



PROREIT ANNOUNCES SOLID FIRST QUARTER 2019 RESULTS

- **Property revenue increase of 43.8% year-over-year from Q1 2018**
- **Same property NOI¹ increase of 7.9% year-over-year from Q1 2018**
 - **Occupancy rate up 2.1% from Q1 2018**
 - **AFFO payout ratio¹ improves 10.6% from Q1 2018**

May 13, 2019 - Montréal, Québec - PRO Real Estate Investment Trust ("PROREIT" or the "REIT") (TSX: PRV.UN) today reported its financial and operating results for the three-month period (or "first quarter") ended March 31, 2019.

"We kicked off the year on a high note, delivering a robust performance across most of our key financial and operational metrics. We generated strong organic growth and significantly improved our AFFO payout ratio¹. We are also pleased to report that same property net operating income¹ was up 7.9% compared to the same period in 2018," said Jim Beckerleg, President and CEO, PROREIT.

"We also successfully graduated to the Toronto Stock Exchange and consolidated our units on a 3-to-1 basis, which we believe will provide PROREIT with access to an even broader investor base. We effectively completed the internalization of our asset management function, thereby creating future economies of scale. I am also pleased to report that over 62% of our leases maturing in 2019 have already been renewed," added Mr. Beckerleg.

"With no new portfolio additions during the first quarter, we successfully focused on integrating our \$122 million worth of acquisitions completed in 2018. As 2019 unfolds, we will continue to seek accretive assets in order to keep strengthening and diversifying our net operating income and our balance sheet. We are committed to creating long-term value for our unitholders while maintaining stable and sustainable distributions," concluded Mr. Beckerleg.

¹ Non-IFRS measure. See "Non-IFRS and Operational Key Performance Indicators".

TABLE 1- FINANCIAL HIGHLIGHTS

	3 Months Ended March 31 2019	3 Months Ended March 31 2018	%Δ
<i>(CAD \$ thousands except unit, per unit amounts and unless otherwise stated)</i>			
Financial data			
Property revenue	\$ 13,510	\$ 9,397	43.8%
Net operating income (NOI) ⁽¹⁾	\$ 8,458	\$ 5,891	43.6%
Total assets	\$ 516,875	\$ 366,581	41.0%
Debt to Gross Book Value ⁽¹⁾	58.58 %	55.42 %	
Interest Coverage Ratio ⁽¹⁾	2.6 x	2.6 x	
Debt Service Coverage Ratio ⁽¹⁾	1.6 x	1.6 x	
Weighted average interest rate on mortgage debt	3.88 %	3.73 %	
Net cash flows provided from operating activities	\$ 4,541	\$ 2,677	69.6%
Funds from Operations (FFO) ⁽¹⁾	\$ 4,360	\$ 2,470	76.5%
Basic FFO per unit ⁽¹⁾⁽²⁾	\$ 0.0463	\$ 0.0354	30.8%
Diluted FFO per unit ⁽¹⁾⁽²⁾	\$ 0.0453	\$ 0.0347	30.5%
Adjusted Funds from Operations (AFFO) ⁽¹⁾	\$ 4,829	\$ 3,200	50.9%
Basic AFFO per unit ⁽¹⁾⁽²⁾	\$ 0.0513	\$ 0.0459	11.8%
Diluted AFFO per unit ⁽¹⁾⁽²⁾	\$ 0.0502	\$ 0.0450	11.6%
AFFO Payout Ratio – Basic ⁽¹⁾	102.3 %	114.4 %	
AFFO Payout Ratio – Diluted ⁽¹⁾	104.6 %	116.7 %	

⁽¹⁾ Non-IFRS measure. See "Non-IFRS and Operational Key Performance Indicators".

⁽²⁾ Total basic units consist of trust units of the REIT ("Units") and Class B limited partnership units of PRO REIT Limited Partnership ("Class B LP Units"), a subsidiary of the REIT. Total diluted units also include deferred trust units and restricted trust units issued under the REIT's long-term incentive plan. The information is presented without giving effect to the consolidation of the Units completed on May 6, 2019 on the basis of one post-consolidation Unit for three pre-consolidation Units (the "Consolidation"). The Class B LP Units were proportionally adjusted with the implementation of the Consolidation.

PROREIT's first quarter results improved across all key metrics, on a year-over-year basis, primarily due to the successful integration of new properties into the portfolio. PROREIT owned 84 investment properties at March 31, 2019, compared to 66 properties at March 31, 2018.

Total assets amounted to \$516.9 million at March 31, 2019, representing an increase of \$150.3 million, or 41.0%, compared to \$366.6 million at March 31, 2018. The increase is mainly due to the acquisition of 19 investment properties and the sale of one property in the twelve-month period ended March 31, 2019. The acquisitions made during the last twelve-month period contributed to the diversification of PROREIT's portfolio. PROREIT's industrial exposure rose to 27.4% while office exposure increased to 16.1% at the end of the first quarter of 2019. The acquisitions also increased exposure to the Ontario market to 19.6% at the end of the three-month period ended March 31, 2019.

For the first quarter ending March 31, 2019:

- Property revenue amounted to \$13.5 million. The increase of \$4.1 million, or 43.8%, compared to the same period last year is principally due to incremental revenues from the property acquisitions completed in the twelve-month period ended March 31, 2019.
- Same property net operating income¹ amounted to \$6.1 million, an increase of

¹ Non-IFRS measure. See "Non-IFRS and Operational Key Performance Indicators".

\$0.4 million, or 7.9%, compared to the same period last year. This increase is primarily driven by a 1.7% same property occupancy rate increase and the higher rental rate on lease renewals compared to the same period in 2018.

- Net operating income¹ reached \$8.5 million, an increase of \$2.6 million, or 43.6%, compared to \$5.9 million for the same period last year. This increase results principally from the favourable impact of the property acquisitions completed in the twelve-month period ended March 31, 2019.
- AFFO¹ totalled \$4.8 million, a \$1.6 million increase compared to \$3.2 million last year, or a 50.9% increase year-over-year. This increase is mainly due to the property acquisitions completed in the twelve-month period ended March 31, 2019.
- AFFO payout ratio¹ stood at 102.3% compared to 114.4% for the same period last year, a 10.6% improvement. The favourable variance mainly relates to the impact of distributions paid or payable in 2018 that exceeded AFFO as a result of a lag in the deployment of funds raised in January 2018 from a public offering and the date of the acquisition of properties.

Same property net operating income¹ increased across all of PROREIT's segments – retail, office, commercial mixed-use and industrial – for the first quarter of 2019, as a result of positive leasing and renewals along with contractual rent increases.

Net comprehensive loss amounted to \$0.3 million for the first quarter of 2019, compared to a net comprehensive income of \$1.4 million for the same period last year. The unfavourable variance of \$1.7 million mainly relates to a fair value loss of \$3.4 million on the Class B LP Units recorded for the three-month period ended March 31, 2019, resulting from a change in the quoted market price of PROREIT's publicly traded Units, combined with long-term incentive plan expenses and fair market value adjustments of \$1.3 million during the first quarter of 2019. Table 2 provides a reconciliation of net operating income to net comprehensive income.

TABLE 2- RECONCILIATION OF NET OPERATING INCOME TO NET COMPREHENSIVE INCOME (LOSS)

<i>(CAD \$ thousands)</i>	3 Months Ended March 31 2019	3 Months Ended March 31 2018
Property revenue	\$ 13,510	\$ 9,397
Property operating expenses	5,052	3,506
Net operating income (NOI) ⁽¹⁾	8,458	5,891
General and administrative expenses	523	401
Long-term incentive plan expense	1,272	(10)
Depreciation of property and equipment	18	11
Amortization of intangible assets	93	-
Interest and financing costs	3,225	2,173
Distributions - Class B LP Units	429	357
Fair value adjustment - Class B LP Units	3,355	(612)
Fair value adjustment - investment properties	49	1,498
Transaction costs	31	-
Other income	(526)	-
Other expenses	319	-
Debt settlement costs	-	719
Net comprehensive income (loss)	\$ (330)	\$ 1,354

⁽¹⁾ See "Non-IFRS and Operational Key Performance Indicators".

¹ Non-IFRS measure. See "Non-IFRS and Operational key Performance Indicators".

Total debt to gross book value¹ stood at 58.6% at March 31, 2019, compared to 55.4% at the same date in 2018. The weighted average interest rate on mortgage debt was 3.88% at the end of the first quarter, up slightly from 3.73% at March 31, 2018.

Distributions

Distributions to unitholders totalling \$0.0525 per Unit (on a pre-Consolidation basis) were declared during the three months ended March 31, 2019.

As a result of the Consolidation, the monthly distributions of the REIT of \$0.0175 per Unit on a pre-Consolidation basis were adjusted to \$0.0525 per Unit on a post-Consolidation basis, representing annualized distributions of \$0.63 per Unit on a post-Consolidation basis. Equivalent distributions are paid on the Class B LP Units.

Distributions on the Class B LP Units were \$429 for the three-month period ended March 31, 2019. The increase is due to the increase in number of Class B LP Units in 2019 compared to the same period in 2018.

TABLE 3- OPERATIONAL HIGHLIGHTS

	March 31 2019	March 31 2018
Operational data		
Number of properties	84	66
Gross leasable area (square feet)	3,702,430	2,684,653
Occupancy rate ⁽¹⁾	98.0%	96.0%
Weighted average lease term to maturity (years)	5.8	6.7

⁽¹⁾ 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 March 31, 2019 was approximately 7,915 square feet of GLA (58,108 square feet of GLA at March 31, 2018).

Gross leasable area ("GLA") increased 37.9% to 3,702,430 square feet at March 31, 2019, compared to 2,684,653 square feet at year-end 2018. The increase of 1,017,777 square feet in GLA is a result of the acquisition of 19 investment properties, partially offset by the sale of one investment property in the twelve-month period ended March 31, 2019.

Occupancy rate continued to increase and stood at 98.0% as at March 31, 2019, up from 96.0% a year earlier. The ten largest tenants in PROREIT's portfolio accounted for approximately 35.9% of annualized in-place and committed base rent at March 31, 2019 and comprise approximately 7.8 years of remaining lease term.

Weighted average lease term to maturity stood at 5.8 years for the three months ended March 31, 2019, compared to 6.7 years for the same period in 2018. Over 62% of PROREIT's leases maturing in 2019 have already been renewed as of March 31, 2019.

¹ Non-IFRS measure. See "Non-IFRS and Operational key Performance Indicators".

SUBSEQUENT EVENTS

Internalization of Asset Management

On April 1, 2019, the REIT internalized its asset management function in accordance with the terms of the management agreement (the “Management Agreement”) with the REIT’s former external manager, Labec Realty Advisors Inc. (the “Manager”). The internalization resulted in the termination of the Management Agreement and the elimination of the asset management and acquisition fees payable to the Manager thereunder. As a result of the internalization, the REIT’s executive officers, James W. Beckerleg and Gordon G. Lawlor, are employed directly by the REIT since April 1, 2019. In accordance with the terms of the Management Agreement, the Manager received upon completion of the internalization a termination payment of approximately \$2.3 million, representing one time the management fees and expenses paid to it in the most recent fiscal year prior to the internalization.

TSX Graduation and Unit Consolidation

On May 3, 2019, the REIT announced that it received approval from the Toronto Stock Exchange (the “TSX”) to list its Units on the TSX. The Units were listed and commenced trading on the TSX at the opening of markets on May 7, 2019. The Units will continue to trade under the stock symbol “PRV.UN”, and have been delisted from the TSX Venture Exchange upon listing and commencement of trading on the TSX. In connection with the TSX listing, the 3:1 Consolidation was implemented after the close of markets on May 6, 2019. As a result of the Consolidation, the monthly distributions of the REIT of \$0.0175 per Unit on a pre-Consolidation basis were adjusted to \$0.0525 per Unit on a post-Consolidation basis, representing annualized distributions of \$0.63 per Unit on a post-Consolidation basis. The number of outstanding Class B LP Units were proportionally adjusted with the implementation of the Consolidation.

STRATEGY AND OUTLOOK

Management remains focused on expanding its presence in existing core geographical markets. Opportunities arise through a broad pipeline of contacts for acquisition deals, essentially accretive income producing commercial properties in strong secondary markets. Management currently expects interest rates to remain fairly flat for the remainder of the year.

Conference Call for Investors and Webcast

PROREIT will hold a conference call to discuss its first quarter 2019 results on May 14, 2019, at 11:00 a.m. EDT. There will be a question period reserved for financial analysts. To access the conference call, please dial 888-390-0605 or 416-764-8609 or 514-225-7341. A recording of the call will be available from May 14 to August 14, 2019 by dialing 888-390-0541 or 416-764-8677, access code for participants 879969#. The conference call will also be broadcast live on PROREIT’s website at www.proreit.com

Annual Meeting of Unitholders

PROREIT will be holding its Annual Meeting of Unitholders on June 4, 2019, at 11:00 a.m. at the Ritz-Carlton Hotel, Blue Room, 1228 Sherbrooke Street West in Montreal. Management and trustees of the REIT will be available to meet with unitholders following the meeting.

Non-IFRS and Operational Key Performance Indicators

PROREIT'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, PROREIT discloses and discusses certain non-IFRS financial measures, including same property net operating income (or same property NOI), AFFO payout ratio, net operating income or NOI, debt to gross book value, interest coverage ratio, debt service coverage ratio, funds from operations or FFO. 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 March 31, 2019, available under PROREIT's profile 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 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 payment and level of future distributions, the execution of its growth strategy, the applicable interest rates in the future, and the performance of the markets in which PROREIT operates. PROREIT's objectives and forward-looking statements are based on certain assumptions, including management's perceptions of historical trends, current conditions and expected future developments.

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.

About PROREIT

PROREIT (www.proreit.com) is an unincorporated open-ended real estate investment trust owning a diversified portfolio of 84 commercial properties across Canada representing over 3.7 million square feet of gross leasable area. Established in March 2013, PROREIT is mainly focused on strong secondary markets in Québec, Atlantic Canada and Ontario, with selective exposure in Western Canada.

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