeds of $20.7 million (excluding closing costs). Proceeds of the sales were used to repay approximately $16.0 million in related mortgages, with the balance used for general business purposes.

On March 18, 2024, PROREIT sold a non-core retail property in Courtenay, British Columbia for gross proceeds of $5.4 million (excluding closing costs). The net proceeds of the sale were used to partially repay a $9.4 million mortgage secured by additional retail properties.

Financing Activities

At December 31, 2023, PROREIT had $43.0 million in available credit facility and $13.2 million in cash.

Total debt (current and non-current) was $515.3 million at December 31, 2023, relatively flat compared to $514.3 million at the same date last year. In Fiscal 2023, PROREIT reduced indebtedness under its credit facility by $20.0 million.

Debt to Gross Book Value* was 50.2% at December 31, 2023, compared to 49.7% at the same date last year. Weighted average interest rate on mortgage debt was 3.88% at December 31, 2023, compared to 3.70% at the same date last year.

On May 26, 2023, PROREIT issued $35.0 million of unsecured subordinated debentures bearing 8.00% interest per annum payable semi-annually in arrears on June 30 and December 31 (beginning December 31, 2023) and maturing in June 2028, which are convertible at the holder's option at any time before June 2028, at a conversion price of $7.00 per Unit. The proceeds of the issuance were used to partially repay approximately $33.0 million of the credit facility, with the balance used for general business purposes.

PROREIT closed on a new mortgage on June 1, 2023 to refinance six industrial properties located in Winnipeg, Manitoba for $20.5 million. The rate on the new mortgage was fixed at 5.07% for a term of seven years, with the majority of the proceeds used to repay approximately $16.6 million of mortgages maturing in July 2023.

On June 29, 2023, PROREIT received a $10.0 million three-year term loan at a rate of 6.79%. Approximately $8.0 million of the proceeds was used to partially repay the credit facility with the balance used for general business purposes.

CEO Succession

On October 4, 2022, PROREIT announced that Gordon G. Lawlor would succeed James W. Beckerleg as President and Chief Executive Officer of the REIT and would join the REIT's Board of Trustees, effective April 1, 2023, at which time Mr. Beckerleg was named Vice Chair of the Board and Co-Founder, as part of the REIT's CEO succession plan. In June 2023, Mr. Beckerleg was appointed Chair of the Board. Mr. Beckerleg had been President and Chief Executive Officer and a Trustee of the REIT since 2013. Concurrent with these changes, the REIT also announced that Alison Schafer would be appointed Chief Financial Officer and Secretary of the REIT.

Distributions

Distributions to unitholders of $0.0375 per trust unit of the REIT were declared monthly during the three months ended December 31, 2023, representing distributions of $0.45 per unit on an annual basis. Equivalent distributions are paid on the Class B limited partnership units of PRO REIT Limited Partnership ("Class B LP Units"), a subsidiary of the REIT.

On March 19, 2024, PROREIT announced a cash distribution of $0.0375 per trust unit for the month of March 2024. The distribution is payable on April 15, 2024, to unitholders of record as at March 28, 2024.

Strategy

With a focus on high-quality light industrial real estate in Canada, PROREIT's strategy for growth and value creation is to expand its quality portfolio organically and through disciplined acquisitions, while optimizing its balance sheet and capital allocation. In line with this strategy, PROREIT is focused on achieving its medium-term goals of reaching $2 billion in assets, 90% industrial base rent and 45% Adjusted Debt to Gross Book Value* in the next three to five years. These medium-term goals are based on the REIT's current business plan and strategies and are not intended to be a forecast of future results. See "Forward-Looking Statements".

Investor Conference Call and Webcast Details

PROREIT will hold a conference call to discuss its fourth quarter and Fiscal 2023 results on March 21, 2024 at 9:00 a.m. ET. There will be a question period reserved for financial analysts. To access the conference call, please dial 888-664-6383 or 416-764-8650. A recording of the call will be available until March 28, 2024 by dialing 888-390-0541 or 416-764-8677 and using access code: 874185#.

The conference call will also be accessible via live webcast on PROREIT's website at www.proreit.com or at https://app.webinar.net/BXgvmy7DOKj.

Annual Meeting of Unitholders

PROREIT will host its annual meeting on June 4, 2024 at 11:00am (ET) in Montreal, Quebec. Additional information regarding the meeting will be contained in the REIT's information circular, which will be prepared in connection with the meeting and available on PROREIT's website in the

Investors section under Annual Meeting and at www.sedarplus.ca.

About PROREIT

PROREIT (TSX:PRV.UN) is an unincorporated open-ended real estate investment trust established pursuant to a declaration of trust under the laws of the Province of Ontario. Founded in 2013, PROREIT owns a portfolio of high-quality commercial real estate properties in Canada, with a strong industrial focus in robust secondary markets.

For more information on PROREIT, please visit the website at: https://proreit.com.

Non-IFRS Measures

PROREIT's consolidated financial statements are prepared in accordance with International Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. In addition to reported IFRS measures, industry practice is to evaluate real estate entities giving consideration, in part, to certain non-IFRS financial measures, non-IFRS ratios and other specified financial measures (collectively, "non-IFRS measures"). Without limitation, measures followed by the suffix "*" in this press release are non-IFRS measures.

As a complement to results provided in accordance with IFRS, PROREIT discloses and discusses in this press release (i) certain non-IFRS financial measures, including: Adjusted Debt, adjusted earnings before interest, tax, depreciation and amortization ("Adjusted EBITDA"); adjusted funds from operations ("AFFO"); annualized adjusted earnings before interest, tax, depreciation and amortization ("Annualized Adjusted EBITDA"); Available Liquidity; funds from operations ("FFO"); gross book value ("Gross Book Value"); and Same Property NOI and (ii) certain non-IFRS ratios, including: Adjusted Debt to Annualized Adjusted EBITDA Ratio; Adjusted Debt to Gross Book Value; AFFO Payout Ratio – Basic; AFFO Payout Ratio – Diluted; Basic AFFO per Unit; Diluted AFFO per Unit; Basic FFO per Unit; Diluted FFO per Unit; Debt Service Coverage Ratio; and Interest Coverage Ratio. These non-IFRS measures are not defined by IFRS and do not have a standardized meaning under IFRS. PROREIT's method of calculating these non-IFRS measures may differ from other issuers and may not be comparable with similar measures presented by other income trusts or issuers. PROREIT has presented such non-IFRS measures and ratios as management believes they are relevant measures of PROREIT's underlying operating and financial performance. For information on the most directly comparable financial measure disclosed in the primary financial statements of the REIT, composition of the non-IFRS measures, a description of how PROREIT uses these measures and an explanation of how these measures provide useful information to investors, refer to the "Non-IFRS Measures" section of PROREIT's management's discussion and analysis for the three and twelve months ended December 31, 2023, dated March 20, 2024, available on PROREIT's SEDAR+ profile at www.sedarplus.ca, which is incorporated by reference into this press release. As applicable, the reconciliations for each non-IFRS measure are outlined below. Non-IFRS measures should not be considered as alternatives to net income, cash flows provided by operating activities, cash and cash equivalents, total assets, total equity, or comparable metrics determined in accordance with IFRS as indicators of PROREIT's performance, liquidity, cash flow and profitability.

Table 3 - Reconciliation of Same Property NOI to net operating income (as reported in the consolidated financial statements)

(CAD $ thousands)	**3 Months Ended December 31 2023**	3 Months Ended December 31 2022	**Year Ended December 31 2023**	Year Ended December 31 2022
Property revenue	**$ 25,618**	$ 25,070	**$ 99,893**	$ 97,210
Property operating expenses	**10,721**	10,491	**41,952**	39,473
Net operating income ("NOI") as reported in the financial statements	**14,897**	14,579	**57,941**	57,737
Straight-line rent adjustment	**(116)**	(151)	**(468)**	(394)
NOI after straight-line rent adjustment	**14,781**	14,428	**57,473**	57,343
NOI sourced from:				
Acquisitions	**–**	(151)	**(8,417)**	(3,593)
Dispositions	**(164)**	(674)	**(1,709)**	(7,214)
Same Property NOI [(1)]	**$ 14,617**	$ 13,603	**$ 47,347**	$ 46,536
Number of same properties	**122**	122	**100 [(2)]**	100 [(2)]

(1) Represents a non-IFRS measure. See "Non-IFRS Measures".

(2) Includes 21 properties 50% owned at December 31, 2023 (50% owned at December 31, 2022 but 100% owned prior to August 4, 2022). The comparative period has been updated to reflect 50% ownership throughout the period.

Table 4 - Calculation of Available Liquidity

(CAD $ thousands)	**December 31 2023**	December 31 2022
Cash per consolidated financial statements	**$ 13,256**	$ 7,531
Undrawn revolving credit facility	**43,000**	23,000
Available Liquidity [(1)]	**$ 56,256**	$ 30,531

(1) Represents a non-IFRS measure. See "Non-IFRS Measures".

Table 5 - Reconciliation of AFFO and FFO to net income and comprehensive income

(CAD $ thousands except unit, per unit amounts and unless otherwise stated)	**3 Months Ended December 31 2023**	3 Months Ended December 31 2022	**Year Ended December 31 2023**	Year Ended December 31 2022
Net income and comprehensive income for the period	**$ (149)**	$ 6,456	**$ 25,906**	$ 84,494
Add:				
Long-term incentive plan	**503**	281	**(1,120)**	(1,505)
Distributions - Class B LP Units	**153**	157	**619**	634
Fair value adjustment - investment properties	**5,785**	166	**2,817**	(52,541)
Fair value adjustment - Class B LP Units	**664**	332	**(1,638)**	(1,179)
Fair value adjustment - derivative financial instrument	**540**	–	**(587)**	–
Amortization of intangible assets	**61**	93	**309**	372
FFO [(1)]	**$ 7,557**	$ 7,485	**$ 26,306**	$ 30,275
Deduct:				
Straight-line rent adjustment	**$ (116)**	$ (151)	**$ (468)**	$ (394)

Maintenance capital expenditures	**(130)**	(191)	**(615)**	(984)
Stabilized leasing costs	**(801)**	(425)	**(2,564)**	(1,650)
Add:				
Long-term incentive plan	**614**	761	**2,804**	2,196
Amortization of financing costs	**378**	201	**1,184**	1,571
Accretion expense - Convertible Debentures	**93**	–	**217**	–
Debt settlement costs	**–**	7	**126**	281
Transaction costs	**–**	–	**199**	–
CEO Succession plan costs	**–**	–	**2,240**	–
AFFO (1)	**$ 7,595**	$ 7,687	**$ 29,429**	$ 31,295
Basic FFO per unit (1)(2)	**$ 0.1247**	$ 0.1238	**$ 0.4347**	$ 0.5009
Diluted FFO per unit (1)(2)	**$ 0.1232**	$ 0.1215	**$ 0.4285**	$ 0.4888
Basic AFFO per unit (1)(2)	**$ 0.1253**	$ 0.1272	**$ 0.4863**	$ 0.5177
Diluted AFFO per unit (1)(2)	**$ 0.1239**	$ 0.1247	**$ 0.4794**	$ 0.5053
Distributions declared per Unit and Class B LP unit	**$ 0.1125**	$ 0.1125	**$ 0.4500**	$ 0.4500
AFFO Payout Ratio – Basic (1)	**89.8 %**	88.5 %	**92.5 %**	86.9 %
AFFO Payout Ratio – Diluted (1)	**90.8 %**	90.2 %	**93.9 %**	89.1 %
Basic weighted average number of units (2)(3)	**60,603,438**	60,447,230	**60,510,713**	60,447,230
Diluted weighted average number of units (2)(3)	**61,316,451**	61,625,646	**61,385,565**	61,932,299

(1) Represents a non-IFRS measure. See "Non-IFRS Measures".
(2) FFO and AFFO per unit is calculated as FFO or AFFO, as the case may be, divided by the total of the weighted average number of basic or diluted units, as applicable, added to the weighted average number of Class B LP Units outstanding during the period.
(3) Total basic units consist of Units and Class B LP Units. Total diluted units also includes deferred trust units and restricted trust units issued under the REIT's long-term incentive plan.

Table 6 - Reconciliation of Adjusted EBITDA to net income and comprehensive income

(CAD $ thousands)	**3 Months Ended December 31 2023**	3 Months Ended December 31 2022	**Year Ended December 31 2023**	Year Ended December 31 2022
Net income and comprehensive income	**$ (149)**	$ 6,456	**$ 25,906**	$ 84,494
Interest and financing costs	**5,841**	5,182	**22,425**	20,541
Depreciation of property and equipment	**156**	126	**477**	417
Amortization of intangible assets	**61**	93	**309**	372
Fair value adjustment - Class B LP Units	**664**	332	**(1,638)**	(1,179)
Fair value adjustment - investment properties	**5,785**	166	**2,817**	(52,541)
Fair value adjustment - derivative financial instrument	**540**	–	**(587)**	–
Distributions - Class B LP Units	**153**	157	**619**	634
Straight-line rent	**(116)**	(151)	**(468)**	(394)
Long-term incentive plan expense	**1,117**	1,042	**1,684**	691
CEO succession plan costs	**–**	–	**2,240**	–
Transaction costs	**–**	–	**126**	–
Debt settlement costs	**–**	7	**199**	281
Adjusted EBITDA (1)	**$ 14,052**	$ 13,410	**$ 54,109**	$ 53,316
Annualized Adjusted EBITDA (1)	**$ 56,208**	$ 53,640	**$ 54,109**	$ 53,316

(1) Represents a non-IFRS measure. See "Non-IFRS Measures".

Table 7 - Calculation of Adjusted Debt to Annualized Adjusted EBITDA Ratio

(CAD $ thousands)	**3 Months Ended December 31 2023**	3 Months Ended December 31 2022	**Year Ended December 31 2023**	Year Ended December 31 2022
Adjusted Debt (1)	**$ 520,735**	$ 516,704	**$ 520,735**	$ 516,704
Adjusted EBITDA (1)	**$ 14,052**	$ 13,410	**$ 54,109**	$ 53,316
Annualized Adjusted EBITDA (1)	**$ 56,208**	$ 53,640	**$ 54,109**	$ 53,316
Adjusted Debt to Annualized Adjusted EBITDA Ratio (1)	**9.3x**	9.6x	**9.6x**	9.7x

(1) Represents a non-IFRS measure. See "Non-IFRS Measures".

Table 8 - Calculation of the Interest Coverage Ratio

(CAD $ thousands)	**3 Months Ended December 31 2023**	3 Months Ended December 31 2022	**Year Ended December 31 2023**	Year Ended December 31 2022
Adjusted EBITDA (1)	**$ 14,052**	$ 13,410	**$ 54,109**	$ 53,316
Interest expense	**$ 5,683**	$ 5,045	**$ 21,609**	$ 19,051
Interest Coverage Ratio (1)	**2.5x**	2.7x	**2.5x**	2.8x

(1) Represents a non-IFRS measure. See "Non-IFRS Measures".

Table 9 - Calculation of the Debt Service Coverage Ratio

	3 Months Ended	3 Months Ended	**Year Ended**	Year Ended

(CAD $ thousands)		**December 31 2023**		December 31 2022		**December 31 2023**		December 31 2022
Adjusted EBITDA [1]	**$**	**14,052**	$	13,410	**$**	**54,109**	$	53,316
Interest expense		**5,683**		5,045		**21,609**		19,051
Principal repayments		**3,335**		3,307		**13,259**		13,814
Debt Service Requirements	**$**	**9,018**	$	8,352	**$**	**34,868**	$	32,865
Debt Service Coverage Ratio [1]		**1.6x**		1.6x		**1.6x**		1.6x

(1) Represents a non-IFRS measure. See "Non-IFRS Measures".

Table 10 - Calculation of Adjusted Debt

(CAD $ thousands)		**December 31 2023**		December 31 2022
Debt (non-current and current portion) as reported in the financial statements	**$**	**515,257**	$	514,325
Reconciling items:				
Unamortized financing costs		**5,108**		2,379
Accretion expense - Convertible Debenture [2]		**(217)**		–
Fair value adjustment - derivative financial instrument [2]		**587**		–
Adjusted Debt [1]	**$**	**520,735**	$	516,704

(1) Represents a non-IFRS measure. See "Non-IFRS Measures".

(2) For the years ended December 31, 2023 and 2022.

Table 11 - Calculation of Gross Book Value and Adjusted Debt to Gross Book Value

(CAD $ thousands unless otherwise stated)	**December 31 2023**	December 31 2022
Total assets, including investment properties stated at fair value	**$ 1,034,591**	$ 1,035,928
Accumulated depreciation on property and equipment and intangible assets	**3,201**	3,054
Gross Book Value [1]	**1,037,792**	1,038,982
Adjusted Debt [1]	**$ 520,735**	$ 516,704
Adjusted Debt to Gross Book Value [1]	**50.2 %**	49.7 %

(1) Represents a non-IFRS measure. See "Non-IFRS Measures".

Forward-Looking Statements

This press release contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable securities legislation, including statements relating to certain expectations, projections, growth plans and other information related to REIT's business strategy and future plans. Forward-looking statements are based on a number of assumptions and are subject to a number of risks and uncertainties, many of which are beyond PROREIT's control, that could cause actual results and events to differ materially from those that are disclosed in or implied by such forward-looking statements.

Forward-looking statements contained in this press release include, without limitation, statements pertaining to the execution by PROREIT of its growth strategy, the future financial and operating performance of PROREIT, the medium-term goals of the REIT, the expected stabilization of the market and the anticipated reduction of interest rates. PROREIT's objectives and forward-looking statements are based on certain assumptions, including that (i) PROREIT will receive financing on favourable terms; (ii) the future level of indebtedness of PROREIT and its future growth potential will remain consistent with the REIT's current expectations; (iii) there will be no changes to tax laws adversely affecting PROREIT's financing capacity or operations; (iv) the impact of the current economic climate and the current global financial conditions on PROREIT's operations, including its financing capacity and asset value, will remain consistent with PROREIT's current expectations; (v) the performance of PROREIT's investments in Canada will proceed on a basis consistent with PROREIT's current expectations; and (vi) capital markets will provide PROREIT with readily available access to equity and/or debt.

The medium-term goals of the REIT disclosed under "Strategy" are based on the REIT's current business plan and strategies and are not intended to be a forecast of future results. The medium-term goals contemplate the REIT's historical growth and certain assumptions including but not limited to (i) current global capital market conditions, (ii) access to capital, (iii) interest rate exposure, (iv) availability of high-quality industrial properties for acquisitions, (v) dispositions of retail and office properties, and (vi) capacity to finance acquisitions on an accretive basis.

The forward-looking statements contained in this news release are expressly qualified in their entirety by this cautionary statement. All forward-looking statements in this press release are made as of the date of this press release. PROREIT does not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise, except as required by law.

Additional information about these assumptions and risks and uncertainties is contained under "Risk Factors" in PROREIT's latest annual information form and "Risk and Uncertainties" in PROREIT's management's discussion and analysis for the three and twelve month periods ended December 31, 2023, which are available under PROREIT's profile on SEDAR+ at www.sedarplus.ca.

SOURCE PROREIT

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