



Pro Real Estate Investment Trust (PRVFF)

Updated March 24th, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	\$4.11	5 Year Annual Expected Total Return :	6.8%	Market Cap:	\$310 M
Fair Value Price:	\$4.07	5 Year Growth Estimate:	0.0%	Ex-Dividend Date:	03/31/2026
% Fair Value:	101%	5 Year Valuation Multiple Estimate:	-0.2%	Dividend Payment Date:	04/15/2026
Dividend Yield:	8.0%	5 Year Price Target	\$4.07	Years Of Dividend Growth:	0
Dividend Risk Score:	F	Sector:	Real Estate	Rating:	Sell

Overview & Current Events

PRO Real Estate Investment Trust is a Canadian industrial-focused real estate investment trust that owns, operates, and develops light industrial properties across primary and secondary markets in Canada, with a strong concentration in Eastern and Central Canada. As of December 31st, 2025, PROREIT owned 105 properties (65 wholly owned and 40 held through 50% co-ownerships), representing about 6.4 million square feet of gross leasable area, with industrial assets accounting for 92.5% of GLA following the successful completion of its transition to a pure-play industrial REIT. The REIT reports its financials in CAD. All figures in this report have been converted to USD unless otherwise noted. The REIT posted \$76 million in revenues last year and it pays dividends on a monthly basis. The stock trades at a market cap of \$310 million.

On March 4th, 2026, PRO REIT announced its Q4 and full-year results for the quarter ended December 31st, 2025, with property revenue of \$19.1 million, net operating income of \$11.7 million, and same-property NOI of \$10.3 million, due to notable rental spreads on renewals and contractual escalations despite a reduced property count following strategic non-core dispositions. Portfolio fundamentals remained resilient, with occupancy of 95.4% and a weighted average lease term of 4.3 years. Below the operating line, robust operating gains were offset by higher interest costs and transaction-related timing, resulting in AFFO of about \$5.5 million, or AFFO per share of \$0.082, for the quarter, with an AFFO payout ratio of roughly 99%. For FY2026, we expect AFFO per share of \$0.37.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
AFFO	\$0.45	\$0.44	\$0.39	\$0.44	\$0.43	\$0.40	\$0.37	\$0.36	\$0.33	\$0.36	\$0.37	\$0.37
DPS	\$0.47	\$0.50	\$0.46	\$0.49	\$0.39	\$0.36	\$0.33	\$0.34	\$0.31	\$0.33	\$0.33	\$0.33
Shares¹	14.6	18.1	28.6	37.3	38.5	59.0	59.0	59.2	59.4	63.6	63.6	80.0

PRO Real Estate Investment Trust hasn't managed to grow its AFFO per share meaningfully over the past decade. From 2016 through 2018, PROREIT's AFFO per share trended lower mainly due to equity issuance and timing-related dilution, as capital raised for acquisitions was temporarily held in cash or used to repay debt before being fully redeployed into income-producing properties. Management consistently noted that AFFO softness during this period reflected cash drag and higher recurring deductions and not weakening property performance.

Between 2019 and 2021, absolute NOI and AFFO continued to grow, but per-unit results remained constrained by rising maintenance capital expenditures, stabilized leasing costs, and straight-line rent adjustments, all of which are deducted in AFFO and increased as the portfolio expanded and leasing activity accelerated. COVID-related uncertainty in 2020 further limited near-term improvement despite relatively resilient industrial occupancy.

From 2022 through 2025, AFFO per share declined further due to higher interest expense in a rising-rate environment along with ongoing capital recycling and leasing capital requirements. While the shift toward a higher-quality, pure-play

¹ Share count is in millions.

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industrial portfolio improved long-term asset quality and NOI growth, these benefits were largely offset at the per-share level by financing costs and capital intensity, resulting in continued pressure on AFFO per share.

Moving forward, we forecast no growth in AFFO per share due to higher interest expense and ongoing maintenance and leasing capital needs offsetting incremental industrial rent growth. We also forecast no growth in the dividend, which the company has maintained stable at C\$0.0375/month since April 2020, when the company slashed it from \$0.0525.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/AFFO	---	---	---	---	---	---	---	---	12.1	11.1	11.1	11.0
Avg. Yld.	---	---	---	---	---	---	---	---	7.8%	8.3%	8.0%	8.1%

PRO Real Estate Investment Trust has traded only briefly over the counter in USD. Last year, it traded at about 11 times its AFFO. This year, the multiple is at similar levels to our expected AFFO/share for the year. We retain our fair multiple at 11x AFFO, a level we believe is fair for a REIT with unexciting growth prospects. In the meantime, the dividend yield hovers close to 8.0% today.

Safety, Quality, Competitive Advantage, & Recession Resiliency

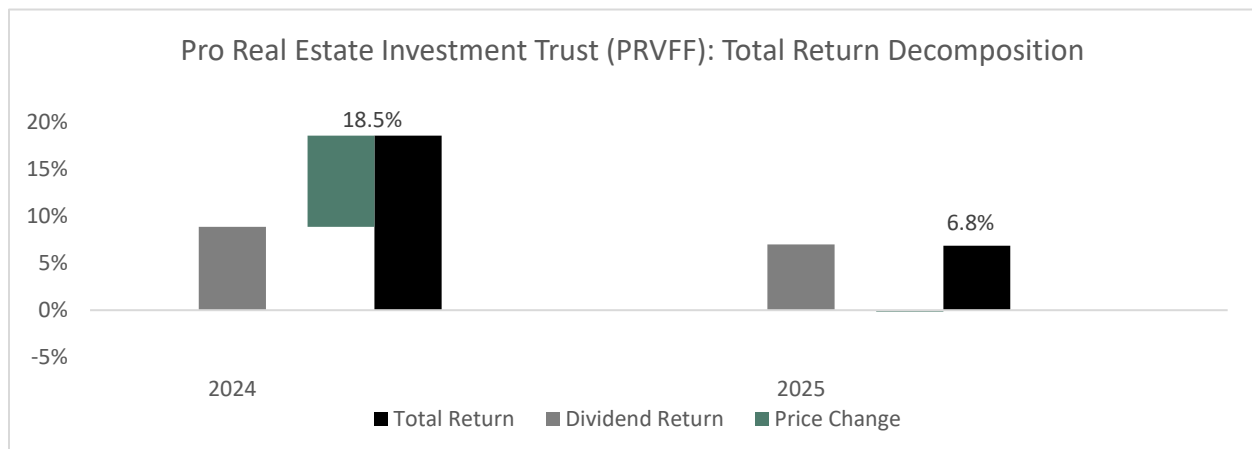
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	104%	114%	118%	111%	91%	90%	89%	94%	94%	92%	89%	89%

PROREIT owns assets we generally like small- and mid-bay industrial buildings with high occupancy in stable Canadian markets, which gives the portfolio a solid foundation and reasonable resilience in weaker economic conditions. That said, the REIT's smaller scale, higher leverage, and persistent pressure on AFFO per share limit financial flexibility and raise risk. While industrial demand remains a long-term positive and supports asset quality, interest costs and ongoing capital requirements reduce near-term cash flow durability, leaving PROREIT as a sound portfolio strategically, but financially constrained in the current environment. The payout ratio is already high enough, and the REIT has previously over-distributed profits. Thus, we are wary regarding the health of the dividend overall.

Final Thoughts & Recommendation

PROREIT has successfully repositioned its portfolio toward higher-quality industrial assets, but leverage of approximately 9.0x adjusted debt to annualized adjusted EBITDA, combined with sustained pressure on AFFO per share, limits financial flexibility and constrains near-term risk-adjusted returns. We forecast annualized returns of 6.8% to be powered mainly by the dividend. PRO Real Estate earns a sell rating due to lacking dividend growth.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	14	17	23	32	43	52	62	75	74	72
Gross Profit	9	11	14	20	26	30	36	44	42	42
Gross Margin	61.5%	61.3%	61.5%	63.1%	60.6%	57.1%	58.6%	58.6%	57.0%	58.1%
SG&A Exp.	-	-	-	-	-	-	-	-	-	-
D&A Exp.	0	0	0	0	0	1	1	1	1	1
Operating Profit	5	4	6	13	20	31	30	41	38	38
Operating Margin	37.9%	23.4%	28.1%	42.5%	45.0%	60.2%	49.0%	54.9%	51.9%	52.2%
Net Profit	4	5	8	14	11	16	65	65	19	2
Net Margin	28.3%	29.0%	33.9%	45.9%	26.0%	30.2%	105%	86.9%	25.9%	2.4%
Free Cash Flow	3	2	6	10	11	17	21	21	22	22
Income Tax	-	-	-	-	-	-	-	-	-	-

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	146	192	292	373	489	498	784	765	785	694
Cash & Equivalents	1	2	3	3	4	5	5	6	10	6
Accounts Receivable										
Inventories	-	-	-	-	-	-	-	-	-	-
Goodwill & Int. Ass.	-	-	-	4	4	3	3	3	3	2
Total Liabilities	93	117	188	226	293	300	436	398	410	366
Accounts Payable										
Long-Term Debt	82	105	171	196	256	267	402	352	391	347
Shareholder's Equity	49	70	92	135	182	191	340	360	370	323
LTD/E Ratio	1.82	1.59	1.97	1.61	1.54	1.50	1.22	1.05	1.06	1.07

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	3.0%	3.0%	3.2%	4.4%	2.6%	3.2%	10.2%	8.4%	2.5%	0.2%
Return on Equity	9.2%	8.5%	9.6%	12.8%	7.1%	8.4%	24.6%	18.5%	5.3%	0.5%
ROIC	3.2%	3.2%	3.4%	4.6%	2.8%	3.3%	10.6%	8.7%	2.6%	0.2%
Shares Out.	10.2	14.6	18.1	28.6	37.3	38.5	59.0	59.0	59.2	59.4
Revenue/Share	1.40	1.18	1.23	1.18	1.22	1.27	1.24	1.21	1.21	1.18
FCF/Share	0.28	0.13	0.32	0.36	0.31	0.40	0.43	0.34	0.37	0.35

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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