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## **PROREIT ANNOUNCES \$25 MILLION PUBLIC OFFERING OF TRUST UNITS**

January 10, 2018 - Montréal, Québec - PRO Real Estate Investment Trust ("**PROREIT**" or the "**REIT**") (TSXV: PRV.UN) is pleased to announce that it has entered into an agreement to sell to a syndicate of underwriters co-led by Canaccord Genuity Corp. and TD Securities Inc. as joint bookrunners and Scotiabank (collectively, the "**Underwriters**"), on a bought deal basis, 10,870,000 trust units ("**Units**") at a price of \$2.30 per Unit (the "**Offering Price**") for gross proceeds to the REIT of approximately \$25 million (the "**Offering**").

The REIT has also granted the Underwriters an over-allotment option to purchase up to an additional 1,630,500 Units on the same terms and conditions, exercisable at any time, in whole or in part, up to 30 days after the closing of the Offering (the "**Over-Allotment Option**"). The Offering is expected to close on or about January 29, 2018 and is subject to customary conditions, including regulatory approval. The Units will be offered by way of a short form prospectus to be filed with the securities commissions and other similar regulatory authorities in each of the provinces of Canada, pursuant to National Instrument 44-101 - Short Form Prospectus Distributions.

The REIT intends to use the net proceeds from the Offering to partially fund future acquisitions, to repay certain indebtedness and for general business and working capital purposes.

"PROREIT continues to deliver on its core business plan of delivering accretive acquisitions of high-quality retail, industrial, and commercial mixed-use properties with strong tenants and long-term leases" said James W. Beckerleg, President and Chief Executive Officer. "With the transactions completed since July 2017, we successfully added over 890,000 square feet of very attractive diversified properties to our growing portfolio in the last half of 2017. The Offering will strengthen PROREIT's balance sheet and put the REIT in a good position for further opportunities in early 2018. Additionally, we continue to capitalize on certain development and upgrade opportunities at existing properties which are expected to yield significant returns on invested equity capital. PROREIT continues to demonstrate that it is capable of delivering significant and high-quality accretive growth."

### **Recent Acquisitions**

Since July 2017, PROREIT has acquired an aggregate of \$109 million of income producing properties, at a weighted average cap rate of approximately 7%. Below is a summary of the REIT's recently completed and announced acquisitions:

### Woodstock, Ontario

In August 2017, PROREIT closed on the acquisition of two industrial properties in Woodstock, Ontario (the “**Woodstock Properties**”). The Woodstock properties, built in 2007 and 2008 and totalling 456,075 square feet, are fully leased and enjoy 28 and 30 foot clear ceiling heights and are strategically located near major markets in both Canada and the United States. The properties are 100% leased to seven national or multi-national tenants with leases ranging in size from 26,000 square feet to 132,000 square feet of gross leasable area (“**GLA**”). The purchase price for the Woodstock Properties was \$30.0 million which implied a price per square foot of \$66 and a going-in capitalization rate of approximately 6.8%.

### Saint John, New Brunswick

In August 2017, PROREIT closed on the acquisition of 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 was approximately \$4.8 million with a going-in capitalization rate of approximately 6.7%.

### Moncton, New Brunswick

In August 2017, PROREIT closed on the acquisition of an 81,600 square foot light industrial property in Moncton, New Brunswick, for \$5.7 million, representing a going-in capitalization rate of approximately 7.7%. 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.

### Halifax, Nova Scotia

In September 2017, PROREIT closed on the acquisition of a free-standing retail property at 165 Chain Lake Drive in Halifax, Nova Scotia. 165 Chain Lake Drive is a 44,720 square foot freestanding retail building built in 2005 and expanded in 2007. It stands on 3.6 acres of land with 195 parking stalls. The highly visible property is located on an elevated pad in the Bayers Lake retail power centre, one of the largest destination shopping, dining and entertainment areas in Atlantic Canada. The property is 100% leased to a single national retail tenant on a long-term lease. The purchase price for 165 Chain Lake Drive was \$8.2 million, which represented a going-in capitalization rate of 7.0%, rising to 7.6% in 2018.

### Montreal, Quebec

In October 2017, PROREIT closed on the acquisition of two commercial mixed use properties at 8150-8210 Trans-Canada Highway in Montreal, Quebec. The properties are comprised of two buildings containing 125,554 square feet of gross leasable area and a 400 stall parking lot shared by the two buildings. The complex is easily accessible, including by public transport, enjoys high visibility from the Trans-Canada Highway and is a short distance from Pierre Elliott Trudeau International Airport. The complex, which was built in 1969 and renovated in 1994 and 2015, is 67.5% leased. The purchase price for 8150-8210 Trans-Canada Highway was \$8.65 million which implied a price per square foot of \$70, and represented a going-in capitalization rate of 6.3%. The purchase price

reflected the occupancy level of the properties. Negotiations are advancing with respect to currently unoccupied square footage.

### Rexall Portfolio

In December 2017, PROREIT closed on the acquisition of a portfolio of 19 retail properties in British Columbia, Alberta, Saskatchewan and Ontario, the majority of which is anchored by Rexall pharmacies. The portfolio includes total gross leasable area of 172,677 square feet and enjoys an occupancy rate of 99.25%. The weighted average lease term of the portfolio is 9.2 years overall. The portfolio is comprised of stand-alone stores or anchored community commercial strip centres in cities and towns, mostly in Western Canada. They include five properties in British Columbia, nine properties in Alberta, four properties in Saskatchewan and one property in Ontario. Of the 19 properties, 14 are Rexall Pharmacy Group anchored, representing approximately 72% of the portfolio net operating income, while five others are anchored by other strong tenants, including Shoppers Drug Mart. The purchase price for the portfolio was \$51.6 million, which represented a going-in capitalization rate of 7.1%, with built-in rent increases in 2018 and 2019.

### **Square Foot Optimization**

PROREIT continues to capitalize on opportunities at existing properties that offer expansion potential with both existing and new tenants, including fit-out of currently vacant space and future pad development. Below is a summary of certain completed and identified square foot optimization projects:

#### 125 Main Street – Moncton, New Brunswick

In June 2016, PROREIT completed construction of a new pad development at its Hall's Creek property in Moncton, New Brunswick. The property is currently 85% occupied by three tenants. Upon full occupancy, PROREIT estimates the project will generate a return on invested capital of approximately 10%.

#### King George Highway, Miramichi, New Brunswick

In recent months, PROREIT completed the construction of two new pad developments representing 3,500 square feet and 2,900 square feet respectively at its property located at 2466-2486 King George Highway in Miramichi, New Brunswick. The new square footage is now 100% occupied by three tenants. PROREIT estimates the project will generate a return on invested capital in excess of 10%.

#### St. Margaret's Bay Road, Upper Tantallon, Nova Scotia

PROREIT is evaluating the potential intensification of its property located at 5110 St. Margaret's Bay Road in Upper Tantallon, Nova Scotia. The property is currently comprised of approximately 58,900 square feet of income property GLA, and PROREIT has identified the potential to add 41,500 square feet of incremental GLA.

### **Deleveraging and Funding of Future Acquisitions**

PROREIT intends to use a portion of the net proceeds of the Offering to repay certain indebtedness, including certain amounts outstanding under the REIT's credit facilities, which may be subsequently redrawn and applied as needed to fund future acquisitions and for general trust purposes. Following the closing of the Offering and the repayment of

certain indebtedness, PROREIT estimates that its ratio of debt to GBV will decline to approximately 56%.

The REIT is currently in negotiations in connection with opportunities that may be suitable for the potential acquisition of several properties located in the REIT's main target markets. If such opportunities are to materialize, their completion will be subject to a number of conditions consistent with the REIT's ordinary acquisition practices, including the execution of purchase and sale agreements and completion of due diligence. PROREIT seeks to acquire properties that are accretive to the REIT's AFFO (adjusted funds from operations) per unit.

The securities offered have not and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any U.S. State securities laws and may not be offered or sold, directly or indirectly, within the United States or its territories or possessions or to or for the account of any U.S. person (as defined in Regulation S under the U.S. Securities Act) other than pursuant to an available exemption from the registration requirements of the U.S. Securities Act. This press release does not constitute an offer to sell or a solicitation of an offer to buy any such securities within the United States, or its territories or possessions, or to or for the account of any U.S. person.

### **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. PROREIT's portfolio is diversified by property type and geography and is comprised of 64 properties with approximately 2.7 million square feet of commercial gross leasable area.

### **Non-IFRS and Operational Key Performance Indicators**

PROREIT's condensed 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 debt-to-Gross Book Value ("**debt to GBV**") 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 Management's Discussion and Analysis for the three and nine months ended September 30, 2017, available on SEDAR at [www.sedar.com](http://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 closing of the Offering, the reduction of PROREIT's debt to GBV, the use of the net proceeds of the Offering, PROREIT's future financial performance and the ability of PROREIT to execute its business and growth strategies, including by making additional acquisitions of properties in its target markets. 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, which is available on SEDAR at [www.sedar.com](http://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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