



PROREIT COMPLETES \$29 MILLION EQUITY OFFERING

October 18, 2016 - Montréal, Québec - PRO Real Estate Investment Trust ("**PROREIT**" or the "**REIT**") (TSXV: PRV.UN) is pleased to announce the closing of its previously announced equity offering of trust units of the REIT (the "**Units**") at a price of \$2.25 per Unit (the "**Offering**"). The syndicate of underwriters, led by Canaccord Genuity Corp. and TD Securities Inc., elected to exercise its over-allotment option in full, resulting in a total of 12,880,000 Units being issued today for total gross proceeds of \$28,980,000.

The Units were issued pursuant to a short form prospectus dated October 12, 2016 filed with securities regulatory authorities in all provinces of Canada (the "**Prospectus**"). A copy of the Prospectus is available under the REIT's profile on SEDAR at www.sedar.com.

Proposed Acquisitions

Since the initial announcement of the REIT's proposed acquisitions on September 26, 2016, as a result of the REIT's continuing negotiations with the relevant vendors, the REIT has amended the conditional purchase agreement in respect of certain of the proposed acquisitions, and now intends to purchase 11 of the initially announced 12 commercial properties for an aggregate purchase price of approximately \$58.3 million (excluding closing costs) (the "**Acquisitions**"), representing a weighted average capitalization rate of 7.4% (before closing costs).

Upon completion of the Acquisitions, the REIT's portfolio will be comprised of 44 income producing commercial properties representing approximately 2.2 million square feet of gross leasable area ("**GLA**"). The Acquisitions will increase the REIT's weighted average remaining lease term from 6.3 years to 6.8 years, and will increase overall occupancy to approximately 96%, from 95% as at June 30, 2016. The Acquisitions are generally anchored by high quality tenants under long term leases.

The Acquisitions represent an aggregate of approximately 511,000 square feet of GLA, comprised of nine retail properties (290,000 square feet comprising primarily grocery-anchored and other necessity based retail), one industrial property (171,000 square feet), and one commercial mixed-use property (50,000 square feet). The Acquisitions are located in primary and secondary markets throughout Québec (six properties representing 234,000 square feet), Nova Scotia (four properties representing 252,000 square feet), and Prince Edward Island (one property representing 25,000 square feet). The Acquisitions have a weighted average in-place occupancy rate of 99%, and a weighted average remaining lease term of 8.6 years. Government and national tenants represent 85% of the Acquisitions' base rent. The completion of the Acquisitions on the terms proposed is expected to be accretive to the REIT's unitholders and the REIT's AFFO (adjusted funds from operations) per unit.

The purchase price of the Acquisitions is expected to be satisfied by a combination of the following funding sources: (i) approximately \$13.7 million in cash from the Offering, (ii) the issuance to vendors for the LOI Acquisitions (as defined below) of an aggregate of approximately \$4.0 million of Class B limited partnership units of PRO REIT Limited Partnership (“**Class B LP Units**”), a subsidiary of the REIT, at a price of \$2.25 per unit, (iii) the assumption of approximately \$10.0 million aggregate principal amount of existing mortgage debt, and (iv) approximately \$30.6 million aggregate principal amount of new mortgage financing.

The REIT has entered into conditional agreements in respect of six of the Acquisitions with three separate vendors. These acquisitions represent an aggregate of approximately 327,000 square feet of GLA. The aggregate purchase price (excluding closing costs) for these Acquisitions is anticipated to be approximately \$43.3 million. These acquisitions are subject to customary due diligence and closing conditions, including with respect to financing.

The REIT has also executed letters of intent with two separate vendors which are related parties of the REIT for the five other Acquisitions (the “**LOI Acquisitions**”). The LOI Acquisitions represent an aggregate of approximately 184,000 square feet of GLA. The aggregate purchase price (excluding closing costs) for the LOI Acquisitions is anticipated to be approximately \$15.0 million, of which approximately \$8.9 million is for four properties owned by one of the vendors and \$6.1 million is for the one property owned by the other vendor. The LOI Acquisitions remain subject to satisfactory due diligence review in accordance with the REIT’s standard operating procedures, including a review of independent appraisals, and are subject to regulatory approvals, including the approval of the TSX Venture Exchange. While there can be no assurance that any or all of the LOI Acquisitions will become subject to a binding purchase agreement, the REIT currently expects these transactions to proceed and announced the LOI Acquisitions as it intends to use a portion of the net proceeds of the Offering to satisfy a portion of the purchase price.

As a result of the exercise by the syndicate of underwriters of the over-allotment option in full, PROREIT received today approximately \$3.8 million of additional gross proceeds under the Offering, which PROREIT intends to use to fund future acquisitions or for general trust purposes.

Square Foot Optimization and Deleveraging

In addition to the Acquisitions, PROREIT has identified five of its properties that offer expansion potential with both existing and new tenants, including fit-out of currently vacant space and future pad development. PROREIT intends to use approximately \$1.0 million of the proceeds from the Offering to fund construction costs associated with the expansion projects. PROREIT estimates that such projects, upon completion, will generate a weighted average return on invested capital of more than 20%.

Additionally, PROREIT intends to use approximately \$6.0 million of the proceeds of the Offering to repay amounts outstanding under one of the REIT’s credit facilities, thereby reducing its debt to GBV ratio.

For more information on the Acquisitions, the Offering and PROREIT’s intended use of the net proceeds of the Offering, please refer to the Prospectus.

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 and Operational Key Performance Indicators

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**") and debt-to-Gross Book Value ("**debt to GBV**") 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 June 30, 2016, available 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 closing of each of the Acquisitions, the reduction of PROREIT's debt to GBV, the issuance of Class B LP Units, the impact of the Acquisitions on PROREIT's future financial performance, PROREIT's intended use of the net proceeds of the Offering and the ability of PROREIT to execute its growth strategies. 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 and in the Prospectus, both of which are available on SEDAR at www.sedar.com.

The Units 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

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