

# DURUM INDUSTRIAL REIT

## DURUM INDUSTRIAL REIT YEAR END NEWSLETTER

AS AT DECEMBER 31, 2018

### ABOUT

Durum Industrial REIT (the "REIT") was formed on January 30, 2017 with the objective of maximizing value for unit holders through the acquisition and operation of a diverse portfolio of industrial properties.

All reference should be made to the Durum Industrial REIT Offering Memorandum dated April 30, 2018.

### FUND HIGHLIGHTS

\$11.2	Million Capital Raised in the Trust
\$12.2	Million Invested by Management & Directors <sup>1</sup>
>500	Registered Investors
\$222	Thousand Q4 Distributions paid to Trust investors on December 31, 2018

1 Directly & indirectly by affiliated entities of the REIT

This is not a formal offering document. Prospective purchasers of this investment opportunity will be provided with a formal Offering Memorandum and will need to be qualified for investment prior to making any investment. No person has been authorized to give any information or to make any representation not contained in the formal Offering Memorandum. No securities regulatory authority or regulator has assessed the merits of the proposed offering or reviewed the formal Offering Memorandum. This investment opportunity is speculative and involves a high degree of risk. There is a risk that any investment made will be lost entirely or in part. Only prospective investors who do not require immediate liquidity of their investment and who can afford the loss of their entire investment should consider this investment. This document also contains reference to certain non-GAAP measures which are not defined under IFRS nor should any of these measures be viewed as an alternative to net income, cash flow from operating activities or other measures of financial performance of the REIT calculated in accordance with IFRS. Please refer to the Offering Memorandum of the REIT, and the marketing materials incorporated by reference (including this newsletter), for further information.

For more information, please contact your Authorized Dealing Representative.

### PROPERTY PORTFOLIO HIGHLIGHTS

#### DECEMBER 31, 2017

7	Properties Acquired
82.04	Total Acres of Land
173,638	SF Leasable Building Space
\$49.5	Million Total Asset Value <sup>1</sup>
\$3.53	Million Net Operating Income

#### DECEMBER 31, 2018

10	Properties Acquired
86.02	Total Acres of Land
229,410	SF Leasable Building Space
\$62.0	Million Total Asset Value <sup>1</sup>
\$3.54	Million Net Operating Income <sup>2</sup>

1. The acquisition of the properties has been financed through a combination of debt and equity. Please refer to the Offering Memorandum of the REIT, and the marketing materials incorporated by reference, for further information.

2. The two Staples properties were acquired on Dec. 31, 2018, and did not contribute to 2018's NOI. Future annual rental income from these properties will be \$1.03 million.

### ACQUISITION ANNOUNCEMENT

#### \$1.03 M ANNUAL RENTAL INCOME

The REIT ended 2018 with the acquisition of two properties in Yorkton and Regina, Saskatchewan.

Both are single-tenant warehouse style buildings with long-term leases (10 & 15 years) to Staples Canada Inc. Acquired for a combined \$11.8 million and financed at 3.99%, the properties add \$1.03 million in annual rental income to the REIT's portfolio. Both leases include rent step ups in year 5 of their respective terms. For more information, please refer to the Acquisition Announcement dated January 10, 2019.



### FINANCING NEWS

#### REVOLVING LINE OF CREDIT

The REIT refinanced three properties in late 2018, moving from a single mortgage to two conventional mortgages and a \$4 million revolving operating line of credit. The refinancing lowers the REIT's cost of capital by allowing the REIT to repay the outstanding convertible note and provides a higher level of flexibility with immediate access to "pounce capital" when promising acquisition opportunities arise.

### TEAM NEWS



With the growth of the REIT portfolio, Ian MacKay joined the team as General Manager in November 2018. Ian has extensive experience in real estate (35+ years) and will ensure the REIT's assets continue to be well managed while also assisting in identifying and evaluating potential acquisitions.

#### NEW REAL ESTATE GENERAL MANAGER