



NOT FOR DISSEMINATION IN THE UNITED STATES OR DISTRIBUTION THROUGH UNITED STATES NEWS OR WIRE SERVICES.

PROREIT Announces Agreements to Acquire a Group of 5 Industrial, 1 Office and 1 Mixed-use Industrial Properties for an Aggregate Purchase Price of \$97.8 Million Concurrent with a \$50 Million Bought Deal Public Offering of Trust Units

- 7 institutional quality assets comprising total GLA of 696,000 square feet
- Represents PROREIT's continued growth as a high quality diversified REIT increasing the portfolio to 4.4 million square feet of GLA and \$625 million of Gross Book Value¹ pro forma the Transaction
- Increases PROREIT's portfolio concentration in Ontario, specifically in the attractive Ottawa market
- Meaningfully increases industrial exposure and provides entry into the strong Halifax industrial market that has witnessed significant interest from institutional investors
- Transaction expected to be accretive to AFFO/unit¹ and to reduce the REIT's AFFO payout ratio¹
- Transaction reduces the REIT's Debt-to-Gross Book Value¹
- Increases liquidity through partial pay down of credit facilities

Montréal, Québec – August 7, 2019 – Pro Real Estate Investment Trust (TSX: PRV.UN) ("PROREIT" or the "REIT") today announced that it has entered into three separate agreements to acquire a 100% interest in 7 properties including 2 properties in Ottawa, Ontario representing 338,000 square feet of gross leasable area ("GLA") and a light industrial portfolio in Halifax, Nova Scotia representing 358,000 square feet of GLA (collectively, the "Acquisitions") for an aggregate purchase price of \$97.8 million, representing an implied weighted average capitalization rate of 6.7% (approximately \$140 per square foot).

Specifically, the REIT has entered into agreements to acquire 1) a 100% freehold interest in a boutique office tower in the central business district in Ottawa, Ontario, 2) a 100% interest in a Class A mixed-use industrial property in Ottawa, Ontario, and 3) a 100% interest in a 5-property light industrial portfolio in the Burnside Industrial Park in Halifax, Nova Scotia.

The REIT also announced today that it has entered into an agreement to issue 7,150,000 trust units of the REIT ("Units") from treasury on a bought deal basis at a price of \$7.00 per Unit (the "Offering Price") to a syndicate of underwriters with TD Securities Inc. and Scotiabank acting as bookrunners and co-led by Canaccord Genuity Corp. (collectively, the "Underwriters") for gross proceeds of approximately \$50 million (the "Offering"). The REIT has granted the Underwriters an over-allotment option to purchase up to an additional

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

1,072,500 Units on the same terms and conditions, exercisable at any time, in whole or in part, up to 30 days after the closing of the Offering (the "Over-Allotment Option"). The Offering is expected to close on or about August 16, 2019 and is subject to customary conditions, including regulatory approval. The Units will be offered by way of a prospectus supplement to the REIT's base shelf prospectus dated July 5, 2019, to be filed with the securities commissions and other similar regulatory authorities in each of the provinces and territories of Canada, pursuant to National Instrument 44-102 - Shelf Distributions (the "Prospectus Supplement").

The REIT intends to use the net proceeds from the Offering to partially fund the Acquisitions, to repay certain indebtedness which may be subsequently redrawn, and the balance if any to fund future acquisitions and for general business and working capital purposes (collectively, with the Acquisitions and the Offering, the "Transaction").

"These acquisitions are all institutional quality assets and align with PROREIT's commitment to expanding the REIT's footprint in attractive markets and increasing the REIT's exposure both in Ontario and to the industrial asset class. We are extremely pleased to be in a position to finance these acquisitions on an accretive basis to our AFFO per unit, while at the same time reducing the REIT's leverage," said James Beckerleg, CEO.

The Acquisitions

Ottawa Properties

The Ottawa properties represent a complementary expansion of PROREIT's existing Ottawa portfolio, and include a fully occupied downtown office building in the heart of Ottawa's central business district and a mixed-use industrial property in Kanata, Ontario.

The downtown Ottawa asset is located in the commercial and economic center of Ottawa. Located in the financial core and surrounded by popular tourist sites and retail amenities, the area is well-served by multiple restaurants and retail offerings. Ottawa's office vacancy rate is at its lowest in the last decade² as a consequence of increasing demand, limited new supply, and continued expansion from Ottawa's diverse industries particularly technology and government sectors. Given the high concentration of technology talent, some of the most innovative companies in North America – including Amazon, Bell, IBM, and Shopify are present in downtown Ottawa.

The REIT has also entered into an agreement to acquire a 100% interest in a state-of-the-art, multi-tenant flex industrial building featuring a prestigious office, research and lab facility with exceptional power, air handling and cooling specifications located within the high technology Kanata neighborhood of Ottawa. The property houses an outstanding group of tenants who operate in the fields of material sciences, defense, communications and medical technology.

The property is located in a high technology growth node. The Kanata region is undergoing major economic growth with numerous new tenants, together with dynamic growth of existing uses. Strong fundamentals have led to significant decline in the vacancy rate in the Kanata industrial market in recent years³. Technology employers in the neighborhood include Cisco, Ericsson, HP, Lockheed Martin, Honeywell, Microsoft, and

² Cushman & Wakefield MarketBeat Office Q2 2019

³ Avison Young 2019 Forecast

Apple. The property is located favorably adjacent to a major retail node offering countless amenities, shops, restaurants, a movie theatre, and the Terry Fox transit terminal.

The two properties are 100% leased to a diverse roster of exceptional private sector tenants with a weighted average lease term of 6.6 years. Many of the leases include contracted rent steps.

Halifax Light Industrial Properties

In addition to the two Ottawa acquisitions, PROREIT has entered into a contract to acquire five light industrial buildings located in Halifax, Nova Scotia. The buildings are 93.0% occupied with a weighted average lease term of 4.1 years, and offer clear heights of between 18 and 24 feet. Many of the leases include contractual rent steps.

This acquisition provides PROREIT a significant entry to the strong Halifax industrial market that has received increased interest from institutional investors recently. Halifax has experienced a longer-term trend of declining vacancy rate supported by continued robust immigration, strong employment growth and expansion in the manufacturing sector in the city⁴. PROREIT's management team has significant prior experience of owning and managing properties in this location.

Financing of the Acquisitions

The aggregate purchase price (excluding closing costs) for the Acquisitions is anticipated to be approximately \$97.8 million. The purchase price of the Acquisitions is expected to be satisfied by a combination of the following funding sources: (i) approximately \$30.8 million in cash from the Offering, and (ii) approximately \$67.0 million aggregate principal amount of new mortgage financings at a weighted average interest rate of 3.4%.

Impact of the Acquisitions on the REIT's Overall Portfolio

Upon completion of the Acquisitions, the REIT's portfolio will be comprised of 91 income producing commercial properties representing approximately 4.4 million square feet of GLA and \$625 million of Gross Book Value with a weighted average lease term of 5.7 years. The addition of the Ottawa properties will improve portfolio balance by increasing PROREIT's portfolio exposure to the Ontario market to 29.1% by GLA and 29.3% by base rent, making Ontario the REIT's largest provincial market and further increases the REIT's Ottawa portfolio to approximately 620,000 square feet of its total 4.4 million square feet of GLA. The Acquisitions will also increase the REIT's industrial and mixed-use exposure by another 636,726 square feet to more than 2.8 million square feet representing 64% of total GLA and 46% of total base rent upon closing of the Acquisitions.

The Acquisitions are subject to customary due diligence and closing conditions, including with respect to financing and regulatory approvals, and are expected to close in the third quarter of 2019.

Pro Forma Portfolio

⁴ CBRE 2019 Canada Market Outlook

Province	Base Rent %	GLA %	Asset Class	Base Rent %	GLA %
Maritime Provinces	40.8%	39.2%	Retail	38.1%	24.6%
Quebec	15.0%	20.4%	Commercial Mixed Use	18.1%	16.4%
Western Canada	14.9%	11.3%	Office	16.2%	11.1%
Ontario	29.3%	29.1%	Industrial	27.6%	47.8%
Total	100.0%	100.0%	Total	100.0%	100.0%

Deleveraging and Funding of Future Acquisitions

In addition to the Acquisitions, PROREIT intends to use \$13.0 million of the net proceeds of the Offering to repay certain indebtedness, including certain amounts outstanding under the REIT's credit facilities, which may be subsequently redrawn and applied as needed to fund future acquisitions and for general trust purposes. Following the closing of the Offering, the Acquisitions, and the repayment of certain indebtedness, PROREIT estimates that its ratio of Debt-to-Gross Book Value will decline to approximately 57.5%.

Additional information related to the Transaction will be included in the Prospectus Supplement.

About PRO Real Estate Investment Trust

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. PROREIT's portfolio is diversified by property type and geography.

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.

For more information on PROREIT, please visit the REIT's website at: <https://proreit.com>.

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 gross book value ("Gross Book Value"), adjusted funds from operations ("AFFO"), AFFO payout ratio and Debt to Gross Book Value ("Debt-to-Gross Book Value") 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 March 31, 2019, available on SEDAR at www.sedar.com.

Forward-Looking Information

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 include, without limitation, statements pertaining to the closing of the Offering and each of the Acquisitions, the use of the net proceeds of the Offering, the impact of the Acquisitions on PROREIT’s future financial performance, the Gross Book Value of the REIT following the closing of the Acquisitions, the Debt-to-Gross Book Value of the REIT following the closing of the Transaction, the impact of the Transaction on the REIT’s AFFO per unit and AFFO Payout Ratio, 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 favorable 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.

Neither the TSX nor its Regulation Services Provider (as that term is defined in the policies of the TSX) accepts responsibility for the adequacy or accuracy of this release.

For further information, please contact:

PRO Real Estate Investment Trust
James W. Beckerleg
President and Chief Executive Officer
514-933-9552

PRO Real Estate Investment Trust
Gordon G. Lawlor, CPA, CA
Executive Vice President and Chief Financial Officer
514-933-9552