

PROREIT 2022 ESG REPORT

MAY 2023



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*In March 2023, we tragically lost our dear colleague, Mark O'Brien. Mark was a beloved, long serving and esteemed member of the PROREIT family who will always be fondly remembered as a collaborative and dedicated team player. In his role, Mark led the progress of this report, not only in terms of data collection and program participation, but also through his guidance and mentorship. **The entire PROREIT team thanks him for his contributions and dedicates this report to him.***

LETTER FROM OUR PRESIDENT AND CEO

As we celebrate our 10th anniversary, 2022 marks a milestone year for PROREIT on many fronts. Since inception, we have grown into an industrial-focused REIT with 130 properties across Canada and over \$1B in assets. In parallel, ESG has been an emerging area of importance over the past decade and we have continually sought ways to improve our impact on the environment, our communities and our employees. These principles guide us in our decision-making process as we strive to generate sustainable growth.



In my new role as CEO, I am fully committed to fulfilling our mission of investing in prime real estate that is managed to the highest standards. Internally, we are dedicated to creating an inclusive work environment and guided by best practices in corporate governance.

I am pleased to report that we have made significant strides in 2022 on the ESG front. We have clear priorities and goals, in addition to new initiatives that will help us be better equipped to navigate within the constraints of a net lease environment. This will also allow us to be even more transparent with the information we share with our stakeholders.

On the environmental front, our biggest impact comes from our properties; tenants are at the centre of everything we do and they are critical to our success, in terms of both business growth and better ESG management.

As such, collaboration with our tenants is essential. We not only encourage their transition to sustainable business practices, but also engage with them to support those activities whenever possible. For example, we are now adding a sustainability clause to all new leases, which provides access to key utility data to meet certain

requirements for obtaining BOMA and ENERGY STAR® certifications.

Access to this data directly enhances our tracking efforts and the visibility we have on metrics related to the use of water, natural gas and waste.

As a socially responsible organization, one of our fundamental priorities continues to be active engagement with our employees, tenants and communities. Every day, we strive to provide employees with a safe, diverse, inclusive and collaborative work environment. We were proud to maintain a relatively low employee turnover rate and a score of 92% on a third-party audit of our workplace health and safety. This care continues to the long-standing relationships with our tenants, including regular communications and a commitment to service excellence. In our communities, we engage on a regular basis with a variety of charities and organizations to find ways to improve the world around us. In fact, in 2022, we supported 37 community and industry initiatives through donations and sponsorship, in addition to our employees' volunteer efforts.

In governance, we recognize best practices are not only essential in terms of ensuring accountability

and integrity, but also critical in achieving long-term, sustainable growth. This year we made significant progress with our cybersecurity efforts to safeguard our assets and mitigate our risks. As we move forward, we are committed to increasing diversity, recognizing the importance of a variety of experiences and viewpoints in all areas of the organization.

This report would not have been possible without the hard work of each member of our ESG Steering Committee, led by Mark O'Brien, Senior Vice President Leasing, Operations and Sustainability. Mark tragically passed away in March 2023, and his leadership and contributions will be greatly missed.

This year, we formally integrated our ESG commitment into our mission and values. These form the very basis of how we conduct ourselves and our business. Whether creating an engaging work environment, building our communities or reducing our environmental impact, as we continue on our ESG journey, we are committed to creating a sustainable future for generations to come.

Gordon G. Lawlor, CPA
President and CEO
PROREIT

2022 ESG HIGHLIGHTS

ENVIRONMENT



14%

of portfolio is BOMA-certified (912,041 sq.ft.)



66%

of leases contain a sustainability clause (3,683,764 sq.ft.)



99%+

of portfolio is located in areas identified as low flood risk



43%

of portfolio retrofitted to LED lighting in controllable areas (2,834,038 sq.ft.)



21%

of properties are tracked on ENERGY STAR® Portfolio Manager (1,343,358 sq.ft.)

TRACKING UTILITIES



Water Consumption

54% of portfolio is tracked (3,528,190 sq.ft.)



Waste

26% of portfolio is tracked (1,682,443 sq.ft.)



Natural Gas Consumption

28% of portfolio is tracked (1,835,132 sq.ft.)

SOCIAL



40%

of PROREIT's management is comprised of women



12%

annual turnover rate for full-time staff



63%

of employees participated in our corporate volunteer program



37

community and industry initiatives supported through donations and sponsorships

GOVERNANCE



77%

of Board comprised of independent Trustees and all Board committees are chaired by independent Trustees, with exception of the investment committee (As of April 1, 2023)



25%

women representation on Board of Trustees



Implementation of comprehensive cybersecurity platform and measures



PROREIT's mission is to invest in prime real estate, mainly in the industrial sector, and manage properties to the highest standards, while contributing to the local communities in which we operate through our dedication to economic, social and environmental sustainability.

OUR VALUES



Integrity

Operating our business in a responsible and ethical manner to build trust with our stakeholders



Teamwork

Working effectively as one team to drive performance for both our tenants and investors



Service Excellence

Delivering quality service to our tenants, while setting best-in-class standards within our industry



Community

Support for the regions where we work and are located



Entrepreneurial

Growth driven with an institutional mindset, while maintaining an environment of respect, agility and accountability

CORPORATE OVERVIEW



HIGH QUALITY CANADIAN PORTFOLIO WITH A STRONG INDUSTRIAL FOCUS¹

130

Properties across Canada with a focus on Central and Eastern Canada

79

Employees at PROREIT and Compass Commercial Realty

6.5M

Gross leasable area² (sq.ft.)

\$1.04B

Total assets

52%

GLA - Atlantic Canada

24%

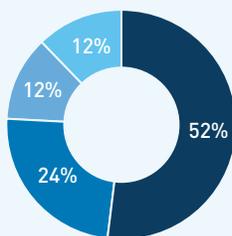
GLA - Ontario

12%

GLA - Western Canada

12%

GLA - Quebec



80%

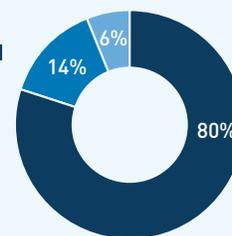
GLA - Industrial

14%

GLA - Retail

6%

GLA - Office



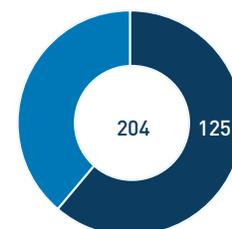
OUR PROPERTY MANAGEMENT DIVISION

Compass Commercial Realty is our internalized wholly-owned property management division, operating autonomously from its headquarters in Halifax, Nova Scotia.

Offices in Halifax, Moncton, Montréal, Ottawa and Toronto.

204

Managed properties including 125 PROREIT properties



1) All Information is at December 31, 2022.
2) Gross leasable area (GLA)

OUR APPROACH TO ESG

PROREIT continues to expand its ESG program and is committed to delivering on its objectives, including enhancing transparency, identifying measurable goals and assessing and reporting on our progress. Our ESG program spans our entire business, ranging from strategic planning to acquisitions and across our asset and property management functions.



MATERIALITY ASSESSMENT

PROREIT'S ESG framework is based on a thorough assessment of the relevant environmental, social and governance topics, central to the real estate industry in which we operate.

Our ESG reporting reflects the level of materiality relevant to our business and industry, as well as the expectations of our key stakeholders, as gathered through regular engagements. PROREIT has also reviewed recognized ESG standards and certifications, including SASB and GRESB, as well as relevant disclosures, to ensure alignment with industry and ESG best practices.

OUR ESG GUIDING PRINCIPLES AND COMMITMENTS

- > Promote energy efficiency and sustainable practices across our properties
- > Create an inclusive work environment that promotes employee well-being and tenant welfare
- > Support the communities where we are located
- > Uphold high standards of corporate governance and business ethics

CATEGORY	MATERIAL TOPICS
ENVIRONMENT	<ul style="list-style-type: none"> > Energy management > Physical impacts of climate change > GHG emissions > Building design and lifecycle management
SOCIAL	<ul style="list-style-type: none"> > Employee engagement > Diversity and inclusion > Building quality and safety > Tenant welfare and relations > Community giving
GOVERNANCE	<ul style="list-style-type: none"> > Strong corporate governance practices > Business ethics > Risk management > Business model resilience

ESG GOVERNANCE

Board oversight

PROREIT senior management is accountable for the development and implementation of our ESG program with the support of the ESG Steering Committee, which is responsible for the daily management of our ESG program and ensuring its long-term sustainability. ESG matters are presented to the Board of Trustees quarterly.

BOARD OF TRUSTEES

- > Responsible for overseeing and monitoring PROREIT's ESG program

PRESIDENT AND CEO

- > ESG program sponsor
- > Responsible for setting ESG strategy with the support of the ESG Steering Committee

STEERING COMMITTEE

- > Composed of members of management from corporate, asset and property management functions

Steering Committee



Gordon G. Lawlor, CPA
Co-Founder, President and
Chief Executive Officer



Alison Schafer, CPA
Chief Financial Officer
and Secretary



Chris Andrea
President,
Compass Commercial Realty
Senior Vice President,
Property Management, PROREIT



Alexandra Kelter
Property Manager and
Sustainability Coordinator,
Compass Commercial Realty



Isabelle Monté
Senior Manager,
Human Resources and
Administration



Mark O'Brien
Senior Vice President, Leasing,
Operations and Sustainability
In memoriam



TRACKING OUR GOALS & TARGETS

The net lease environment in which we operate generally provides limited oversight or control over the vast majority of our portfolio properties, except at the time of acquisition and through tenant turnover. However, through proactive tenant engagement, notably undertaken since the publication of our first ESG report in 2021, we have been able to successfully enhance our collaboration with our tenants and, as such, gain better insight into our portfolio operations and consumption, including gathering utility data. We are pleased with the engagement of our tenants in our sustainability efforts and have made genuine and measurable progress over the last 12-month period.

As we continue to enhance our tracking capabilities and improve data collection across key ESG topics, we will gain greater understanding of the areas where we have the most impact and where we can set goals to reduce usage. Throughout this report, the status of each goal is defined as achieved, ongoing or new.

ACHIEVED

ONGOING

NEW



COMMITTED TO REDUCING OUR ENVIRONMENTAL FOOTPRINT

Our biggest environmental impact comes from our properties. As an owner and operator of real estate across Canada, we are committed to adhering to responsible and sustainable asset and property management practices to minimize our environmental footprint. Our objective is to have a positive environmental impact where and when we have control, namely at acquisition, as well as through tenant collaboration and turnover, and in the base building systems of each property.

MATERIAL TOPICS	INITIATIVES	GOALS	STATUS
ENERGY MANAGEMENT	Consistently tracking utilities (water, energy and waste)	Onboard 85% of properties onto ENERGY STAR® Portfolio Manager	NEW
	Sustainable building certifications	50% of portfolio certified by an accredited building program (BOMA, ENERGY STAR®)	ONGOING
	Sustainability clause included in leases	100% of portfolio leases contain sustainability clause	ONGOING
PHYSICAL IMPACTS OF CLIMATE CHANGE	Disclosure of climate risks	Awareness of climate risk to properties at acquisition and continued disclosure of risks	ACHIEVED
GHG EMISSIONS	Sustainable travel	100% of business travel offset by purchase of carbon credits	NEW
	Energy-efficient fixtures	100% LED lighting in common (controllable) areas	ONGOING
	Electric vehicle (EV) charging stations	Install one EV charging station per year	ONGOING
	Reducing paper consumption	50% reduction in paper usage	ONGOING
BUILDING DESIGN AND LIFECYCLE MANAGEMENT	Strict acquisition criteria to maintain high-quality portfolio	100% of properties subject to thorough assessment of all environmental and capital item components prior to acquisition	ACHIEVED

ENVIRONMENT INITIATIVES

Consistently tracking utilities

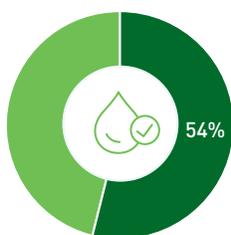
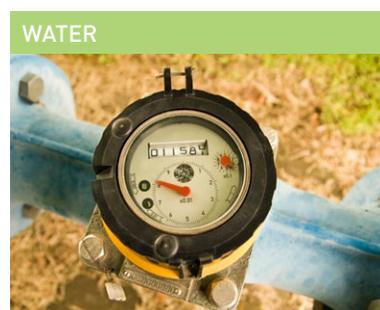
Status: **NEW**

Goal: Onboard 85% of properties onto ENERGY STAR® Portfolio Manager

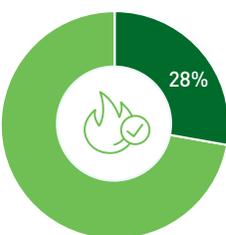
In 2022, we started to leverage technological platforms, such as ENERGY STAR® Portfolio Manager, which enable us to collect and assess data from our properties and identify opportunities for conservation, improvement, and certification.

We continue to seek ways to track, evaluate and improve the environmental footprint of our assets and aim to continue to enhance utility tracking across our network.

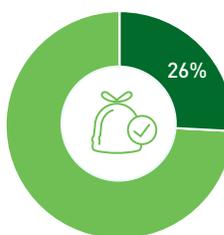
> 21% of properties are tracked on ENERGY STAR® Portfolio Manager.



65
Properties tracked*
3,528,190 sq. ft.
(54% of portfolio)



22
Properties tracked*
1,835,132 sq. ft.
(28% of portfolio)



21
Properties tracked*
1,682,443 sq. ft.
(26% of portfolio)

* Utilities tracked using ENERGY STAR® Portfolio Manager or our own internal tracking tools.

Sustainable building certifications

Status: ONGOING

Goal: 50% of portfolio certified by an accredited sustainable building program (BOMA, ENERGY STAR®)

By following best practices and meeting the requirements outlined by trusted industry certification bodies, such as BOMA and ENERGY STAR®, PROREIT can help ensure that it maintains a robust and sustainable property portfolio, despite areas where it may lack operational control.

While the number of BOMA certified properties has stayed stable compared to last year's report, we expect to have additional properties certified in 2023 as the process is already underway for several locations. The intent is to continue to collect relevant data points to assess and identify opportunities for improvement and to adapt to the evolving expectations and parameters in the industrial sector on an ongoing basis.

14
BOMA BEST Certified
Properties
912,041 sq. ft.
(14% of portfolio)

9
Properties onboarded
to ENERGY STAR®
Portfolio Manager
1,343,358 sq. ft.
(21% of portfolio completed)

BOMA BEST EARTH AWARD: BEST-IN-CLASS FOR SUSTAINABILITY

The light industrial property located at 1070 St. George Boulevard in Moncton, New Brunswick won the prestigious **BOMA BEST Earth Award**, which recognizes buildings and their teams for excellence in environmental management in the real estate industry. The winner must have achieved the highest score in their building class, which in this case is light industrial, for the provinces of New Brunswick and Prince Edward Island combined. This score is calculated across sixteen areas of property management and operations, including energy and water use and strategic planning, air quality, third-party building audits, tenant engagement, preventative maintenance, and more.



ENVIRONMENT INITIATIVES

Sustainability clause included in leases

Status: ONGOING

Goal: 100% of portfolio leases contain sustainability clause

While the nature of the net lease environment means that PROREIT has limited oversight or control over energy, waste, water and other environmental management inputs, we are committed to enhancing the collection process of essential data by working with experienced third-party consultants. To facilitate the process of data collection, we began including a sustainability clause in our leases in 2022, which provides access to key utility data necessary to obtain BOMA and ENERGY STAR® certifications. Tenants have been highly engaged and collaborative throughout this process, which will enable us to deliver on our objectives of enhancing the tracking of utilities across our portfolio and increasing the number of certified properties, where feasible.

66%
of leases contain a
sustainability clause
3,683,764 sq.ft.

Disclosure of climate risks

Status: ACHIEVED

Goal: Awareness of climate risk to properties at acquisition and continued disclosure of risks

In 2022, we started enhancing our disclosure on climate change risks in our continuous disclosure documents and we continue to enlist the services of trusted third-party suppliers to help best protect our assets in locations that are at greater climate-related risks.

> With the exception of one property classified as moderate/high flood risk, PROREIT's portfolio is entirely located in areas identified as low flood risk.

Sustainable travel

Status: NEW

Goal: 100% business travel offset by purchase of carbon credits

PROREIT implemented a new travel policy, requiring all employees who travel for work to purchase carbon credits for plane tickets or car rentals, when feasible, to offset carbon emissions produced during work-related travel.



ENVIRONMENT INITIATIVES

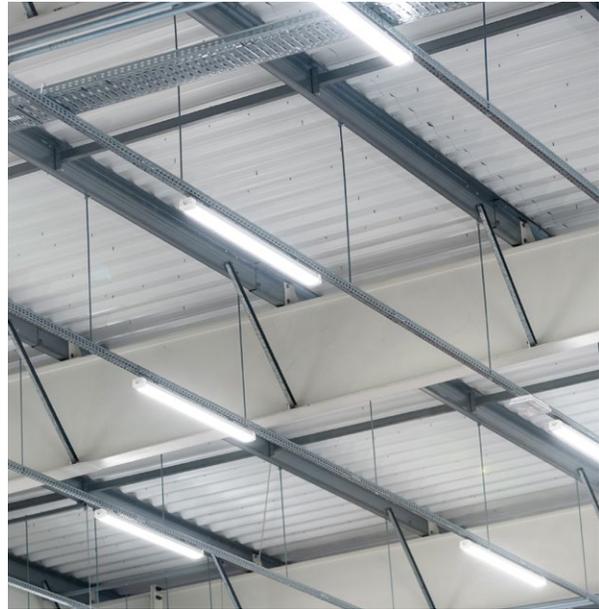
Energy-efficient fixtures

Status: ONGOING

Goal: 100% LED lighting in common (controllable) areas

We continue to upgrade and retrofit lighting to energy-efficient LED lighting across our portfolio in controllable areas whenever replacements are required. We also encourage and support the upgrade to LED lighting in areas that are non-controllable by partnering with tenants and organizations, like Efficiency Nova Scotia and Nichent, which offer significant cost-savings on LED retrofits. Vacancies are similarly retrofitted with LED lighting prior to new leases commencing and both partial and full LED lighting conversions are incorporated into many renewing and new lease deals.

43%
of our portfolio has LED lighting
in controllable areas.
2,834,038 sq. ft.



COMPLETE LED RETROFIT

The property located at 66 English Drive in Moncton, New Brunswick was entirely LED retrofitted at the time of acquisition. Based on 16 hours a day usage, old lights used 1,024 kWh and the new LED lights use 384 kWh, generating savings of 640 kWh daily. PROREIT received a \$23,750 incentive from Efficiency NB, which covered 25% of the total implementation cost.



Electric vehicle (EV) charging stations

Status: ONGOING

Goal: Install one EV charging station per year

PROREIT supports the transition to electric mobility with the ongoing installation of EV charging stations across its properties. PROREIT encourages tenant-driven initiatives to provide charging stations by facilitating the approval process, including support with the conduct of feasibility studies, as well as the construction and implementation of the equipment. Currently, a total of three properties in our portfolio have electric charging stations available, with construction underway for two additional stations.

- > Three properties are currently equipped with EV charging stations.



Reducing paper consumption

Status: ONGOING

Goal: 50% reduction in paper usage

Reducing paper waste is a simple way to have a positive environmental impact. As such, PROREIT works closely with its suppliers to ensure that invoices are emitted and processed digitally, where feasible.

NexusOne was implemented to help with invoice efficiency and reduce paper waste with digital processing which PROREIT continues to leverage to ensure better control over paper usage and work towards its goal of reduced total paper consumption.

- > In 2022, PROREIT recorded a 16% reduction in paper usage from the previous year.



Strict acquisition criteria to maintain high-quality portfolio

Status: ACHIEVED

Goal: 100% properties subject to thorough assessment of all environmental and capital item components prior to acquisition

Prior to acquiring any properties, we follow a thorough due diligence process to ensure the quality of the assets. This process includes, but is not limited to, the following:

- > We work with a recognized national provider to lead all environmental and capital item audit components of each property. Due diligence is done at the time of acquisition to assess the environmental impact of each property prior to closing, including contaminants assessment and complete engineering studies. Investigation is led by a third-party to analyze HVAC, windows, gas type used for energy and heating, etc. leading to efficiencies in cost and environmental considerations.
- > We work closely with an insurance broker who audits our portfolio on an annual basis to assess what has changed. Flood and fire risks are re-examined and reassessed for efficiencies, from cost and environmental perspectives.
- > We work with a specialized roofing consultant who ensures the efficiency of the property is optimal. Using infrared scans, the assessment helps to determine risk factors related to potential water damage, in addition to ensuring gains in terms of heating, etc.

21
new properties were fully
assessed in 2022.

100%
of PROREIT-owned
properties are subject to
a thorough assessment
of all environmental and
capital item components
prior to acquisition.





ENGAGING WITH OUR EMPLOYEES, TENANTS AND COMMUNITIES

At PROREIT, we are committed to providing employees with the conditions to thrive and are focused on creating an inclusive and development-focused work environment for our teams. Our commitment to well-being and respect is echoed in our connections with our tenants and the communities where we have a footprint.

We truly value our long-standing tenant relationships which drive us to be a trustworthy partner, and we ensure that our properties meet their needs and expectations through regular and effective communication.

As a responsible corporate citizen, we aim to play a contributing role in communities where we have a presence, in addition to supporting organizations that have a local impact.

MATERIAL TOPICS	INITIATIVES	GOALS	STATUS
EMPLOYEE ENGAGEMENT	Employee satisfaction	Conduct employee engagement survey and record 10% employee turnover rate or less	ONGOING
	Employee health, safety and wellness	Zero accidents and incidents with zero lost work hours	ONGOING
DIVERSITY AND INCLUSION	Promoting diversity and inclusion	50% of management and employee base comprised of women and initiate a poll to understand diversity within the organization	ONGOING
BUILDING QUALITY AND SAFETY	Ensuring building quality and safety	Continuing regular review of properties to assess safety	ACHIEVED
TENANT WELFARE AND RELATIONS	Tenant communication and engagement	Annual tenant satisfaction surveys	ONGOING
COMMUNITY GIVING	Volunteering within the community	Minimum of 60% of employee participation	ACHIEVED
	Charitable giving and sponsorships	Increase engagement towards organizations that promote a sustainable future	ONGOING

SOCIAL INITIATIVES

Employee satisfaction

Status: ONGOING

Goal: Conduct and complete employee engagement survey and record 10% employee turnover rate or less

PROREIT provides competitive compensation and a comprehensive group insurance, along with other benefits, which now include an automated payroll RRSP contribution of up to 5% - at the employee's discretion - and matched by the employer on an annual basis.

In addition, we continue to encourage our employees to partake in training opportunities outside of the organization. Every year, PROREIT invests between 3% and 6% of its payroll towards employee training and professional development.

The well-being, health and safety of our teams is also a key priority area for PROREIT. We provide our employees with superior benefits and services that favour a balanced, healthy lifestyle both in and out of work, year-round. All PROREIT employees have access to an Employee Assistance Program (EAP), which provides immediate and confidential help for any work, health or life concern - available at anytime and anywhere.

OVERVIEW OF COMPREHENSIVE BENEFITS OFFERED TO EMPLOYEES

Extended health and dental coverage	X	Computer laptops, as required	X
Employee assistance program	X	Safety equipment and apparel	X
Travel and life insurance coverage	X	Accommodations for religious holidays	X
Flex hours and accommodations for leaves of absence	X	Worker supported by Health & Safety Committees	X
Health and well-being seminars	X	First Aid and WHMIS training	X
Professional fees paid	X	Building Operators receive additional training including scissor lift training, working at heights/fall arrest training, confined space training.	X
Contributing to relevant professional development courses	X	Group RRSP program	X
Events to foster team building and community volunteering	X	Workplace policies and training with a focus on occupational health and safety	X

We have had 0% turnover in management at PROREIT and the average tenure of senior management is nine years. We created and filled 11 new corporate roles and three new commercial roles in 2022. An additional three corporate and two commercial roles were turned-over, in large part due to the staff who changed their occupational fields.

12%

employee turnover rate* of full-time staff – corporate and commercial

11%

employee turnover rate* of full-time staff – corporate only

* Excluding positions not replaced or replaced at a later time

Employee health, safety and wellness

Status: ONGOING

Goal: Zero accidents and incidents with zero lost work hours

Employee health, safety and wellness is always top of mind. A Health and Safety Committee is in place to ensure that property management employees have a formal safety reporting system to submit their safety concerns. Meeting monthly, the employee-led committee has as its main objective to ensure staff members are informed of best practices in terms of health and safety protocols, techniques and procedures.

We also issue regular employee communications that focus on occupational health and safety (OHS) and offer training and guidance to our teams. Our OHS policies are reviewed on an ongoing basis to ensure that they evolve to the circumstances and needs of the workplace and we work with a third-party to perform an annual audit of our OHS procedures and policies to ensure accountability.



- > An annual third-party audit is performed to assess and measure workplace health and safety and the REIT's policies that support them. In 2022, we achieved a score of 92%.
- > In 2022, PROREIT oversaw approximately 96,240 hours of work and recorded a total of just six near misses, first aid and recordable incidents, resulting in zero lost hours over the entire year.

Promoting diversity and inclusion

Status: ONGOING

Goal: 50% of management and employee base comprised of women and initiate a poll to understand diversity within the organization

PROREIT strives to create an environment where diversity is present in all aspects of life at work. Diversity of skills, perspectives and backgrounds benefits the entire organization with a broader base of experiences to spark new ideas and PROREIT is committed to providing a work environment that promotes diversity, equity and inclusion.

- > In 2022, 40% of PROREIT's management were women
- > Close to 55% of all employees were women

Ensuring building quality and safety

Status: ACHIEVED

Goal: Continuing regular review of properties to assess safety

Providing our tenants with a safe environment in which to conduct their business is of paramount importance to PROREIT and we believe in a proactive approach to safety.

Our operational field staff have the knowledge and experience to assess and remediate areas of risk during their daily site inspections and we have procedures in-place to support them in this work, to document and track their findings and to ensure every property is being reviewed on a fixed schedule to maintain a consistent high-level of care.

We engage a vetted team of qualified third-party professionals to perform certified assessments and monitoring on a monthly, quarterly and/or annual basis (in-line with required and recommended inspection frequencies for the different property components) on important building systems, including life safety, fire protection, HVAC, water monitoring, roofs and more.

Detailed records of all inspections, scheduling, results and remediations are maintained in both the secure property files and in the MRI Angus® Portal, our central tenant management software, to ensure that this data is not just collected, but also monitored, maintained and actioned.

In 2022, PROREIT introduced new guidelines for third-party contractors performing work on-site which requires proof of insurance, Worker's Compensation Board Clearance and COR Certification (Certificate of Recognition issued by Construction Safety Nova Scotia). PROREIT also introduced more stringent procedures for staff training and site incident reporting and tracking.

We continue to review, adapt and update the safety policies and procedures we have in-place to reflect the changes to individual properties, provincial Building Codes and regulations, and based on our own findings and experiences.

64%
of PROREIT's portfolio were being monitored and tracked in MRI Angus®, as well as the pre-existing systems, to add an additional level of monitoring and record-keeping by Q4 2022.

Tenant communication and engagement

Status: ONGOING

Goal: Annual tenant satisfaction surveys

PROREIT prides itself on having a loyal base of long-term tenants and, as such, strives to ensure effective communication on an ongoing basis.

In addition to enhancing the level of transparency to help ensure that all assets remain in the best possible condition, the REIT has continued to implement a national platform that facilitates engagement with tenants via surveys and other tools, which we will be able to deploy in the future.

- > We conduct regular tenant surveys mostly centered around property operations, sustainability initiatives, utility consumption and waste sorting for the purpose of BOMA Certification.
- > Tenant Requests/Preventative Maintenance Plan in place.
- > As we continue to make ESG central to our strategy, we are committed to educating tenants to work with service providers to measure solid waste, recycling and paper, as well as utilities.

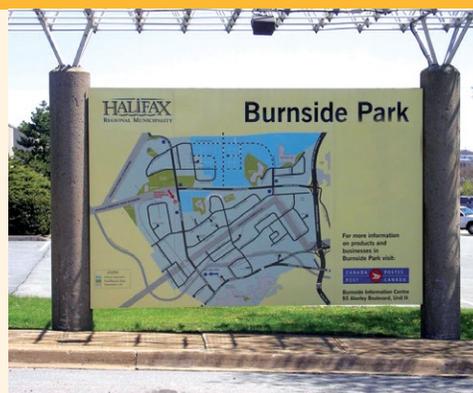
TENANT MEMORANDUMS: RECYCLING & PROPOSED BURNSIDE BUSINESS IMPROVEMENT DISTRICT

PROREIT prepares and circulates Tenant Memorandums on an ongoing basis, updating tenants on any operating matters at their properties, any changes to operating systems, information on proper waste handling and recycling, and other relevant programs.

When Halifax Regional Municipality Solid Waste (the city's waste and recycling division) advised they would be conducting inspections at different PROREIT properties in Nova Scotia, we prepared detailed information packages for all tenants of those buildings advising the tenants of valuable resources for recycling education programs offered for free by HRM Solid Waste and how to sort waste and recycling, etc.

Data sheets were provided to tenants that they could post in their premises to help their staff with recycling and waste sorting. We then met with HRM Solid Waste Inspectors and accompanied them through their inspections, working with any tenants in non-compliance.

When an organization in Burnside, Nova Scotia (where 41 PROREIT properties are located) proposed the introduction of a Burnside Business Improvement District which would be voted on by all businesses in Burnside, we participated in all meetings the organization held on the topic and did thorough research of the resources available. We then prepared detailed information packages and infographics which were circulated to our tenants in Burnside and on LinkedIn to help tenants make an informed decision on their Burnside Business Improvement vote.



TENANT ENGAGEMENT AND EFFICIENT USE OF TECHNOLOGY

In 2022, PROREIT continued the implementation of MRI Angus® Portal (previously Angus Anywhere®), a tenant management software and resident portal which proactively manages all tenant requests. The platform enables a simple and effective communications channel between tenants and PROREIT, allows us to track inspections, and provides a Tenant Insurance Tracking service.

While the onboarding process took place over most of 2022, requiring many adjustments from both property management teams and tenants, PROREIT is starting to reap the benefits of the implementation, including improving building efficiency, data visibility, mobile connectivity and tenant satisfaction.

Testimonial

In November 2022, a tenant located at 105 Akerley Boulevard, in Dartmouth, Nova Scotia, created a “work order ticket” on MRI Angus® to inform us about a leak in the roof near an old vent, asking that property management address the issue. The ticket was immediately (and automatically) dispatched to PROREIT’s Building Operator who visited the tenant space within one hour of submitting the ticket. After determining the leak required a roofing contractor to make the repair, a call was made to schedule the repair.



“First, I want to say thank you for getting myself and Ashton access to the online portal. Second, and more importantly, I wanted to say thank you to the whole company for the timely action this is taking. From submission of the ticket to have a body onsite was only one hour! For us, that’s unprecedented, and greatly appreciated.”

- Shawn LePage
Freight Logistics Coordinator



SOCIAL INITIATIVES

Volunteering within the community

Status: ACHIEVED

Goal: Maintain minimum of 60% employee participation

PROREIT employees are encouraged to volunteer for causes they hold dear. To promote engagement and volunteerism, we offer our employees Volunteer Time Off of up to 10 hours per year.

> In 2022, 63% of employees participated in the corporate volunteer program.

SUPPORTING OUR COMMUNITIES BY ENGAGING WITH THE RED CROSS

In October 2022, a massive hurricane devastated communities across Atlantic Canada. As a significant landlord in the region, teams mobilized to make personal donations to the relief program launched by the Red Cross, which the federal government offered to match for a period of 30 days following the disaster.

The strategy proved highly successful, with employees contributing over a period of two weeks, with the total donation subsequently matched by PROREIT.



TENANT FOOD DRIVE FOR FEED NOVA SCOTIA

In December 2022, we conducted a Tenant Food Drive for Feed Nova Scotia, a non-profit organization that supplies to food banks throughout the province.

Tenants were invited to gather food bank donations (food, hygiene products and monetary donations), which we then collected from more than 42 participating properties.

We collected 1,427 lb of food, plus monetary donations from PROREIT and tenants.



SOCIAL INITIATIVES

Charitable giving and sponsorships

Status: ONGOING

Goal: Increase engagement towards organizations that promote a sustainable future

PROREIT aims to provide support in communities where we own properties in Canada. We structured a Charitable Giving Policy in 2022 which outlines key priority areas.

- > In 2022, PROREIT donated close to \$65,000 to charitable organizations supporting communities across the country.
- > 37 community and industry initiatives supported through donations and sponsorship.

CHARITABLE GIVING AT PROREIT

We donate to organizations that contribute to causes that reflect our priority areas and directly support the communities where we operate.

Priority areas for PROREIT

Social inclusion

PROREIT supports organizations that help meet basic and immediate needs of at-risk individuals, with a particular focus on women in vulnerable situations in the communities where PROREIT has a presence.



Founded in 1977, Chez Doris is a charitable organization that offers a range of services and programs to meet the most basic and immediate needs of vulnerable women and homeless women. It is the only women's shelter in Montréal offering 24/7 service.



Other examples of organizations we support



SOCIAL INITIATIVES

CHARITABLE GIVING AT PROREIT

Health and wellness

Spanning across a variety of causes, PROREIT is dedicated to supporting key organizations that invest in research and support patients living with some of the most widespread disabilities and diseases that affect millions of Canadians every year.



Canadian Cancer Society

Committed to uniting and inspiring Canadians to take control of cancer, The Canadian Cancer Society is always funding high performance research that improves cancer outcomes and addresses the greatest opportunities for progress. They provide the highest quality cancer information for all Canadians, promote cancer prevention and provide targeted support to help people with cancer, their families and caregivers cope.

Other examples of organizations we support



Community enrichment

We are committed to playing an active role in the communities where we are present and encourage grassroots organizations that have an impact at the community level, which includes local sports teams and relevant activities.

Arts and culture

Art is one of the most impactful ways to create a lasting impact on individuals and to help communities blossom. As such, we are committed to supporting the arts from painting to sculpture and theatre to music and to protecting the institutions that support the artists and are engaged in preserving their work.



New! Protecting the environment

PROREIT is enhancing its support of organizations that develop initiatives and activities whose objective is focused on sustainability and protecting the environment, in line with PROREIT'S own commitments towards sustainability.





UPHOLDING HIGH GOVERNANCE STANDARDS

PROREIT upholds high governance and business ethics standards. Our Board of Trustees and management team are committed to strong governance practices designed to ensure oversight, accountability and integrity. By following ethical business practices, PROREIT aims to promote long-term and sustainable growth of its business.

MATERIAL TOPICS	INITIATIVES	GOALS	STATUS
STRONG CORPORATE GOVERNANCE PRACTICES	Board independence	Maintain a Board comprised of a majority of independent Trustees	ACHIEVED
	Board diversity	More than 30% of Board of Trustees comprised of women	ONGOING
BUSINESS ETHICS	Code of Conduct	Establish Code of Conduct and annual review thereof	ACHIEVED
	Whistleblower and Disclosure Policies	Establish and annual review of Whistleblower and Disclosure Policies	ACHIEVED
RISK MANAGEMENT	Risk management matrix	Review and update risk matrix annually	ACHIEVED
	Cybersecurity	100% participation in cybersecurity training program	NEW
BUSINESS MODEL RESILIENCE	ESG incorporated in long-term business planning process	Annual review of long-term strategy to ensure ESG factors are considered	ACHIEVED

Board independence

Status: ACHIEVED

Goal: Maintain a Board comprised of a majority of independent Trustees

PROREIT benefits from a strong and diverse board comprised of experienced and talented individuals, who uphold high governance standards, as outlined in our Board policies, the charter of the Board and committee charters.

- > In 2022, 87.5% of the Board was comprised of independent Trustees and all Board committees were chaired by independent Trustees, with the exception of the Investment Committee.
- > Effective April 1, 2023, and upon the appointment of Gordon G. Lawlor as President and CEO and Trustee, 77% of the Board was comprised of independent Trustees.

Board diversity

Status: ONGOING

Goal: More than 30% of Board of Trustees comprised of women

PROREIT values the benefits that diversity can bring to its Board and adopted a Board Diversity Policy. In 2022, the Board was comprised of two women and six men. PROREIT and the Board believe diversity promotes the inclusion of different perspectives and ideas, mitigates against group think and improves oversight, decision making and governance. When assessing Board composition or identifying suitable candidates for appointment or re-election to the Board, PROREIT will consider candidates using objective criteria having due regard to the benefits of diversity and the needs of the Board.

25%
of Board of Trustees
are women

Code of Conduct

Status: ACHIEVED

Goal: Establish Code of Conduct and annual review thereof

PROREIT is committed to ensuring that its business operations are carried out in a transparent and compliant manner. PROREIT's Code of Conduct, established in 2013, is applicable to all employees, members of management and the Board. It provides guidelines for maintaining the integrity, reputation, honesty, objectivity and impartiality of PROREIT, in addition to addressing proper business conduct, which includes compliance with laws, rules and regulations and reporting of illegal or unethical behaviour.

Whistleblower and Disclosure Policies

Status: **ACHIEVED**

Goal: Establishment and annual review of Whistleblower and Disclosure Policies

PROREIT has established a Whistleblower Policy, which allows any person who believes that a violation of the Code of Conduct has occurred to report the relevant information confidentially.

PROREIT has established a Disclosure Policy to ensure that communications to the investing public about PROREIT and its subsidiaries are timely, factual and accurate, as well as being broadly disseminated in accordance with all applicable legal and regulatory requirements.

Both policies are reviewed annually by the Board of Trustees to ensure relevancy.

Risk management matrix

Status: **ACHIEVED**

Goal: Review and update risk matrix annually

Protecting the business is essential and everyone has a role to play to ensure continuity. An extensive risk matrix has been developed to address traditional financial and operational risks, which are inherent to the business. The matrix is updated by our teams on a regular basis and climate change risks are mentioned as part of our continuous disclosure documents.

Cybersecurity

Status: **NEW**

Goal: 100% participation in cybersecurity training program

In 2022, PROREIT took several important steps to strengthen its cybersecurity to mitigate risks. Working with leading cybersecurity professionals, we put in place an actionable plan and leveraged industry-leading technology platforms to safeguard PROREIT, its assets and unitholders, as we continue to follow and implement best practices.

ESG incorporated in long-term business planning process

Status: **ACHIEVED**

Goal: Annual review of long-term strategy to ensure ESG factors are considered

Sustainability, social responsibility and good governance have been part of the PROREIT process since inception. On an annual basis, as the Board reviews the long-term strategy presented by management, ESG factors are considered, along with new developments in technology that may impact these factors and the evolving nature of the industry on the organization's business model.

For complete information on our governance policies and practices, please review our continuous disclosure documents available at www.sedar.com under our profile, or on our website at www.proreit.com.

MATERIALITY ASSESSMENT AND ESG FRAMEWORK OVERVIEW

MATERIAL TOPICS	INITIATIVES	GOALS	STATUS
ENERGY MANAGEMENT	Consistently tracking utilities (water, energy and waste)	Onboard 85% of properties onto ENERGY STAR® Portfolio Manager	NEW
	Sustainable building certifications	50% of portfolio certified by an accredited building program (BOMA, ENERGY STAR®)	ONGOING
	Sustainability clause included in leases	100% of portfolio leases contain sustainability clause	ONGOING
PHYSICAL IMPACTS OF CLIMATE CHANGE	Disclosure of climate risks	Awareness of climate risk to properties at acquisition and continued disclosure of risks	ACHIEVED
GHG EMISSIONS	Sustainable travel	100% of business travel offset by purchase of carbon credits	NEW
	Energy-efficient fixtures	100% LED lighting in common (controllable) areas	ONGOING
	Electric vehicle charging stations	Install one EV charging station per year	ONGOING
	Reducing paper consumption	50% reduction in paper usage	ONGOING
BUILDING DESIGN AND LIFECYCLE MANAGEMENT	Strict acquisition criteria to maintain high-quality portfolio	100% of properties subject to thorough assessment of all environmental and capital item components prior to acquisition	ACHIEVED
MATERIAL TOPICS	INITIATIVES	GOALS	STATUS
EMPLOYEE ENGAGEMENT	Employee satisfaction	Conduct employee engagement survey and record 10% employee turnover rate or less	ONGOING
	Employee health, safety and wellness	Zero accidents and incidents with zero lost work hours	ONGOING
DIVERSITY AND INCLUSION	Promoting diversity and inclusion	50% of management and employee base comprised of women and initiate a poll to understand diversity within the organization	ONGOING
BUILDING QUALITY AND SAFETY	Ensuring building quality and safety	Continuing regular review of properties to assess safety	ACHIEVED
TENANT WELFARE AND RELATIONS	Tenant communication and engagement	Annual tenant satisfaction surveys	ONGOING
COMMUNITY GIVING	Volunteering within the community	Minimum of 60% of employee participation	ACHIEVED
	Charitable giving and sponsorships	Increase engagement towards organizations that promote a sustainable future	ONGOING
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