

DURUM

INDUSTRIAL REIT

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Q3 NEWSLETTER

AS AT SEPTEMBER 30, 2019

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, 2019.

PROSPECTIVE ACQUISITION

Durum Industrial REIT is pleased to announce that a purchase & sale agreement (PSA) has been executed for the acquisition of a light industrial property located in Sylvan Lake, AB.

2 ACRES | **12,500 SF BUILDING**

CAPITALIZATION RATE | **9%**

72% | **LEVERAGE**

Management continues to undertake due diligence on the property and will then present the findings to the Board of Trustees and Independent Review Committee for approval of the transaction. While it is the intent of the Manager to close on the transaction within 90 days, there can be no guarantee that the transaction will take place as indicated within the PSA.

For more information, please contact your Authorized Dealing Representative.

PROPERTY PORTFOLIO HIGHLIGHTS

APRIL 30, 2018

| | |
|---------|--|
| 7 | Properties Total |
| 82.04 | Total Acres of Land |
| 173,638 | SF Leasable Building Space |
| \$49.5 | Million Total Asset Value ¹ |
| \$3.68 | Million Annual Rental Revenue ² |

SEPTEMBER 30, 2019

| | |
|---------|--|
| 10 | Properties Total |
| 86.02 | Total Acres of Land |
| 229,410 | SF Leasable Building Space |
| \$64.8 | Million Total Asset Value ¹ |
| \$4.5 | Million Annual Rental Revenue ² |

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. Refers to Contracted Annual Rental Revenue

PROPERTY HIGHLIGHT | CLAIRMONT, AB (1)

A single-tenant property located within Clairmont, Alberta, Clairmont Property (1) is comprised of 5.14 acres of land and a 17,590 square foot building. The appraised value as of February 2019 was \$3,280,000, representing a 14% increase in the fair value compared to the year prior. The appraised value increased despite a pending December 31, 2019 lease expiry.

Management has secured a lease renewal with the existing tenant, effective January 1, 2020. The lease was extended for a 5-year term with planned rent step-ups throughout. The secured contract will increase the price per square foot from the previous \$12.00 to \$16.60 in year one, with step ups that

will increase to \$18.60 per square foot by the final year, adding an average of \$309,500 in annual rental revenue to the portfolio over the lease term. As a result of the lease renewal, Management expects a further increase in the value of the property at year-end. Having renewed this lease, 87% of the portfolios' lease renewals are now extended to 2022 and beyond.



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.