



PROREIT REPORTS SECOND QUARTER 2017 FINANCIAL AND OPERATING RESULTS

Four property acquisitions close subsequent to quarter end – adding 547,000 SF of GLA

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August 9, 2017 - Montréal, Québec - PRO Real Estate Investment Trust (“PROREIT” or the “REIT”) (TSXV: PRV.UN) is pleased to report financial and operating results for the three-month and six-month periods ended June 30, 2017. For the three-month period ended June 30, 2017 (or “second quarter”), the REIT reported strong growth in property revenue and net operating income (“NOI”)⁽¹⁾ and adjusted funds from operations (“AFFO”)⁽¹⁾. Four previously announced property acquisitions were closed subsequent to the end of the quarter.

“With our expanding portfolio of commercial real estate that fits our acquisition strategy, PROREIT is emerging as a larger and stronger real estate investment trust, with stable assets that produce consistent returns. Our presence in many commercial real estate markets is generating a strong pipeline of investment opportunities over time, and our proven access to capital markets enables us to approach new acquisition and development opportunities with confidence,” said James W. Beckerleg, President and Chief Executive Officer.

“We finished the quarter with a strong cash position, generated by the profitable sale of our two Etobicoke industrial properties, and our successful equity raise in June that generated gross proceeds of almost \$22 million,” Mr. Beckerleg continued. “Our enhanced liquidity strengthens our balance sheet and provides a strategic advantage as we entertain new investment opportunities. As has happened in the past, however, the delay between the closing of our equity financing and the closing of acquisitions temporarily dampens growth in adjusted funds from operations per unit and temporarily increases our payout ratio. These ratios will normalize toward our historical numbers once our announced acquisitions are closed and our cash on hand is fully deployed.

“Four acquisitions closed in early August, financed in part by our considerable cash on hand,” he continued. The REIT is currently pursuing several new acquisition opportunities that, if successfully concluded, would enable the REIT to deploy the balance of its current cash before the end of 2017. We look forward to making announcements about new investments,” Mr. Beckerleg concluded.

¹ Non-IFRS measure. See “Non-IFRS and Operational Key Performance Indicators”.

Second Quarter 2017 Financial Results

<i>(CAD \$ thousands except per unit amounts and unless otherwise stated)</i>	3 Months Ended June 30 2017	3 Months Ended June 30 2016	6 Months Ended June 30 2017	6 Months Ended June 30 2016
Financial data				
Property revenue	\$ 7,035	\$ 5,620	\$ 14,518	\$ 11,290
Net operating income (NOI) ⁽¹⁾	\$ 4,444	\$ 3,495	\$ 8,977	\$ 6,941
Total assets	\$ 258,800	\$ 208,972	\$ 258,800	\$ 208,972
Debt to gross book value ⁽¹⁾	50.87%	61.67%	50.87%	61.67%
Interest coverage ratio ⁽²⁾	2.8x	2.5x	2.8x	2.5x
Debt service coverage ratio ⁽¹⁾	1.6x	1.5x	1.6x	1.5x
Weighted average interest rate on mortgage debt	3.73%	3.71%	3.73%	3.71%
Net cash flows provided from operating activities	\$ 333	\$ 1,383	\$ 2,320	\$ 1,592
Funds from Operations (FFO) ⁽¹⁾	\$ 2,385	\$ 1,592	\$ 4,927	\$ 3,208
Basic FFO per unit ^{(1) (2)}	\$ 0.0479	\$ 0.0465	\$ 0.1012	\$ 0.0938
Diluted FFO per unit ^{(1) (2)}	\$ 0.0468	\$ 0.0452	\$ 0.0987	\$ 0.0926
Adjusted Funds from Operations (AFFO) ⁽¹⁾	\$ 2,525	\$ 1,841	\$ 5,092	\$ 3,683
Basic AFFO per unit ^{(1) (2)}	\$ 0.0508	\$ 0.0538	\$ 0.1047	\$ 0.1077
Diluted AFFO per unit ^{(1) (2)}	\$ 0.0496	\$ 0.0523	\$ 0.1021	\$ 0.1063
AFFO payout ratio – Basic ⁽¹⁾	103.3%	97.6%	100.3%	97.5%
AFFO payout ratio – Diluted ⁽¹⁾	105.8%	100.4%	102.9%	98.7%
Adjusted AFFO payout ratio – Basic ⁽³⁾	99.6%		98.5%	

⁽¹⁾ Non-IFRS measure. See “Non-IFRS and Operational Key Performance Indicators”.

⁽²⁾ Total units consist of Units (as defined herein) and Class B LP Units (as defined herein).

⁽³⁾ On an adjusted basis, if the Units issued from the Offering (as defined herein) were excluded from the weighted average number of units, the AFFO payout ratio would be approximately 99.6% and 98.5% for the three and six month period ended June 30, 2017, respectively. See “Distribution and Adjusted Funds From Operations” in the Q2 MD&A (as defined herein), available on SEDAR at www.sedar.com, for further discussion.

For the three-months ended June 30, 2017, PROREIT continued to deliver solid financial performance compared to the three months ended June 30, 2016, growing property revenues, NOI⁽¹⁾ and AFFO⁽¹⁾ at double digit rates.

For the three months ended June 30, 2017, PROREIT recorded property revenue of \$7.035 million, a 25.2% increase compared to \$5.62 million in the second quarter of 2016. The increase is mainly due to the incremental revenues from the 6 property acquisitions completed during the fourth quarter of 2016 and the acquisition of a 50% interest in 1 property in the first quarter of 2017. For the six months ended June 30, 2017, property revenues increased 28.6% to \$14.5 million, compared to the same period in 2016.

NOI⁽¹⁾ increased 27.2% to \$4.4 million in the second quarter compared to the three months ended June 30, 2016. The increase in NOI was driven mainly by the REIT’s 6 property acquisitions in the fourth quarter of 2016, and by the acquisition of a 50% interest in one property in the first quarter of 2017. For the six-month period ended June 30, 2017, NOI increased 29.3% to \$8.98 million, compared to \$6.94 million for the same period in 2016.

For the second quarter, PROREIT generated AFFO⁽¹⁾ of \$2.53 million, a 37.2% increase over AFFO of \$1.84 million for the same period last year. \$0.0508 of AFFO per basic unit in the second quarter was down slightly from \$0.0538 per basic unit in the second quarter of 2016. AFFO for the six months ended June 30, 2017 was \$5.09 million, an increase of 38.3% compared to the first six months of 2016.

¹ Non-IFRS measure. See “Non-IFRS and Operational Key Performance Indicators”.

For the three months ended June 30, 2017, the REIT declared three distributions totalling \$0.0525 per trust unit of the REIT (“Units”). The diluted AFFO payout ratio⁽¹⁾ in the second quarter was 105.8%, compared to a diluted payout ratio of 100.4% in the second quarter of 2016.

The AFFO per unit and the diluted payout ratio were both impacted temporarily by the cash position of the REIT late in the second quarter following a successful \$21.8 million bought deal offering of trust units of the REIT on June 13, 2017 (the “Offering”), and the sale of the two industrial properties for total gross cash proceeds of \$22.3 million announced on June 26, 2017. The bought deal resulted in the issuance of 9,867,100 Units. The cash from these significant events late in the second quarter was not yet deployed on property acquisitions by quarter-end; however, deployment of the cash is a positive process that we believe will be concluded in the third and fourth quarters. The underutilized cash also resulted in a temporary slight decrease in AFFO per unit due to the increase in units outstanding, along with an increase in the diluted payout ratio. Both of these ratios will improve once the cash is deployed.

The balance sheet improved during the quarter. At June 30, 2017, total assets of the REIT stood at \$258.8 million, an increase of 23.8% compared to total assets of \$208.97 million at June 30, 2016.

At June 30, 2017, debt to gross book value⁽¹⁾ stood at 50.87%, compared to 61.67% on June 30, 2016. The decline in the ratio is due primarily to greater liquidity on the balance sheet following the closing of the Offering on June 13, 2017, and of the completion of the previously referenced sale of two industrial properties for \$22.3 million. While the balance sheet is expected to continue to be strong, the debt to gross book value will likely increase once current cash reserves are applied to new acquisitions.

The weighted average interest rate on mortgage debt was stable at 3.73% in the second quarter, compared to 3.71% in the three months ended June 30, 2016.

At June 30, 2017, the number of Units outstanding stood at 54,104,665 Units.

Second Quarter 2017 Operating Results

	June 30 2017	June 30 2016
Operational data		
Number of properties	38	33
Gross leasable area (square feet)	1,792,211	1,677,247
Occupancy rate ⁽¹⁾	94.0%	95.0%
Weighted average lease term to maturity (years)	6.3	6.3

⁽¹⁾ Non-IFRS financial measure. See “Non-IFRS and Operational Key Performance Indicators”.

PROREIT’s portfolio continues to perform well. At the end of the second quarter, the REIT’s occupancy rate was stable at 94.0%, compared to 95.0% at June 30, 2016. Weighted average lease terms were unchanged at 6.3 years. This performance reflects the quality of the REIT’s commercial properties, the majority of which are anchored by, and continue to attract, high quality tenants, with strong covenants.

At June 30, 2017, gross leasable area (“GLA”) stood at 1,792,211 square feet, an increase of 6.85% compared to 1,677,247 square feet on June 30, 2016. The increase of 114,964 square feet compared to June 30, 2016 is a result of the acquisition of 6 properties in the fourth quarter

¹ Non-IFRS measure. See “Non-IFRS and Operational Key Performance Indicators”.

of 2016 and the acquisition of a 50% interest in one property in the first quarter of 2017, offset by the sale of 2 industrial properties at the end of the second quarter. The two industrial properties contained approximately 298,000 square feet of GLA.

At June 30, 2017, the REIT's total portfolio consisted of 38 properties compared to 33 at the end of the first quarter of 2016. The REIT's portfolio now includes four office properties representing 154,357 square feet of GLA, 22 retail properties representing 810,179 square feet of GLA, eight industrial properties representing 553,382 square feet of GLA and four commercial mixed use properties representing 274,293 square feet of GLA. Government and national tenants represent 84% of base rent at the end of the second quarter. The REIT's top ten tenants, who are strong brand name companies or governments, represent approximately 51.8% of total base rent of the portfolio. The REIT's diverse tenant base has a staggered lease maturity profile with no more than 11.6% of base rent maturing in any given period within the next five years.

Subsequent Events: Four Acquisitions Add 547,000 SF of GLA

Subsequent to the end of the second quarter, PROREIT has closed four previously announced property transactions, including two commercial properties in New Brunswick, and two industrial properties in Ontario. The acquisitions add approximately 547,000 square feet of GLA to the portfolio. The four properties include a retail property and a light industrial building totaling 90,600 square feet in Atlantic Canada and two industrial buildings totaling 456,000 square feet in Woodstock, Ontario. The properties were acquired at a blended capitalization rate of approximately 7%.

Properties in Woodstock, Ontario

On August 9, 2017, PROREIT is announcing that it has closed the previously announced acquisition of two high-quality light industrial buildings in Woodstock, Ontario, for a total purchase price of \$30.0 million (excluding closing costs). The properties are 100% leased to seven high quality, national or multi-national tenants with excellent covenants and leases ranging in size from 26,000 square feet to 132,000 square feet.

520 Beards Lane, Woodstock, Ontario, was built in 2007 and is part of the 270-acre Commerce Way Business Park in Woodstock. The 28 foot clear property sits on 7.6 acres of land and is fully leased to good quality tenants. The property, which is in close proximity to both Highway 401 and Highway 403, is strategically located near major markets in both Canada and the United States.

1400 Commerce Way, Woodstock, Ontario is also part of the Commerce Way Business Park. It is located at the intersection of Highway 401 and Highway 403. The 30 foot clear structure is fully leased to good quality tenants, the majority on long-term leases.

The purchase price for the Woodstock properties was satisfied by (i) the assumption of \$16.5 million in mortgages with an average weighted interest rate of 3.29%; (ii) the issuance of \$7.25 million of Class B limited partnership units of PRO REIT Limited Partnership (the "Class B LP Units"), a subsidiary of the REIT, at a price of \$2.25 per unit, resulting in 3,222,222 Class B LP Units being issued today, and (iii) cash on hand.

The acquisition of the Woodstock properties was approved by approximately 98.8% of the votes cast at a special meeting of unitholders of the REIT held on August 3, 2017. For more information on the special meeting of unitholders and the acquisition of the Woodstock properties, refer to the management information circular of the REIT dated June 30, 2017 prepared for the meeting, available under PROREIT's SEDAR profile at www.sedar.com.

Properties in New Brunswick

10 Wellington Row, Saint John, New Brunswick

On August 1, 2017, the REIT closed a previously announced transaction to acquire a free-standing retail property located in the heart of the Saint John, New Brunswick commercial district.

The 9,647 square foot property, developed in 2016, is 100% occupied by a provincial crown corporation under a long term lease with a remaining term of approximately 15 years. The purchase price of approximately \$4.8 million (excluding closing costs) was financed by a \$3.7 million mortgage at a fixed interest rate of 3.27%, maturing in August, 2022. The balance of the purchase price was paid from cash on hand.

80 Rooney Avenue, Moncton, New Brunswick

On August 1, 2017, PROREIT closed the previously announced acquisition of an 81,600 square foot light industrial property in Moncton, New Brunswick, for \$5.7 million. The well located building is fully leased to a good quality, publicly traded tenant. The property is located in the Moncton Industrial Park, which has direct access to the Trans-Canada Highway, and to a four-lane boulevard. With 28 feet of clearance, the building sits on a 5.7 acre site.

The acquisition was financed by a \$3.3 million mortgage at a fixed interest rate of 3.60%, maturing in August, 2021. The balance of the purchase price was paid from cash on hand.

Development Activities

The REIT continues to look at development opportunities on its existing portfolio. Densification of the properties is a low cost method of increasing assets and GLA, and such developments tend to generate high rates of return.

Opportunities at PROREIT's properties in Miramichi, New Brunswick, and at Upper Tantallon in the greater Halifax area, are proceeding.

On King George Highway in Miramichi, the REIT is building two new pads that will add a total of 6,400 square feet of GLA. Lease agreements have been signed with Subway, Rogers and Cara. One of the pads, at 2466 King George Highway, is expected to be completed for the tenants in September 2017. It is expected to generate an estimated 18% return on invested capital ("ROIC"). The second pad, at 2485 King George Highway, will be delivered in December this year, and is expected to generate approximately 9% ROIC.

PROREIT continues to actively pursue additional, similar opportunities at other retail properties in its portfolio.

Outlook

PROREIT is in a period of strong growth, and Management believes that this process is having a beneficial impact on the REIT, including on its access to equity markets and in the number and quality of new investment opportunities presented to it. Management believes that this progress may result in an improved stock market valuation for units of the REIT.

Management is actively pursuing new acquisition opportunities and new development opportunities, which are expected to be complete before the end of the current fiscal year.

External factors that may have an impact on the REIT's ability to create accretive growth include market valuations for available real estate, and interest rate levels. The markets in which PROREIT operates have remained very stable and new opportunities continue to present themselves at reasonable valuation levels.

Interest rate levels have risen in recent months. However, the increases have had no impact on PROREIT's existing portfolio, as approximately 90% of the REIT's portfolio is financed by long-term fixed rate mortgages. The REIT's current financial structure includes a floating rate credit facility, but even fully drawn it represents only about 9% of total debt.

While rates may eventually increase in coming months, Management expects that any such increase in the coming months will not significantly impact the REIT's ability to finance new acquisitions on an accretive basis.

Additional Financial Information

Information appearing in this news release is a select summary of results. The condensed consolidated financial statements and management's discussion and analysis of PROREIT for the three and six months ended June 30, 2017 (the "Q2 MD&A") are available under PROREIT's profile on SEDAR at www.sedar.com and on PROREIT's website at www.proreit.com.

About PROREIT

PROREIT is an unincorporated open-ended real estate investment trust established pursuant to a declaration of trust under the laws of the Province of Ontario. PROREIT was established in March 2013 to own a portfolio of diversified commercial real estate properties in Canada, with a focus on primary and secondary markets in Québec, Atlantic Canada and Ontario with selective expansion into Western Canada.

Non-IFRS and Operational Key Performance Indicators

PROREIT's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). In this press release, as a complement to results provided in accordance with IFRS, PROREIT discloses and discusses certain non-IFRS financial measures, including Adjusted Funds From Operations ("AFFO"), Funds From Operations ("FFO"), Net Operating Income ("NOI"), debt to gross book value, interest coverage ratio, debt service coverage ratio, and payout ratios as well as other measures discussed elsewhere in this release. These non-IFRS measures are not defined by IFRS, do not have a standardized meaning and may not be comparable with similar measures presented by other issuers. PROREIT has presented such non-IFRS measures as Management believes they are relevant measures of PROREIT's underlying operating performance and debt management. Non-IFRS measures should not be considered as alternatives to net income, cash generated from (utilized in) operating activities or comparable metrics determined in accordance with IFRS as indicators of PROREIT's performance, liquidity, cash flow, and profitability.

For a full description of these measures and, where applicable, a reconciliation to the most directly comparable measure calculated in accordance with IFRS, please refer to the "Non-IFRS and Operational Key Performance Indicators" section in PROREIT's Q2 MD&A, available under the REIT's SEDAR profile at www.sedar.com.

Forward-Looking Statements

This news release contains forward-looking statements within the meaning of applicable securities legislation. Forward-looking statements are based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond PROREIT's control, that could cause actual results and events to differ materially from those that are disclosed in or implied by such forward-looking statements.

Forward-looking statements contained in this press release include, without limitation, statements pertaining to the ability of the REIT to execute its business and growth strategies; the performance of the capital markets in the future; the REIT's future financial performance; the development

activities of the REIT and their impact on the REIT's results; the REIT's ability to complete future potential acquisitions; the effect of the REIT's recent acquisitions on the financial performance of the REIT; the use of the net proceeds of the Offering; and the impact of any increase of interest rate levels. PROREIT's objectives and forward-looking statements are based on certain assumptions, including that (i) PROREIT will receive financing on favourable terms; (ii) the future level of indebtedness of PROREIT and its future growth potential will remain consistent with REIT's current expectations; (iii) there will be no changes to tax laws adversely affecting PROREIT's financing capacity or operations; (iv) the impact of the current economic climate and the current global financial conditions on PROREIT's operations, including its financing capacity and asset value, will remain consistent with PROREIT's current expectations; (v) the performance of PROREIT's investments in Canada will proceed on a basis consistent with PROREIT's current expectations; and (vi) capital markets will provide PROREIT with readily available access to equity and/or debt.

The forward-looking statements contained in this news release are expressly qualified in their entirety by this cautionary statement. All forward-looking statements in this press release are made as of the date of this press release. PROREIT does not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise, except as required by law.

Additional information about these assumptions and risks and uncertainties is contained under "Risk Factors" in PROREIT's latest annual information form and in the Q2 MD&A, both of which are available under PROREIT's SEDAR profile at www.sedar.com.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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