



## **PROREIT ANNOUNCES CLOSING OF \$15.4 MILLION OF LIGHT INDUSTRIAL PROPERTY ACQUISITIONS AND PROVIDES YEAR-END UPDATE**

**MONTREAL – December 20, 2018** - PRO Real Estate Investment Trust ("PROREIT" or the "REIT") (TSXV: PRV.UN) is pleased to report that it has closed the previously announced acquisition of two light industrial properties in Southwestern Ontario for a total of \$15.38 million.

The two industrial properties are strategically located just west of Cambridge, and in Hamilton, both within Ontario's Golden Horseshoe area. They are each on major transportation corridors. The buildings, which were acquired from a single vendor, contain total gross leasable area (or "GLA") of approximately 202,000 square feet and are fully leased to high quality tenants with weighted average lease terms of 7.1 years.

The \$15.4 million purchase price was financed by the assumption of \$8.4 million in existing mortgages at a weighted average interest rate of 3.15%. The balance of the purchase price was satisfied with cash on hand and from existing lines of credit.

The addition of the properties to the REIT's portfolio increases PROREIT's industrial exposure to 27.1% compared to 24.9% previously. The acquisitions also increase the REIT's exposure to the Ontario market, which climbs from 16.4% of the portfolio to 19.6%.

### **1035 Industrial Road, Ayr, Ontario**

Built in 1990, 1035 Industrial Road is located in Ayr, west of Cambridge, Ontario on the TransCanada Highway 401, providing direct access to major markets in Ontario as well as to the States of New York and Michigan in the United States.

The property is a single tenant industrial building that sits on an eight-acre site and with 156,318 square feet of GLA. With 23-foot clear height, the property provides 21 loading docks.

### **63 Innovation Drive, Waterdown, Ontario**

The Innovation Drive property is a high-quality single tenant industrial building built in 2001, with total GLA of 45,879 square feet and a clear height of 24 feet. The building sits on a 2.78-acre site.

63 Innovation Drive is situated in close proximity to Highway 6 and Highway 403, both of which provide easy access to regional markets including Toronto and Hamilton and other markets in Southern Ontario, as well as to New York State in the United States.

## **2018: A Transformative Year**

“The Trustees and Management of PROREIT would like to extend Seasons Greetings to unitholders and stakeholders in our REIT,” said James W. Beckerleg, President and Chief Executive Officer. “We are extremely proud of our accomplishments in 2018, which we believe was our best year to date.

“In just over five years, PROREIT will have grown to over \$500 million in assets comprised of 84 properties in a diversified commercial real estate portfolio. We made significant progress on all fronts in 2018. We increased our geographical diversification with our entry into two important Canadian cities, Winnipeg and Ottawa, and we increased our industrial exposure with important acquisitions in Winnipeg, Southwestern Ontario and Greater Montreal.

“Our portfolio has never been stronger. With occupancy rates above 98% and having renewed 97% of leases coming due in 2018, PROREIT has strengthened its portfolio of quality properties and tenants that provide consistent and predictable cash flows to the REIT. Discussions are well underway on renewal of leases maturing in 2019.

“In 2018, we completed two equity financings totalling \$69.1 million, and have now fully deployed these funds.

“During the year, we took important strides toward internalization of asset and property management. First, we acquired and integrated the assets of Compass Commercial Realty Inc. and internalized the property management on a large portion of our properties. At the end of the year, we will have crossed the asset threshold that permits us to internalize asset management, a strategically important initiative that should lead to greater value for unitholders.

“We are very proud of our success in 2018 and indeed, since we founded PROREIT in 2013. We look forward to 2019 with enthusiasm from a stronger base. From an operations perspective, we expect to complete internalization of asset management in the first few months of the year. From a financial perspective, our payout ratios are expected to decline, and largely as the result of contracted rent increases and vacancy reductions, we expect to be recording per unit growth in net comprehensive income, net operating income<sup>1</sup> and adjusted funds from operations<sup>1</sup>. On the other side of the balance sheet only a limited amount of our long-term debt is coming due in 2019.

“Thank you to everyone who has contributed to our success at PROREIT,” concluded Mr. Beckerleg.

PROREIT has also initiated 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.

## **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

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<sup>1</sup> Non-IFRS measure. See “Non-IFRS and Operational Key Performance Indicators”.

to own a portfolio of diversified commercial real estate properties in Canada, with a focus on primary and secondary markets across 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, PROREIT discloses and discusses certain non-IFRS financial measures, including adjusted funds from operations and net operating income. 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 nine months ended September 30, 2018, 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 the impact of the acquisition on the REIT's results and financial performance, the status of the REIT's application to graduate to the TSX, the intention of the REIT to complete the internalization of its asset management function and the timing thereof, and the future financial performance of the REIT. 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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