



## **PROREIT REPORTS STRONG FINANCIAL AND OPERATING GAINS FOR THIRD QUARTER 2015**

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**November 25, 2015 - 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 and nine-months ended September 30, 2015 (or “**third quarter**”). Third quarter results are characterized by continuing strong growth in property revenues, net operating income (“**NOI**”) and adjusted funds from operations (“**AFFO**”), and by strong operating performance.

“PROREIT experienced exceptionally strong year-over-year growth in the third quarter due to the ongoing impact of our vigorous growth strategies,” said James Beckerleg, President and Chief Executive Officer. “Over the past several quarters, our acquisition strategy has resulted in strong increases in property revenue, net operating income and adjusted funds from operations. We are also increasingly active in the development of existing properties, adding net operating income over and above our acquisitions.

“With 32 properties, and more than \$200 million in gross book value invested in 1.7 million square feet of leasable area, PROREIT is producing attractive, stable returns for our broadening base of unitholders.”

### **Third Quarter Highlights (compared to Third Quarter 2014)**

- Property revenue increased 160% to \$4.88 million
- Net operating income (NOI) up 153% to \$3.06 million
- Adjusted funds from operations (AFFO) increased 202% to \$1.74 million
- Total assets increased 112% to \$203.7 million
- Occupancy rate stable at 95.9%
- 3 high-quality light industrial properties acquired via Boulevard Industrial REIT transaction

**Boulevard Industrial REIT Acquisition** - PROREIT closed its previously announced acquisition of Boulevard Industrial REIT on September 30, 2015. The Boulevard portfolio includes three high quality light industrial buildings that are 95% occupied by 15 tenants with average lease terms of 4.65 years. The financial covenants of the tenants are generally strong with national and investment grade tenants occupying over 90% of the gross leasable area. The transaction, which was accomplished by way of a court-approved plan of arrangement, brings a significant number of new unitholders to PROREIT.

**Normal Course Issuer Bid** - Recent volatility in financial markets continues to have an impact on the real estate investment trust sector, resulting in many REITs trading at exceptionally high yield levels relative to long-term Canada bonds, and at discounts to their net asset values. PROREIT’s Management and Trustees believe that this is certainly the case for the units of the REIT. As such, in August 2015, the REIT announced a normal course issuer bid program, permitting it to purchase up to 1,411,832 trust units, representing 5% of the REIT’s issued and outstanding trust units over a one-year period. Purchases are expected to be more modest than this as borrowing discipline must be maintained, but subsequent to September 30, 2015, PROREIT has acquired 69,400 units for cancellation under the issuer bid.

### Third Quarter 2015 Financial Results

Strong year-over-year growth in property revenues, NOI and AFFO for the three and nine-month periods ended September 30, 2015 is the direct result of the acquisition of 14 properties in October 2014, and seven additional properties in June 2015. The Boulevard Industrial REIT acquisition did not contribute to PROREIT's results in the quarter.

<i>(CAD \$ thousands except per unit amounts and unless otherwise stated)</i>	<b>3 Months Ended September 30 2015</b>	3 Months Ended September 30 2014	<b>9 Months Ended September 30 2015</b>	9 Months Ended September 30 2014
<b>Financial data</b>				
Property revenue	\$ 4,878	\$ 1,877	\$ 12,632	\$ 5,760
Net operating income (NOI) <sup>(1)</sup>	\$ 3,062	\$ 1,209	\$ 7,836	\$ 3,569
Total assets	\$ 203,707	\$ 96,016	\$ 203,707	\$ 96,016
Debt to gross book value <sup>(1)</sup>	60.84%	44.15%	60.84%	44.15%
Weighted average interest rate on mortgage debt	3.71%	4.14%	3.71%	4.14%
Funds from Operations (FFO) <sup>(1)</sup>	\$ 1,501	\$ 408	\$ 3,867	\$ 1,296
Basic FFO per unit <sup>(1)</sup>	\$ 0.0467	\$ 0.0385	\$ 0.1418	\$ 0.1232
Diluted FFO per unit <sup>(1)</sup>	\$ 0.0457	\$ 0.0374	\$ 0.1409	\$ 0.1200
Adjusted Funds from Operations (AFFO) <sup>(1)</sup>	\$ 1,736	\$ 575	\$ 4,396	\$ 1,752
Basic AFFO per unit <sup>(1)</sup>	\$ 0.0540	\$ 0.0542	\$ 0.1612	\$ 0.1665
Diluted AFFO per unit <sup>(1)</sup>	\$ 0.0529	\$ 0.0527	\$ 0.1601	\$ 0.1622
AFFO payout ratio – Basic <sup>(1)</sup>	97.2%	96.8%	97.7%	94.6%
AFFO payout ratio – Diluted <sup>(1)</sup>	99.3%	99.6%	98.4%	97.1%
Pro Forma AFFO payout ratio – Basic <sup>(2)</sup>	94%		94%	

(1) Non-IFRS financial measure. See "Non-IFRS Financial Measures".

(2) On a pro-forma basis, if the three properties acquired September 30, 2015 contributed a full month of AFFO and the maintenance capital expenditures and stabilized leasing costs were comparable to the other 29 properties, the pro forma AFFO payout ratio would have been approximately 94% for three and nine month periods ended September 30, 2015.

For the three months ended September 30, 2015, PROREIT recorded property revenue of \$4.88 million, a 160% increase compared to property revenues of \$1.88 million for the three months ended September 30, 2014. Nine-month property revenues increased 119% to \$12.63 million.

NOI increased 153% to \$3.06 million in the third quarter compared to \$1.21 million in the third quarter of 2014. For the nine months ended September 30, 2015, NOI was \$7.84 million, an increase of 120% over the same nine-month period in 2014.

During the quarter, the REIT generated AFFO of \$1.74 million or \$0.0540 of AFFO per basic unit compared to \$575 thousand or \$0.0542 per basic unit in the third quarter of 2014. For the nine months ended September 30, 2015, AFFO increased 151% to \$4.40 million. For both the three and nine-month periods, the increase in AFFO is directly related to the acquisition of 14 properties in October 2014 and the seven properties acquired in June 2015.

For the three months ended September 30, 2015, the REIT declared three distributions totalling \$0.0525 per trust unit of the REIT. The AFFO payout ratio was 97.2% in the third quarter of 2015 compared to 96.8% in the same quarter in 2014. The AFFO payout ratio is temporarily higher than normal primarily due to the distributions declared and paid for the month of September 2015, which includes 1,940,135 trust units issued in connection with the acquisition of Boulevard Industrial REIT on the last day of the quarter. The three properties acquired in that transaction did not contribute to AFFO for the three and nine-months ended September 30, 2015. On a pro

forma basis, if the three properties acquired on September 30, 2015 had contributed a full month of AFFO and the maintenance capital expenditures and stabilized leasing costs were comparable to the other 29 properties, the pro forma AFFO payout ratio would have been approximately 94% for the three and nine-months ended September 30, 2015.

At September 30, 2015, total assets stood at \$203.7 million, an increase of 112% compared to total assets of \$96.02 million at September 30, 2014.

Total debt to gross book value was at 60.84% at the end of the three months ended September 30, 2015, compared to 44.15% for the same date in 2014. The ratio in 2014 reflected the proceeds of the REIT's public offering completed in September of that year, prior to their deployment for property purchases. PROREIT's current stabilized ratio is in the 58-60% range. The weighted average interest rate on mortgage debt improved to 3.71% from 4.14% at the end of the third quarter last year.

### **Third Quarter 2015 Operating Results**

	<b>September 30 2015</b>	September 30 2014
<b>Operational data</b>		
Number of properties	<b>32</b>	9
Gross leasable area ("GLA") (square feet)	<b>1,667,491</b>	396,737
Occupancy rate	<b>95.8%</b>	89.5 %
Weighted average lease term to maturity (years)	<b>6.7</b>	6.8

PROREIT continued to meet its operational targets in the third quarter. At September 30th, the occupancy rate stood at 95.8%, compared to 89.5% a year earlier. The change is a direct result of the property acquisitions in October 2014 and June 2015.

Leasing activities included the rental to a major national retailer of 22,000 square feet of space at PROREIT's property in Woodstock, New Brunswick. Across the portfolio, approximately 33,000 square feet of new lease commitments were signed in the third quarter. The full impact of the recent commitments will be felt in ensuing quarters.

The REIT's weighted average lease term is 6.7 years, effectively unchanged from the same quarter last year.

At September 30, 2015, the REIT's portfolio consisted of 32 properties, located in prime locations within their respective markets, representing a total gross leasable area of 1,667,491 square feet. The increase of 1,270,754 square feet compared to September 30, 2014 is a result of the acquisition of 14 properties completed in October 2014, the acquisition of seven properties completed in June 2015 offset by the sale of one property in March 2015, and the addition of three properties as of September 30, 2015, the date of the closing of the Boulevard Industrial REIT transaction.

### **Subsequent Events**

In addition to PROREIT's financial and operating successes during the third quarter, Management has continued efforts to increase NOI at existing properties. Several initiatives were recorded subsequent to the end of the quarter.

**Recent Leasing and Development Activity** - As previously announced, PROREIT signed a lease with a national retailer during the summer of 2015 to take up 22,000 square feet at the REIT's Carleton Mall property in Woodstock, New Brunswick. Hart Stores has opened their new store and began paying rent on November 1, 2015.

The remaining 2,456 square feet of space in the mall has been rented to another well-known national retailer. Once all tenants have moved in, the Carleton Mall will be fully leased, compared to 81% occupancy when the property was purchased.

On the undeveloped land at the 135 Main Street property in Moncton, New Brunswick, the REIT has signed binding offers to lease with two tenants, representing 75% pre-leasing of a 7,200 square foot retail strip. Financing for the project has been secured with a major Canadian chartered bank and development is underway, with the intent to deliver the space to tenants in the second quarter of 2016.

**Expansion & Renewal of Borrowing Facilities** - PROREIT has also arranged significant changes to its present borrowing facilities that will increase flexibility and lower costs going forward. On a combined basis, the REIT's operating and term facilities have both been renewed for combined average terms in excess of two years, with total available lines expanded by \$9 million to a total of over \$20 million, all at reduced rates.

### **Outlook**

Capital markets remain challenging for the REIT sector in general at the current time but Management believes the sector is in the bottom of the market cycle. The spread between long-term Canada bond yields and distribution yields on Canadian REITs is at an all-time high, which will probably not persist. The current yield on PROREIT units remains very attractive at over 10% for our unitholders, and the units trade well below their net asset value.

The REIT also continues to believe that its growing asset base, diverse, high quality tenants and long-term lease maturities, combined with the management team's resolve to deliver on its operational goals underscore the increasing quality of an investment in PROREIT.

### **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 Measures**

The REIT'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, the REIT discloses and discusses certain non-IFRS financial measures, including AFFO, NOI and debt to gross book value 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. The REIT has presented such non-IFRS measures as Management believes they are relevant measures of the REIT'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 the REIT'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 Financial Measures" section in the REIT's Management's Discussion and Analysis for the three and nine-months ended September 30, 2015, 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 are 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 PROREIT's future financial performance; the impact of the REIT's leasing and development activities; the ability of the REIT to execute its growth strategies; the evolution of the Canadian REIT sector; and the expected occupancy of the REIT's properties.

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 PROREIT'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.

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), and in other filings that PROREIT has made and may make with applicable securities authorities in the future.

The forward-looking statements contained in this news release are expressly qualified in their entirety by this cautionary statement. Investors are cautioned not to put undue reliance on forward-looking statements. 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.

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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