



**PROREIT ANNOUNCES \$40.4 MILLION OF PROPOSED ACQUISITIONS  
IN ONTARIO AND ATLANTIC CANADA**

**Acquisitions partially funded by profitable \$22.3 million sale of two industrial buildings in GTA**

May 16, 2017 - Montréal, Québec - PRO Real Estate Investment Trust ("PROREIT" or the "REIT") (TSXV: PRV.UN) is pleased to announce the conditional acquisition of four commercial properties for an aggregate purchase price of \$40.4 million, representing an implied weighted average capitalization rate of approximately 7% and a weighted average lease term of approximately 6 years (collectively, the "Acquisitions"). The Acquisitions will be partially financed by proceeds from the profitable sale of two industrial buildings in Etobicoke, Ontario for \$22.3 million, representing a capitalization rate of approximately 6% upon exit.

"We are very pleased with these transactions, which together result in the addition of \$20 million of newer high quality assets to our portfolio on a net basis. The REIT's portfolio will increase by approximately 250,000 square feet of gross leasable area upon closing of the transactions and enable us to increase the quality, size, and diversity of cash flow of the portfolio," said James W. Beckerleg, President and Chief Executive Officer of the REIT. "We believe the new assets being acquired are superior to the older buildings being sold and that they will deliver higher returns and fit our overall portfolio objectives very well."

**Details of the Acquisitions**

The four properties being acquired include a retail property and a light industrial building totaling 90,600 square feet in Atlantic Canada and two industrial buildings totaling 456,000 square feet in Woodstock, Ontario.

**Properties in Woodstock, Ontario**

PROREIT has entered into a binding conditional agreement to acquire two high quality light industrial buildings in Woodstock, Ontario, for a total purchase price of \$30.0 million (excluding closing costs). The properties, built in 2007 and 2009, are fully leased and enjoy 28 and 30 foot clear ceiling heights and are strategically located near major markets in both Canada and the United States. The properties are 100% leased to seven high quality, national or multi-national tenants with excellent covenants and leases ranging in size from 26,000 square feet to 132,000 square feet.

The properties will be financed by (i) the assumption of \$16.7 million in mortgages, (ii) the issuance of \$7.2 million of Class B limited partnership units of PRO REIT Limited Partnership (the "Class B LP Units"), a subsidiary of the REIT, at a price of \$2.25 per unit, and (iii) the balance with cash from the net proceeds of the sale of the two industrial buildings denoted below. The Class B LP Units are economically equivalent to and exchangeable for trust units of the REIT on a one-for-one basis, and are accompanied by special voting units that provide their holder with equivalent voting rights to holders of trust units of the REIT.

The vendor of the Woodstock properties is a limited partnership in which two trustees of the REIT, Peter Aghar and Shenoor Jadavji, have an aggregate economic interest of approximately 25%. As two corporations respectively controlled by Mr. Aghar and Ms. Jadavji control the vendor through their ownership of the general partner of the vendor, the transaction involving the acquisition of the Woodstock properties is expected to constitute a "related party transaction" under Multilateral

Instrument 61-101 – Protection of Minority Shareholders in Special Transactions (“MI 61-101”) (the “Woodstock Acquisition”). See “Transaction Matters” below.

### **Properties in Atlantic Canada**

The REIT has entered into a binding conditional agreement to acquire a free-standing retail property located in Saint John, New Brunswick. The property, developed in 2016, is 100% occupied by a provincial crown corporation under a long term lease with a remaining term of approximately 15 years. The purchase price of approximately \$4.8 million (excluding closing costs) is expected to be satisfied by approximately \$3.7 million aggregate principal amount of new mortgage financing, and the balance to be paid from cash from the net proceeds of the sale of the two industrial buildings.

The REIT has also entered into a letter of intent and expects to sign a binding conditional agreement for the acquisition of a light industrial property for \$5.7 million. The well located building is fully leased to a good quality tenant. Further details will be disclosed at a later date.

“These transactions fit perfectly with our strategy of acquiring high quality commercial real estate in stable suburban markets. With these four proposed acquisitions, we continue to expand our footprint in the Maritimes, while moving into strategic suburban markets in Southern Ontario,” said Mr. Beckerleg. “The acquisitions also enable us to further diversify our portfolio by significantly adding to our gross leasable area in the industrial segment of the market.”

### **Sale of GTA Industrial Properties**

PROREIT is pleased to report that it has entered into a binding agreement for the sale of two industrial properties in Etobicoke, Ontario for gross proceeds of \$22.3 million, representing a capitalization rate on sale of approximately 6% (the “Sale Transaction”). The two properties, which were acquired by PROREIT in June 2015 and had a total capital cost of \$20.1 million, are being sold opportunistically, resulting in an approximately \$2 million gain on their capital cost and a \$0.6 million gain over the properties 2016 IFRS carrying values. The Sale Transaction will generate in excess of \$10 million in free cash, all of which is expected to be used to settle the purchase price of the Acquisitions. The two properties, which were 100% leased, represent approximately 298,000 square feet of gross leasable area. The Sale Transaction is expected to be completed in June 2017 and is subject to customary closing conditions.

### **Transaction Matters**

The Acquisitions remain subject to satisfactory due diligence review in accordance with the REIT’s standard operating procedures, and the acquisition agreements contain or will contain closing conditions, including with respect to financing and any required regulatory approvals, and representations and warranties typical of those contained in acquisition agreements negotiated between sophisticated purchasers and vendors acting at arm’s length.

A special committee of independent trustees of the REIT is responsible for supervising the process to be carried out by the REIT and its advisors in connection with the Woodstock Acquisition. The key terms of the Woodstock Acquisition have unanimously been approved by the independent trustees of the REIT. The closing of the Woodstock Acquisition is subject to the satisfaction of certain conditions, including among others: (i) satisfactory due diligence by the REIT of the Woodstock properties, including receipt of an independent estimate of the fair market value of the properties prepared by an independent appraiser under the supervision of the Special Committee, (ii) receipt of certain regulatory approvals, including of the TSX Venture Exchange, (iii) receipt of any required unitholder approval under MI 61-101, and (iv) the closing of the Sale Transaction.

## **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.

## **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 the expected timing and completion of the Acquisitions and the Sale Transaction; the effect of the Acquisitions and the Sale Transaction on the financial performance of the REIT; the REIT's ability to enter into a binding agreement for the acquisition of one of the properties in Atlantic Canada; the use of the net proceeds of the Sale Transaction; and the ability of PROREIT to execute its business and 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, 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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