

## **PROREIT announces pricing of public offering and concurrent private placement**

PRO Real Estate Investment Trust announced today that, in connection with its previously announced marketed public offering, concurrent private placement and the closing of certain acquisitions, it intends to issue a total of approximately \$29.3 million of new equity (or up to \$32.3 million if an over-allotment option is exercised as more fully described below), comprised of \$20.0 million of Offered Units (defined below) to be issued pursuant to the Offering (defined below), \$5.0 million of Placement Units (defined below) to be issued pursuant to the Concurrent Private Placement (defined below) and approximately \$4.3 million of Class B LP Units (defined below) to be issued to certain property vendors.

### **Offering and Underwriting Agreement**

In connection with its marketed public offering, the REIT has today entered into an underwriting agreement (the "Underwriting Agreement") with a syndicate of underwriters led by Canaccord Genuity Corp. ("Canaccord") and including National Bank Financial Inc., Scotia Capital Inc., TD Securities Inc., GMP Securities L.P., Raymond James Ltd., Desjardins Securities Inc., and Dundee Securities Ltd. (collectively, with Canaccord, the "Underwriters") to sell 8,700,000 units of the REIT (the "Offered Units") at a price of \$2.30 per Offered Unit (the "Offering Price") for gross proceeds of \$20,010,000 (the "Offering").

Each Offered Unit consists of one trust unit in the capital of the REIT (a "Trust Unit") and one half of one Trust Unit purchase warrant of the REIT (each whole Trust Unit purchase warrant being a "Warrant"). Each Warrant shall entitle the holder thereof to acquire one Trust Unit (each a "Warrant Unit") at an exercise price of \$2.65 per Warrant Unit at any time following closing of the Offering and prior to 5:00 p.m. on March 31, 2017 (the "Expiry Date").

The TSX Venture Exchange (the "TSXV") has conditionally approved the listing of the Warrants and Placement Warrants (as defined below) under the symbol "PRV.WT", subject to fulfilling all of the requirements of the TSXV.

The REIT has granted to the Underwriters an option (the "Over-Allotment Option"), exercisable in whole or in part at any time up to 30 days following closing of the Offering, to purchase (i) up to an additional 1,305,000 Offered Units (the "Additional Offered Units") at a price of \$2.30 per Additional Offered Unit, (ii) up to an additional 1,305,000 Trust Units (the "Additional Trust Units") at a price of \$2.25 per Additional Trust Unit, (iii) up to an additional 652,500 Warrants (the "Additional Warrants") at a price of \$0.10 per Additional Warrant, or (iv) any combination of Additional Trust Units and/or Additional Warrants so long as the aggregate number of Additional Trust Units and Additional Warrants which may be issued under the Over-Allotment Option does not exceed 15% of the aggregate number of such securities sold pursuant to the Offering, to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the gross proceeds of the Offering will be \$23,011,500.

The REIT expects to file a final short form prospectus with securities authorities in all provinces of Canada (the "Prospectus"). A copy will be available under the REIT's profile on SEDAR at [www.sedar.com](http://www.sedar.com), once a receipt for the Prospectus has been issued.

### **Concurrent Private Placement of Lotus Crux**

Lotus Crux REIT LP ("Lotus Crux") has agreed to subscribe, on a private placement basis, concurrently with the closing of the Offering (the "Concurrent Private Placement"), for approximately \$5.0 million of units at the Offering Price (the "Placement Units"). The subscription of Lotus Crux is part of a new strategic relationship with PRO REIT that will expand PRO REIT's geographic reach and expertise and provide it with a pipeline of future acquisitions and investment opportunities, all as more fully described in the Prospectus.

Each Placement Unit consists of one Trust Unit and one half of one Trust Unit purchase warrant of the REIT (each whole Trust Unit purchase warrant being a "Placement Warrant"). Each Placement Warrant shall entitle the holder thereof to acquire one Trust Unit (each a "Placement Warrant Unit") at an exercise price of \$2.65 per Placement Warrant Unit at any time following closing of the Offering and prior to the Expiry Date.

### **Issuance of Equity to Certain Vendors**

Vendors of certain of the properties that PRO REIT intends to acquire have agreed to accept approximately \$4.25 million of class B limited partnership units ("Class B LP Units") of PRO REIT Limited Partnership, a subsidiary of the REIT, as partial consideration for the sale of such properties. The Class B LP Units are economically equivalent to and exchangeable for Trust Units on a one-for-one basis, and will be accompanied by special voting units that provide their holder with equivalent voting rights to holders of Trust Units. The Class B LP Units will be issued upon the closing of the acquisition of the applicable properties at the Offering Price, and each Class B LP Unit will be accompanied by one half of one Class B LP Unit purchase warrant entitling the holder thereof to acquire one Class B LP Unit at an exercise price of \$2.65 per whole Class B LP Unit purchase warrant.

The Class B LP Units and warrants will be issued on a private placement basis, which is subject to regulatory approvals, including the approval of the TSXV.

#### Property Acquisitions

As previously disclosed, the REIT intends to use a portion of the proceeds of the Offering and the Concurrent Private Placement to indirectly acquire 14 income producing commercial properties from eight separate and unrelated vendors (collectively, the "Acquisitions"). The aggregate purchase price (excluding closing costs) for the Acquisitions is anticipated to be approximately \$65.6 million and the Acquisitions are subject to customary closing conditions. The completion of the Acquisitions on the terms proposed will be significantly accretive to the REIT's unitholders.

Upon closing of the Acquisitions, the REIT's portfolio will be comprised of 23 commercial properties totaling 1,044,095 square feet of gross leasable area ("GLA"), providing increased exposure to certain of the REIT's core target markets of Québec and Atlantic Canada, and the REIT's first investment in Alberta.

The REIT has also agreed, subject to regulatory approval, to issue to Canaccord, in connection with the advance of a bridge loan of approximately \$270,000 (the "Bridge Loan") used by the REIT for the repayment of an outstanding loan with Canaccord, warrants exercisable for a period of 12 months from their date of issuance to purchase up to 58,992 Trust Units at an exercise price per warrant equal to the Offering Price.

For more information on the Offering, the Concurrent Private Placement, the Bridge Loan and the Acquisitions, please refer to the Prospectus.

#### Closing of the Offering and Concurrent Private Placement

The Offering is scheduled to close on or about September 30, 2014 and is subject to standard closing conditions, as provided in the Underwriting Agreement. The closing of the Concurrent Private Placement is conditional on, among other things, the closing of the Offering.

Immediately following the closing of the Offering, the Concurrent Private Placement and the issuance of Class B LP Units to certain vendors, members of management, the board of trustees, Lotus Crux and related parties, and vendors that have agreed to accept Class B LP Units as partial consideration for the sale of their properties to the REIT are expected to hold a 33.0% equity interest in the REIT. Lotus Crux and related parties are expected to collectively beneficially hold a 12.6% equity interest in the REIT.

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 PRO REIT

PRO REIT is an unincorporated open-ended real estate investment trust established pursuant to a declaration of trust under the laws of the Province of Ontario. PRO REIT 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.

#### Forward-Looking Statements

This news release may contain 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 PRO REIT'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 proposed Offering, the Concurrent Private Placement, the closing of the Acquisitions and the strategic relationship with Lotus Crux and related parties. PRO REIT's objectives and forward-looking statements are based on certain assumptions, including that (i) PRO REIT will receive financing on favourable terms; (ii) the future level of indebtedness of PRO REIT and its future growth potential will remain consistent with PRO REIT's current expectations; (iii) there will be no changes to tax laws adversely affecting PRO REIT's financing capacity or operations; (iv) the impact of the current economic climate and the current global financial conditions on PRO REIT's operations, including its financing capacity and asset value, will remain consistent with PRO REIT's current expectations; (v) the performance of PRO REIT's investments in Canada will proceed on a basis consistent with PRO REIT's current expectations; and (vi) capital markets will provide PRO REIT 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. PRO REIT 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 the Prospectus and in PRO

REIT's latest annual information form, which are 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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<https://proreit.mediaroom.com/index.php?s=2429&item=122612>