



## **PROREIT ANNOUNCES STRONG FINANCIAL RESULTS FOR FOURTH QUARTER AND YEAR ENDED DECEMBER 31, 2015**

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**April 20, 2016 - Montréal, Québec** - PRO Real Estate Investment Trust ("PROREIT") (TSXV: PRV.UN) is pleased to report financial and operating results for the fourth quarter and twelve-months ("year-end") ended December 31, 2015. The period was characterized by strong growth in property revenues, net operating income ("NOI") and adjusted funds from operations ("AFFO"), and by strong operating performance.

"We are gratified that in 2015, we were able to complete two major transactions that have added significant new revenues, net operating income and AFFO, despite the period being a challenging one for REITs in equity markets," said James W. Beckerleg, President and Chief Executive Officer. "As a result, our operations are stable and our cash distributions are consistent and predictable. Our strategy of focusing on well-leased properties, chiefly in regional markets, is paying off."

### **2015 Review and Significant Events**

During the year, PROREIT completed two accretive acquisitions that added significantly to assets, property revenue and net operating income (NOI), and to an increase in adjusted funds from operations (AFFO):

- On June 30, 2015, PROREIT closed a transaction to acquire seven commercial properties for total consideration of \$40.5 million, representing a going-in capitalization rate of 7.5%. These accretive acquisitions increased total gross leasable area by 41.1% and have had a strong positive impact on net operating income and adjusted funds from operations. The seven properties are anchored by government and high quality national tenants. The \$40.5 million purchase price was financed by the issuance of new equity, new first mortgages, the assumption of certain existing mortgages and the issuance of a vendor take-back mortgage.
- On September 30, 2015, PROREIT closed the friendly acquisition of Boulevard Industrial REIT ("Boulevard"). By way of the acquisition, PROREIT acquired three high quality, well tenanted, light industrial buildings in the strong Moncton regional market. The properties fit closely into PROREIT's existing expansion strategy. The acquisition added 236,692 square feet of gross leasable area to the portfolio, expanding total gross leasable area by more than 10%, and increasing PROREIT's assets to more than \$200 million.
- The Boulevard transaction, which was carried out by way of a court-approved plan of arrangement through an exchange of units, was accretive to net asset value and to adjusted

funds from operations. In addition to the financial and operating benefits of the acquisition, PROREIT welcomed Boulevard unitholders to its base of unitholders, which has contributed to the increased trading in PROREIT's trust units ("Units").

### Financial Highlights

<i>(CAD \$ thousands except per unit amounts and unless otherwise stated)</i>	<b>3 Months Ended December 31 2015</b>	<b>3 Months Ended December 31 2014</b>	<b>12 Months Ended December 31 2015</b>	<b>12 Months Ended December 31 2014</b>
<b>Property Revenue</b>	\$5,558	\$3,429	\$18,190	\$9,189
<b>Net Operating Income ("NOI")<sup>1</sup></b>	\$3,371	\$2,189	\$11,207	\$5,758
<b>Total Assets</b>	\$203,194	\$141,501	\$203,194	\$141,501
<b>Debt to Gross Book Value<sup>1</sup></b>	61.28%	59.5%	61.28%	59.5%
<b>Adjusted Funds from Operations ("AFFO")<sup>1</sup></b>	\$1,863	\$1,192	\$6,258	\$2,944
<b>Basic AFFO per unit<sup>1</sup></b>	\$0.0546	\$0.0507	\$0.2158	\$0.2134
<b>AFFO Payout Ratio – Basic<sup>1</sup></b>	96.1%	103.5%	97.3%	98.4%

<sup>1</sup> Non-IFRS financial measure. See "Non-IFRS Measures".

### Operating Results and Development Opportunities

As in prior years, PROREIT once again met its operational targets in 2015, increasing the quality and diversity of its portfolio, adding new government and quality national tenants to an already strong tenant profile, and achieving higher occupancy rates. PROREIT also moved into the Ontario market for the first time with the acquisition of two industrial properties in suburban Toronto.

## OPERATIONAL HIGHLIGHTS

	December 31 2015	December 31 2014
<b>Operational data</b>		
<b>Number of Properties</b>	32	23
<b>Gross leasable area ("GLA") (square feet)</b>	1,669,947	1,044,095
<b>Occupancy rate<sup>1</sup></b>	95.9%	93.1%
<b>Weighted average lease term to maturity (years)</b>	6.6	7.6

<sup>1</sup> 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 December 31, 2015 was approximately 2,500 square feet.

At year-end, PROREIT's total portfolio consisted of 32 properties, including 16 retail properties representing 525,082 square feet of GLA, four office properties representing 154,357 square feet of GLA, nine industrial properties representing 765,976 square feet of GLA and three commercial mixed use properties representing 224,532 square feet of GLA.

During 2015, PROREIT actively pursued opportunities to add gross leasable area to its existing space, and to increase occupancy rates across all segments of the portfolio. During the autumn, PROREIT began construction on a new 7,200 square foot development at its Hall's Creek development in Moncton. The strip mall, which is built on excess land subdivided from another PROREIT property, was completed subsequent to year-end, and was turned over to tenants in March 2016. It is currently 73% leased.

PROREIT's positive operating performance in 2015 has continued into the first quarter of 2016 with approximately 67% of the space coming due in 2016 already leased. Substantial progress is also being made on the lease-up and development of 6,271 square feet of vacant space.

### Debt Profile and Liquidity

PROREIT continues to focus on managing its debt profile and liquidity. PROREIT has formally completed the expansion of its operating lines of credit by \$9 million at a marginally lower rate of interest. The successful renegotiation reflects the increased size, quality and stability of PROREIT's portfolio. PROREIT's debt maturity profile remains strong with no significant maturities this year. PROREIT's first mortgages carry an average contractual rate of 3.71%, down 3 basis points from a year ago and its interest coverage ratio improved to 2.7x compared to 2.4x.

The dividend reinvestment program (the “DRIP program”) participation rate stands currently at 10% of the outstanding Units, a level that helps to increase equity and preserve cash. In addition, PROREIT has maintained its normal course issuer bid, by which it can acquire in accordance with applicable rules up to 1,411,832 Units, representing 5% of PROREIT’s outstanding Units, over a one-year period. A total of 87,300 Units were acquired during 2015 and an additional 32,000 Units since the beginning of the first quarter of 2016. Such purchases can help offset some of the minor net asset value dilution arising from the DRIP program.

It is also worth noting that PROREIT is selling two excess parcels of land at two properties in Woodstock and Moncton New Brunswick for a total of approximately \$500,000, the proceeds of which will be added to cash reserves upon closing.

## **Outlook**

Because of PROREIT’s strategies, operations are stable and cash distributions are consistent and predictable and should remain so for the foreseeable future. Fiscal 2015 being a challenging year for the Canadian economy and for the REIT industry, investors acknowledged PROREIT’s successes as, during 2015, PROREIT was one of the only small capitalization real estate investment trust able to broadly access the market for new equity.

With weak market conditions in late 2015 and the first quarter of 2016, REITs including PROREIT have been trading at sufficient discounts to their net asset value such that raising new capital would be significantly dilutive. However, there has been a rebound in the value of REIT units generally since the January lows, with the S&P/TSX Capped REIT Index rising approximately 15% to current levels. While large capitalization trusts have led this rebound, PROREIT is seeing substantially increased volume and trading in its Units. This increased liquidity brings with it a wide range of new intermediaries and unitholders. Management believes this is a sign that its efforts are being recognized by a broader market and is providing a solid foundation when more favourable market pricing returns.

Management also believes that the above factors, combined with a stabilization of financial markets generally, can contribute to improve the market for smaller cap REITs as well and therefore looks forward to the balance of the year with cautious optimism. PROREIT may also look to opportunities to finance acquisitions by way of private placement if opportunities present themselves to issue units to vendors at acceptable price terms as part of the consideration for a property or portfolio purchase.

## **Annual and Special Meeting of Unitholders**

PROREIT is pleased to invite unitholders to the Annual and Special Meeting of Unitholders, to be held at 10:00 a.m. on Tuesday June 7, 2016 in the Autumn Room at the Hotel Omni Mont-Royal at 1050 Sherbrooke Street West in Montreal.

## **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 will be filed on SEDAR at [www.sedar.com](http://www.sedar.com) and will be available on PROREIT's website at [www.proreit.com](http://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 owns a portfolio of diversified commercial real estate properties in Canada, with growth objectives focused on primary and secondary markets in Québec and Atlantic Canada, with selective expansion into Ontario and Western Canada.

## **Non-IFRS Measures**

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 Adjusted Funds From Operations ("AFFO"), Funds From Operations ("FFO"), debt-to-Gross Book Value, Net Operating Income ("NOI"), interest 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 year ended December 31, 2015, available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **Forward-Looking Information**

Certain statements contained in this news release constitute forward-looking information within the meaning of applicable securities laws. In some cases, forward-looking information can be identified by such terms such as "may", "might", "will", "could", "should", "would", "occur", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue", "likely", "schedule", or the negative thereof or other similar expressions concerning matters that are not historical facts. Some of the specific forward-looking statements in this news release include, but are not limited to,

statements with respect to the extent to which capital markets will rise in the future; PROREIT's future financial performance; the expected sale of parcels of land; the ability of PROREIT to execute its growth strategies; PROREIT's ability to continue paying monthly distributions; and PROREIT's ability to raise capital. 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. 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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