



PROREIT REPORTS THIRD QUARTER 2018 FINANCIAL AND OPERATING RESULTS HIGHLIGHTED BY GROWTH IN PERFORMANCE RATIOS AND A STRONG BALANCE SHEET

\$62 million in Acquisitions Closed Subsequent to End of Quarter

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November 14, 2018 - 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 nine-month periods ended September 30, 2018. For the three-month period ended September 30, 2018 (or "third quarter"), the REIT reported strong growth in property revenue, net operating income ("NOI")⁽¹⁾ and adjusted funds from operations ("AFFO")⁽¹⁾, as well as growth in AFFO per unit⁽¹⁾. The third quarter was also characterized by reductions in the debt to gross book value⁽¹⁾ and AFFO payout ratios⁽¹⁾.

PROREIT is also pleased to announce that subsequent to the end of the third quarter, the REIT has closed on the previously announced five-property office portfolio purchase in Ottawa, Ontario, and the light industrial property acquisition in Saint-Hyacinthe, Quebec.

PROREIT Delivering on its Potential

"All key performance ratios performed robustly in the third quarter with strong advances in net operating income⁽¹⁾ and cash flow per unit, as compared to both the previous quarter and to the same quarter last year," said James W. Beckerleg, President and Chief Executive Officer. "Following five years of solid growth from an increasingly diversified national portfolio, our properties are delivering on their potential."

"PROREIT's balance sheet is also substantially stronger. The proceeds of two equity financings this year, as of this date, are now fully invested in new properties and were also used to reduce short term debt. The recent equity raise meant our debt to gross book value ratio⁽¹⁾ stood at 51% at quarter end, although this will be moderated somewhat by the recently closed property purchases. The equity raise also meant that our AFFO payout ratio⁽¹⁾ registered above our stabilized target in the period prior to the acquisition closings; however, it is improving toward our desired range.

"Leasing operations continue to be encouraging. Leases for over 97% of 2018 maturities have been achieved with net increases over renewed terms of 5.5%. Our committed occupancy rate climbed to 98.1%, compared to 97.6% the previous quarter. This committed space is our highest since 2014 and will add more than \$1.3 million to NOI⁽¹⁾ on an annualized basis by the beginning of 2019.

"Together, these achievements add up to lower risk and increased value for unitholders and provide a stable base from which PROREIT can continue to grow," Mr. Beckerleg added. "We are in a transformational phase that we believe will create significant value for unitholders. Our announcement during the third quarter of our intention to internalize the asset management function, combined with our diversified national footprint and our strong financial position, put us in excellent position to build out further

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

our presence in several regions of the country, and together contribute to our ability to achieve economies of scale.”

Third Quarter 2018 Financial and Operating Results

<i>(CAD \$ thousands except unit, per unit amounts and unless otherwise stated)</i>	3 Months Ended September 30 2018	3 Months Ended September 30 2017	9 Months Ended September 30 2018	9 Months Ended September 30 2017
Financial data				
Property revenue	\$ 10,210	\$ 6,960	\$ 28,682	\$ 21,478
Net operating income (NOI) ⁽¹⁾	\$ 6,643	\$ 4,335	\$ 18,389	\$ 13,312
Total assets	\$ 432,176	\$ 298,373	\$ 432,176	\$ 298,373
Debt to Gross Book Value ⁽¹⁾	51.05%	55.08%	51.05%	55.08%
Interest Coverage Ratio ⁽¹⁾	2.5x	2.8x	2.6x	2.8x
Debt Service Coverage Ratio ⁽¹⁾	1.6x	1.6x	1.6x	1.6x
Weighted average interest rate on mortgage debt	3.82%	3.68%	3.82%	3.68%
Net cash flows provided from operating activities	\$ 3,386	\$ 2,816	\$ 8,783	\$ 5,136
Funds from Operations (FFO) ⁽¹⁾	\$ 3,344	\$ 2,157	\$ 8,335	\$ 7,083
Basic FFO per unit ⁽¹⁾⁽²⁾	\$ 0.0439	\$ 0.0362	\$ 0.1137	\$ 0.1353
Diluted FFO per unit ⁽¹⁾⁽²⁾	\$ 0.0429	\$ 0.0354	\$ 0.1115	\$ 0.1322
Adjusted Funds from Operations (AFFO) ⁽¹⁾	\$ 3,652	\$ 2,425	\$ 10,107	\$ 7,517
Basic AFFO per unit ⁽¹⁾⁽²⁾	\$ 0.0479	\$ 0.0407	\$ 0.1378	\$ 0.1436
Diluted AFFO per unit ⁽¹⁾⁽²⁾	\$ 0.0469	\$ 0.0399	\$ 0.1352	\$ 0.1403
AFFO Payout Ratio – Basic ⁽¹⁾⁽²⁾	109.6%	129.0%	114.3%	109.7%
AFFO Payout Ratio – Diluted ⁽¹⁾⁽²⁾	111.9%	131.7%	116.5%	112.3%

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

⁽²⁾ Total basic units consist of trust units of the REIT and Class B limited partnership units of PROREIT Limited Partnership, a subsidiary of the REIT. Total diluted units also include deferred trust units under the REIT's long term incentive plan.

Strong Growth in Financial Results for the Third Quarter Ended September 30, 2018

PROREIT reported strong corporate advances in property revenues, NOI⁽¹⁾, AFFO⁽¹⁾ and AFFO per unit⁽¹⁾ for the third quarter ended September 30, 2018. PROREIT's balance sheet grew significantly, with total assets growing to \$432.18 million at the end of the quarter, a 44.8% increase compared to total assets of \$298.37 million on September 30, 2017.

For the third quarter of 2018, property revenues increased 46.7% to \$10.21 million, compared to \$6.96 million for the third quarter in 2017. Revenue increases were driven by incremental revenue by the net addition of 33 properties to the PROREIT portfolio compared to the 12-months ended September 30, 2017 including the completion and lease up of two pad developments, offset by the sale of one investment property. For the nine-month period ended September 30, 2018, property revenues grew 33.5% to \$28.68 million, compared to year earlier period.

NOI⁽¹⁾ grew 53.2% to \$6.64 million in the third quarter, compared to \$4.34 million for the same quarter in 2017, driven primarily by the 33 net acquisitions completed in the previous 12 months. For the nine-month period ended September 30, 2018, NOI⁽¹⁾ grew 38.1% to \$18.39 million, compared to \$13.31 million for the same period in 2017.

During the quarter ended September 30, 2018, same property NOI⁽¹⁾ increased 2.8% year-over-year to \$3.8 million as compared to the same 36 properties owned at September 30, 2017.

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

AFFO⁽¹⁾ increased 50.6% to \$3.65 million in the third quarter compared to \$2.43 million in the third quarter of 2017. AFFO per basic unit⁽¹⁾ increased 17.7% to \$0.0479 for the three-months ended September 30, 2018 compared to the same three months in 2017. The REIT recorded nine-month 2018 AFFO of \$10.11 million compared to \$7.52 million for the same nine months in 2017. Nine-month 2018 basic AFFO per unit⁽¹⁾ was \$0.1378 compared to \$0.1436 per unit in 2017.

The AFFO payout ratio per basic unit⁽¹⁾ was 109.6% at September 30, 2018, compared to 129.0% for the same three months in 2017, and 114.3% versus 109.7% for the corresponding nine-month period in 2017. These numbers reflect having funds on hand from equity raises not yet fully deployed prior to the end of the quarter and are expected to normalize at lower levels in quarters ahead.

Distributions to unitholders totaling \$0.0525 per unit were declared during the three-months ended September 30, 2018. Total distributions per unit were \$0.1575 for the nine-month period.

Total debt to gross book value⁽¹⁾ stood at 51.05% at September 30, 2018, compared to 55.08% on the same date in 2017. The weighted average interest rate on mortgage debt was 3.82% at the end of the quarter, up slightly from 3.68% at September 30, 2017.

Third Quarter Operating Results Provide Strong Foundation for Future Growth

	September 30 2018	September 30 2017
Operational data		
Number of properties	76	43
Gross leasable area (square feet)	3,041,030	2,383,738
Occupancy rate ⁽¹⁾	98.1%	95.2%
Weighted average lease term to maturity (years)	6.5	6.1

⁽¹⁾ Occupancy rate includes lease contracts for future occupancy of currently vacant space. Management believes the inclusion of this committed space provides a more balanced reporting. The committed space at September 30, 2018 was approximately 79,989 square feet of GLA (9,900 square feet of GLA at September 30, 2017).

Operating results for the PROREIT portfolio continue to demonstrate the success of PROREIT's strategies for growing and managing its portfolio.

For the nine months ended September 30, 2018, PROREIT reports a 76.7% increase in the number of properties under management, from 43 to 76 properties. Gross leasable area ("GLA") increased 27.6% to 3,041,030 square feet year-over-year, due primarily to acquisitions, supplemented by the addition of GLA through internal development.

The occupancy rate of the portfolio increased to 98.1% for the three months ended September 30, 2018, compared to 97.6% at the end of the second quarter on June 30, 2018, and compared to 95.2% on September 30, 2017. PROREIT recorded significant increases in occupancy rates in each of its retail, industrial and commercial mixed-use investment sectors. The increases are due primarily to the acquisition of properties that are fully or near to fully occupied, to the successful renewal of maturing leases on existing properties, and to the development and lease-up of unoccupied space. PROREIT pursues strong relationships with its tenants. For the first nine months of 2018 the REIT renewed 97.3% of its tenants whose leases were coming to term – the fifth straight year that PROREIT has achieved a renewal rate above 90%. The reported occupancy rate includes lease contracts for 79,989 sq. ft. of currently unoccupied space.

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

The weighted average lease term to maturity of the portfolio increased to 6.5 years at September 30, 2018 from 6.1 years at September 30, 2017.

Government and national tenants represent 89.0% of base rent at the end of the third quarter. The REIT's top ten tenants, which are strong brand name companies or governments, represent approximately 39.9% of total base rent at the end of the third quarter. The diverse tenant base has a staggered lease maturity profile with no more than 12.3% of base rent maturing in any given period within the next five years.

On June 27, 2018, PROREIT completed the acquisition of the assets of Compass Commercial Realty Limited and began the process of integrating into the REIT the property management function at many of the REIT's properties across the country. The process is progressing well and should be substantially completed by December 31, 2018. The integration of the property management function into the REIT's operations will add significant value for REIT unitholders on an ongoing basis, adding additional NOI⁽¹⁾ to the portfolio.

Subsequent Events: PROREIT Closes Six Previously Announced Property Acquisitions

PROREIT is pleased to announce that the REIT has closed six previously announced property acquisitions, including a five-property portfolio of office buildings in Ottawa, Ontario and a high-quality light industrial building in Saint-Hyacinthe, Quebec for a total aggregate purchase price of \$61.7 million (excluding closing costs). The acquisitions bring the total number of portfolio properties to 82 with 3.5 million square feet of GLA. These transactions were funded in part from the proceeds of the September 2018 equity raise and this yields an accretive use of proceeds for these funds.

Ottawa Office Portfolio

On November 14, 2018, the REIT completed the acquisition of the Ottawa office building portfolio, which consists of five high quality suburban Ottawa office properties and represents PROREIT's initial entry into the Ottawa commercial market. The Ottawa acquisitions demonstrate the REIT's strong commitment to expanding into mid-size cities nationally. The properties increase PROREIT's portfolio exposure to the Ontario market to 16.4%, and to the office market also to 16.4%.

The Ottawa portfolio is 97.3% occupied with GLA ranging from 29,149 square feet for the smallest building to 94,460 square feet for the largest, for a total of 282,000 square feet of GLA.

The portfolio, which was institutionally owned and managed, contains a mix of single and multi-tenant buildings, leased in excess of 65% to government and national tenants with strong credit ratings. The buildings have been maintained to a high standard. Four of the properties sit mid-way along the corridor for the Ottawa Light Rail Train route, which is currently under construction.

Given the growing demand for office space in the suburban Ottawa market, the REIT believes there is significant potential to increase average rents and improve lease terms for the portfolio as current leases mature.

The properties, which are all well located and in close proximity to an abundance of retail amenities, include:

2 Gurdwara Road is a 94,460 sq. ft. six-story suburban office building located in the Hunt Club-Merivale area of Ottawa. The building is highly visible from Hunt Club Road and Prince of Wales Drive, two main east-west and north-south arterial routes. The six-story office building was built in 1990 and sits on 4.4 acres of land with 330 parking spaces. The property is 95.2% leased to 15 tenants.

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

1335 Carling Avenue is a six-story office building in Ottawa's Woodward Carling neighborhood. Adjacent to the Queensway highway, the 69,538 square foot building is 93% leased to 39 tenants. The building was built in 1975 on 1.3 acres of land, with 234 parking spaces.

159 Cleopatra Drive is a 59,664 square foot suburban office building that is 100% leased to three tenants. Built in 1990, the building sits on 3.3 acres of land with 152 parking spaces.

31 Auriga Drive is a well located 29,338 square foot two-story suburban office building that is 100% leased to a single tenant. Built in 2000 on 2.6 acres of land, the building has 108 parking stalls with room for building expansion.

9 Auriga Drive is a 29,149 square foot two-story suburban office building that is 100% leased to a single tenant. Built in 1986 on 2.6 acres of land, the building has 179 parking stalls.

The purchase price for the Ottawa office portfolio was \$51.7 million (excluding closing costs) and was satisfied by way of a new \$33.5 million first mortgage with a five-year term, at 4.33% from a Tier 1 Canadian Chartered Bank. The remaining balance of the purchase price was financed by the REIT's lines of credit partially freed up from the September 28, 2018 \$40.3 million equity raise.

Saint-Hyacinthe Light Industrial Property

On November 7, 2018, PROREIT closed the previously announced acquisition of a single tenant industrial building at 6375 Picard Street in Saint-Hyacinthe, Quebec. The Saint-Hyacinthe property is strategically located facing the Trans-Canada Highway with easy access to markets in Quebec including the Port of Montreal, and the United States. The building, which was constructed in 1975, offers a clear height of 20 feet.

The 176,070 square foot facility is leased to a publicly traded international food manufacturer with over 50 factories and 11,000 employees across the globe, with six years remaining on a ten-year lease. The acquisition will increase the REIT's composition of credit quality tenants to 51.8%.

The purchase price of the Saint-Hyacinthe property was \$10 million (excluding closing costs) and was satisfied by a 7-year first mortgage of \$7.5 million at 4.6% arranged with a Tier 1 Canadian Chartered Bank. The remaining balance of the purchase price financed by the REIT's lines of credit partially freed up from the September 28, 2018 \$40.3 million equity raise.

Strategy and Outlook

On September 11, 2018 PROREIT made two significant announcements.

The REIT announced that, in accordance with the terms of its external asset management agreement, it intends to internalize its asset management function once the gross book value of the REIT reaches \$500 million. The REIT expects that the internalization will occur during the first quarter of 2019. Internalization, along with the REIT's diversified national footprint and its strong financial position, will contribute significantly to creating economies of scale and value for unitholders.

The REIT's board of trustees, including all independent trustees, believe that the internalization will create value for the benefit of the REIT and its unitholders, and it is in their best interest. The REIT intends to enter into employment agreements with its existing officers, who are currently employed by the REIT's external manager, Labec Realty Advisors Inc.

The internalization will result in the elimination of the asset management and acquisition fees payable to the manager, facilitating increased economies of scale and provide greater transparency.

On the same date, PROREIT announced that it intends to initiate the process of graduating to the Toronto Stock Exchange (the “**TSX**”). The graduation of the REIT to the TSX will be subject to the approval of the TSX in accordance with its original listing requirements. The TSX has not conditionally approved the graduation of the REIT to the TSX, and there is no assurance that the TSX will approve such graduation.

Driven by expanding economies in Canada and the United States, commercial real estate markets in Canada continue to be very strong and competition is robust. However, we believe PROREIT is in a good position to pursue new acquisitions as opportunities become available. The REIT currently enjoys an active pipeline for properties leased to strong national and regional brands. We believe following our core strategies, which PROREIT has pursued from the outset, has provided a stable portfolio with low risk and growing revenue streams.

Interest rate increases are forecast as the economic cycle continues to mature. However, PROREIT has only a modest level of debt maturing in the coming year and does not expect a significant negative impact from the increases. Generally, the REIT will look to rent increases to moderate the impact of such rising interest rates. Currently, the average term of the REIT’s mortgage debt outstanding is approximately five years.

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.

Additional Financial Information

PROREIT’s condensed interim consolidated financial statements and interim management’s discussion and analysis for the third quarter of 2018 are available under PROREIT’s profile on SEDAR at www.sedar.com.

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 Management’s Discussion and Analysis for the three months ended September 30, 2018, available under PROREIT’s profile on SEDAR 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 includes, without limitation, statements pertaining to the ability of the REIT to execute its business and growth strategies; the REIT's future financial performance; the status of the REIT's application to graduate to the TSX; the impact of any increases in interest rates; and the impact of the REIT's acquisitions on the REIT's future results. 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.

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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