

NAVIGATING THE WEALTH LANDSCAPE THROUGH INNOVATIVE INDUSTRIAL REAL ESTATE INVESTMENTS

MARCH 2024



Under the leadership of Managing Director Simon Reddish, Durum's Industrial REIT has achieved success in Western Canadian industrial real estate through strategic investments. Our approach emphasizes meticulous portfolio management, prudent acquisitions, and consistent returns to investors. With a target of stable annual returns between 8-12%, the REIT demonstrates financial stability with metrics such as a 9.8% return on equity and a 65% loan-to-value ratio. Moreover, significant personal investments exceeding \$12 million from management and affiliates underscore our dedication to the REIT's objectives and investors.

As of Dec. 31 2022, refer to Offering Materials

Durum Industrial REIT's Investment Approach

The Industrial REIT has a meticulous investment approach:



Buy Right: Acquire properties below replacement cost in markets with potential for value growth.



Strategic Upgrades: Make thoughtful investments to improve building conditions and manage the capital structure efficiently for lower debt costs.



Strong Partnerships: Build solid relationships with high-quality tenants to ensure business longevity and portfolio stability.

A Bright Future In Western Canada

Durum Industrial REIT is a pure-play Western Canadian-focused Industrial REIT adopting a forward-thinking approach to wealth management, prioritizing innovation, strategic investment, and client success. We closely monitor the economic outlook of our region and Western Provinces are expected to be among Canada's leaders for GDP growth in 2024. According to Colliers' Q4 2023 Canada Cap Rate Report, accelerated development led to flat vacancy rates and rental rate inflation that did not match the pace of interest rate increases. Consequently, capitalization rates experienced a mild increase in Q4 of 2023. Rising capitalization rates further underscore the sector's resilience, outperforming other asset classes. As economic conditions evolve, our focus on industrial real estate in Western Canada positions us as a significant contributor to driving prosperity and stability. Durum Capital Inc. stands as a testament to the enduring value of astute investment strategies and our unwavering commitment to long-term success.

Western Canada Industrial Real Estate Spotlight

Current Economic Environment:

Calgary Industrial Market

The industrial market in Calgary, Alberta, has seen increases in capitalization rates due to higher lending rates. We anticipate that capitalization rates will be mainly influenced by bond yields and interest rates. However, limited liquidity from larger institutional buyers may constrain rate compression if bond rates decrease. Additionally, net rents have risen year-over-year, with Calgary offering relative discounts compared to other industrial markets like GTA and GVA, indicating a likely continuation of this trend.

Industrial			
Class A		Class B	
Low	High	Low	High
5.50%	6.00%	6.50%	7.50%

Source: Colliers Q4 2023 Canada Cap Rate Report

Edmonton Industrial Market

Industrial			
Class A		Class B	
Low	High	Low	High
5.75%	6.75%	6.00%	7.00%

Source: Colliers Q4 2023 Canada Cap Rate Report

The industrial market in Edmonton, Alberta remained strong throughout 2023, with nearly two million square feet positively absorbed. However, despite this positive trend, accelerated development led to flat vacancy rates and rental rate inflation that did not match the pace of interest rate increases. Consequently, capitalization rates experienced a mild increase in the fourth quarter.

Winnipeg Industrial Market

The demand for industrial property in Winnipeg, Manitoba, the home of Durum Industrial REIT's newest acquisition, continues to remain strong, with vacancy rates remaining consistent.

Industrial			
Class A		Class B	
Low	High	Low	High
6.00%	7.00%	6.50%	7.50%

Source: Colliers Q4 2023 Canada Cap Rate Report

Conclusion

Durum Industrial REIT's latest acquisition in Winnipeg, Manitoba, aligns strategically with ongoing market trends, reinforcing its ability to identify and capitalize on promising opportunities while diversifying its portfolio and ensuring long-term growth and stability for its investors. As we continue our journey to success in Western Canadian industrial real estate, we invite you to join us in shaping the future of this dynamic market. With our proven track record of strategic investments and dedication to prudent management, investing with Durum's Industrial REIT offers you the opportunity to be part of a thriving and resilient sector. Whether you're an experienced investor seeking stable returns or looking to diversify your portfolio, we're committed to delivering value and long-term growth.

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