

This prospectus supplement (the "Prospectus Supplement"), together with the short form base shelf prospectus dated July 5, 2019 to which it relates, as amended or supplemented (the "Base Shelf Prospectus"), and each document deemed to be incorporated by reference into the Base Shelf Prospectus or this Prospectus Supplement constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

The securities offered hereby have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "1933 Act"), or any state securities laws and may not be offered or sold in the United States, except pursuant to an exemption from the registration requirements of those laws. See "Plan of Distribution".

Information has been incorporated by reference in this Prospectus Supplement from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of PRO Real Estate Investment Trust at 2000 Mansfield Street, Suite 1000, Montréal, Québec, H3A 2Z6, telephone (514) 933-9552, and are also available electronically at www.sedar.com.

**PROSPECTUS SUPPLEMENT
(TO A SHORT FORM BASE SHELF PROSPECTUS DATED JULY 5, 2019)**

New Issue

August 9, 2019



PRO REAL ESTATE INVESTMENT TRUST

\$50,050,000

7,150,000 Trust Units

This Prospectus Supplement, together with the Base Shelf Prospectus, qualifies the distribution (the "Offering") of 7,150,000 trust units (the "Trust Units") of PRO Real Estate Investment Trust (the "REIT") at a price of \$7.00 per Trust Unit (the "Offering Price") pursuant to an underwriting agreement (the "Underwriting Agreement") dated August 9, 2019 between the REIT and TD Securities Inc. and Scotia Capital Inc., as joint bookrunners (the "Joint Bookrunners"), and Canaccord Genuity Corp. (collectively, the "Lead Underwriters") and BMO Nesbitt Burns Inc., CIBC World Markets Inc., National Bank Financial Inc., Haywood Securities Inc., Industrial Alliance Securities Inc., Raymond James Ltd., Laurentian Bank Securities Inc. and Leede Jones Gable Inc. (collectively with the Lead Underwriters, the "Underwriters"). The Offering Price of the Trust Units was determined by negotiation between the REIT and the Underwriters.

The REIT is an unincorporated, open-ended real estate investment trust governed by the laws of the Province of Ontario. The REIT has been established to own a portfolio of diversified commercial real estate properties in Canada, and has a focus on primary and secondary markets across Canada. The currently outstanding Trust Units are listed and posted for trading on the Toronto Stock Exchange (the "TSX") under the trading symbol "PRV.UN". The closing price of the Trust Units on the TSX on August 7, 2019, the last trading day prior to the announcement of the Offering, was \$7.30. The TSX has conditionally approved the listing of the Trust Units qualified for distribution under this Prospectus Supplement (the "Offered Units"). Listing is subject to the REIT fulfilling all of the listing requirements of the TSX.

There are risks associated with an investment in the Trust Units. See "Risk Factors" for a discussion of factors that should be considered by prospective investors and their advisors in assessing the appropriateness of an investment in the Trust Units.

Price: \$7.00 Per Trust Unit

	<u>Price to the Public</u>	<u>Underwriters' Fee⁽¹⁾</u>	<u>Net Proceeds to the REIT⁽²⁾</u>
Per Trust Unit	\$ 7.00	\$ 0.35	\$ 6.65
Total Offering ⁽³⁾	\$ 50,050,000	\$ 2,502,500	\$ 47,547,500

Notes:

- (1) Pursuant to the terms of the Underwriting Agreement, the Underwriters will receive a fee equal to \$0.35 per Trust Unit, or 5.0% of the gross proceeds of the Offering (the "Underwriters' Fee"). See "Plan of Distribution".
- (2) After deducting the Underwriters' Fee but before deducting the expenses of the Offering, which are estimated to be \$500,000.
- (3) The REIT has granted to the Underwriters an option (the "Over-Allotment Option") to purchase up to an additional 1,072,500 Trust Units at a price of \$7.00 per Trust Unit on the same terms and conditions as the Offering, exercisable in whole or in part from time to time up to 30 days following the closing of the Offering (the "Closing") for the purpose of covering the Underwriters' over-allocation position, if any, and for market stabilization purposes. If the Over-Allotment Option

is exercised in full, the total price to the public, Underwriters' Fee and net proceeds to the REIT (before deducting expenses of the Offering) will be \$57,557,500, \$2,877,875 and \$54,679,625, respectively. This Prospectus Supplement, together with the Base Shelf Prospectus, qualifies the distribution of the Over-Allotment Option and the issuance of Trust Units pursuant to the exercise of the Over-Allotment Option. See "Plan of Distribution" and the table below. A purchaser who acquires Trust Units forming part of the Underwriters' over-allocation position acquires those securities under this Prospectus Supplement regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

<u>Underwriters' Position</u>	<u>Maximum Number of Securities Available</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Over-Allotment Option	Option to acquire up to 1,072,500 Trust Units	Exercisable for a period of 30 days following the Closing	\$7.00 per Trust Unit

The Underwriters, as principals, conditionally offer the Trust Units, subject to prior sale, if, as and when issued by the REIT and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution", and subject to the approval of certain legal matters relating to the Offering on behalf of the REIT by Osler, Hoskin & Harcourt LLP, and on behalf of the Underwriters by Cassels Brock & Blackwell LLP.

TD Securities Inc., Scotia Capital Inc., CIBC World Markets Inc., National Bank Financial Inc. and BMO Nesbitt Burns Inc. are affiliates of Canadian chartered banks that are lenders to the REIT under certain revolving and non-revolving credit facilities or mortgages. A portion of the net proceeds of the Offering will be used by the REIT to repay a portion of the indebtedness owed to a Canadian chartered bank of which TD Securities Inc. is an affiliate. In addition, the REIT expects to finance a portion of the Acquisitions (as defined herein) with new mortgages of \$32.9 million and \$33.9 million with Canadian chartered banks of which TD Securities Inc. and BMO Nesbitt Burns Inc. are respectively affiliates. Specifically, the REIT expects to finance a portion of the Ottawa Office Property (as defined herein) and the Halifax Portfolio (as defined herein) with new mortgages with a Canadian chartered bank of which TD Securities Inc. is an affiliate. Consequently, the REIT may be considered a "connected issuer" of each of TD Securities Inc., Scotia Capital Inc., CIBC World Markets Inc., National Bank Financial Inc. and BMO Nesbitt Burns Inc. under applicable Canadian securities laws. See "Plan of Distribution - Relationship between the REIT and Certain of the Underwriters" and "Use of Proceeds".

Subscriptions for Trust Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that Closing will occur on August 16, 2019 or such other date as the REIT and the Underwriters may agree, but in any event, not more than 42 days after the date of this Prospectus Supplement. It is anticipated that the Trust Units will be issued in "book-entry only" form and may be represented by one or more global certificates or be represented by uncertificated securities, issued in the name of CDS Clearing and Depository Services Inc. ("CDS") or its nominee. No certificates evidencing the Trust Units will be issued to subscribers except in certain limited circumstances, and registration will be made in the depository service of CDS. Subscribers for Trust Units will receive only a customer confirmation from the Underwriters or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Trust Units is purchased.

Subject to applicable laws, the Underwriters may, in connection with the Offering, over-allot or effect transactions which stabilize or maintain the market price of the Trust Units at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution". The Underwriters propose to offer the Trust Units initially at the Offering Price. **After the Underwriters have made reasonable effort to sell all of the Trust Units at the Offering Price, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any of the Trust Units remaining unsold. Any such reduction will not affect the proceeds received by the REIT. See "Plan of Distribution".**

A return on an investment in Trust Units is not comparable to the return on an investment in a fixed income security. The recovery of an initial investment in Trust Units is at risk and the anticipated return on such investment is based on many performance assumptions. **Although the REIT intends to make distributions of a portion of its available cash to Unitholders (defined herein), these cash distributions may be reduced or suspended.** The ability of the REIT to make distributions and the actual amount distributed, if any, will depend on numerous factors, including the financial performance of the subsidiaries of the REIT, debt obligations, contractual obligations, working capital requirements, future capital requirements and risks associated with the REIT's business which include the ability of the REIT to complete acquisitions consistent with its business plan, having sufficient access to capital and on terms favourable to the REIT and other such risks. In addition, the market value of the Trust Units may decline if the REIT's cash distributions are reduced and/or suspended in the future, and that decline may be material. See "Risk Factors".

The REIT is not a trust company and is not registered under applicable legislation governing trust companies as it does not carry on or intend to carry on the business of a trust company. The REIT currently qualifies as a mutual fund trust for the purposes of the Tax Act (as defined herein) and offers and sells its Trust Units to the public. The Trust Units are not "deposits" within the meaning of the Canada Deposit Insurance Corporation Act (Canada) and are not insured under the provisions of that act or any other legislation.

Investors should be aware that the acquisition, holding or disposition of Trust Units may have tax consequences in Canada or elsewhere depending on each particular investor's specific circumstances. Investors should consult their own tax advisors with respect to such tax considerations. The after-tax return from an investment in Trust Units to Unitholders subject to Canadian income tax will depend, in part, on the composition for tax purposes of distributions paid by the REIT on Trust Units, which may be fully or partially taxable or

tax deferred. That composition may change over time, thus affecting a Unitholder's after-tax return. See "Certain Canadian Federal Income Tax Considerations" and "Risk Factors".

Investors who are not residents of Canada for tax purposes should consult their own tax advisors concerning the tax consequences to them of the Offering.

There are limits on ownership of Trust Units by non-residents of Canada, as described in the REIT's amended and restated declaration of trust made as of December 21, 2018. See "Description of the Trust and Description of the Securities - Limitation on Non-Resident Ownership" in the AIF (as defined herein).

The principal, registered and head office of the REIT is located at 2000 Mansfield Street, Suite 1000, Montréal, Québec, H3A 2Z6.

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MEANING OF CERTAIN REFERENCES

Certain terms used in this Prospectus Supplement are defined under “Glossary of Terms”. All references in this Prospectus Supplement to dollars or “\$” are to Canadian dollars. Unless otherwise indicated, the disclosure in this Prospectus Supplement assumes that the Over-Allotment Option will not be exercised. Certain tables in this Prospectus Supplement may not add due to rounding.

Unless the context otherwise requires, all references in this Prospectus Supplement to the “REIT”, “it”, “its” or similar expressions refer to PRO Real Estate Investment Trust and its subsidiary entities, including PRO REIT LP (as defined herein), collectively or individually. Similarly, references to the properties, the portfolio of properties or investments in properties or operations of the REIT apply to the REIT and its subsidiary entities, including PRO REIT LP, taken as a whole.

Notwithstanding the foregoing, for the purposes of the opinions given under the heading “Certain Canadian Federal Income Tax Considerations” and the opinion given under the heading “Eligibility for Investment”, a reference to the “REIT” is a reference to PRO Real Estate Investment Trust only and is not a reference to any of its subsidiary entities or predecessors in interest.

References to “management” in this Prospectus Supplement means the persons acting in the capacity of the REIT’s Chief Executive Officer and the REIT’s Chief Financial Officer. Any statements in this Prospectus Supplement made by or on behalf of management are made in such persons’ capacities as officers of the REIT and not in their personal capacities.

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this Prospectus Supplement, which describes the terms of the securities that the REIT is currently offering. The second part is the Base Shelf Prospectus, which gives more general information, some of which may apply to the securities that the REIT is currently offering.

You should read this Prospectus Supplement along with the Base Shelf Prospectus. You should rely only on the information contained in or incorporated by reference in this Prospectus Supplement and the Base Shelf Prospectus. The REIT and the Underwriters have not authorized any other person to provide you with additional or different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should not assume that the information provided by this Prospectus Supplement or the Base Shelf Prospectus is accurate as of any date other than the date on the front of these documents. The REIT’s business, financial condition, results of operations and accompanying prospects may have changed since those dates. The Offered Units are being offered only in jurisdictions in which offers and sales are permitted.

If the information varies between this Prospectus Supplement and the Base Shelf Prospectus, the information in this Prospectus Supplement supersedes the information in the Base Shelf Prospectus.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed to be incorporated by reference into the Base Shelf Prospectus solely for the purpose of the distribution of the Offered Units.

The following documents filed with the securities commission or similar authority in each of the provinces and territories of Canada are specifically incorporated by reference into, and form an integral part of, this Prospectus Supplement and the Base Shelf Prospectus:

- (a) the annual information form of the REIT dated March 27, 2019 for the year ended December 31, 2018 (the “**AIF**”);
- (b) the audited annual consolidated financial statements of the REIT for the year ended December 31, 2018, including the notes thereto together with the auditor’s report thereon (the “**2018 Annual Financial Statements**”);
- (c) the management’s discussion and analysis of the REIT for the year ended December 31, 2018 (the “**2018 Annual MD&A**”);
- (d) the unaudited interim consolidated financial statements of the REIT and the notes thereto for the three month period ended March 31, 2019 (the “**Q1 2019 Financial Statements**”);
- (e) the management’s discussion and analysis of results of operations and financial condition for the three month period ended March 31, 2019 (the “**Q1 2019 MD&A**”);

- (f) the management information circular of the REIT dated May 1, 2019 prepared in connection with the annual and special meeting of the unitholders of the REIT held on June 4, 2019; and
- (g) the template version of the term sheet in respect of the Offering dated August 7, 2019 (the “**Marketing Materials**”).

Any statement contained in the Base Shelf Prospectus, in this Prospectus Supplement or in a document incorporated or deemed to be incorporated by reference herein or in the Base Shelf Prospectus for the purposes of the distribution of the Offered Units will be deemed to be modified or superseded, for purposes of this Prospectus Supplement, to the extent that a statement contained herein or in the Base Shelf Prospectus or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein or in the Base Shelf Prospectus modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or included any other information set out in the document that it modifies or supersedes. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Prospectus Supplement. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

Any documents of the types referred to in the preceding paragraphs (a) through (g), material change reports (other than confidential material change reports, if any), business acquisition reports and other documents disclosing additional or updated information as may be required to be incorporated by reference herein under applicable Canadian securities laws, which are filed by the REIT with the securities regulatory authorities in any of the provinces and territories of Canada after the date of this Prospectus Supplement and prior to the termination of the Offering shall be deemed to be incorporated by reference into this Prospectus Supplement.

MARKETING MATERIALS

The Marketing Materials are not part of this Prospectus Supplement or the Base Shelf Prospectus to the extent that the contents of the Marketing Materials have been modified or superseded by a statement contained in this Prospectus Supplement or any amendment. Any “template version” of “marketing materials” (each as defined in National Instrument 41-101 – *General Prospectus Requirements*) filed with the securities commission or similar authority in each of the provinces and territories of Canada in connection with this Offering after the date hereof but prior to the termination of the distribution of the Offered Units under this Prospectus Supplement (including any amendments to, or an amended version of, the Marketing Materials) is deemed to be incorporated by reference herein and in the Base Shelf Prospectus.

NON-IFRS MEASURES

The REIT’s consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“**IFRS**”). In this Prospectus Supplement and certain documents incorporated by reference into this Prospectus Supplement and the Base Shelf Prospectus, there are references to non-IFRS measures, including but not limited to NOI, Same Property NOI, FFO, AFFO, ACFO, AFFO Payout Ratio, Gross Book Value, Debt to Gross Book Value, Adjusted EBITDA, interest coverage ratio and debt service coverage ratio. These are key performance indicators used by management to track and assess the REIT’s performance in meeting its principle objective of creating Unitholder value. These measures are not defined by IFRS and therefore should not be construed as alternatives to net income or cash flow from operating activities calculated in accordance with IFRS. Further, the key performance indicators used by management may not be comparable to similar measures presented by other real estate investment trusts or enterprises. Net income prepared in accordance with IFRS is also subject to varying degrees of judgment, and some meaningful differences in accounting policies exist between publicly traded entities in Canada. Accordingly, net income as presented by the REIT may not be comparable to net income presented by other real estate investment trusts or enterprises. For further information on the non-IFRS and operational key performance indicators used by management and for reconciliations to the nearest IFRS measures, as applicable, please refer to the 2018 Annual MD&A and Q1 2019 MD&A under “Non-IFRS and Operational Key Performance Indicators”.

NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus Supplement, and the documents incorporated by reference herein, contains forward-looking information and forward-looking statements (collectively, “**forward-looking statements**”) that reflect management’s current expectations relating to matters such as future financial performance and operating results of the REIT. Forward-looking statements are provided for the purposes of providing information about management’s current expectations and plans and allowing prospective investors and others to get a better understanding of the anticipated financial position, results of operations and operating environment of the REIT. Readers are cautioned that such information may not be appropriate for other purposes.

All statements in this Prospectus Supplement, and the documents incorporated herein by reference, other than statements of historical fact, may constitute forward-looking statements, including, but not limited to, statements concerning: the expected closing

date of the Offering and the Acquisitions; the intended use of the proceeds of the Offering; the impact of the Acquisitions on the REIT'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 Acquisition and repayment of indebtedness as described under "Use of Proceeds"; the impact of the Acquisition and indebtedness repayment on the REIT's AFFO per unit and AFFO Payout Ratio; the REIT's ability to execute its growth strategies; the REIT's distribution policy and the distributions to be paid to holders of Trust Units or holders of Class B LP Units, and the timing of any such distributions and the record dates thereof; the REIT's capital strategy and its impact on the financial performance of the REIT; the REIT's access to available sources of debt and/or equity financing; future governance practices by the REIT; future legislative and regulatory developments which may affect the REIT; the expected tax treatment of the REIT and its distributions to Unitholders; the REIT's ability to meet its stated obligations; the REIT's ability to expand its asset base, make accretive acquisitions and develop or intensify any of its properties; the REIT's ability to complete on a profitable basis its announced developments; the REIT's investment activities and capital expenditures to fund acquisitions and development activities; the REIT's fair value of its properties and fair value adjustment on investment properties; the REIT's commitments, contingencies and principal risks; the REIT's ability to qualify as a "mutual fund trust", as defined in the Tax Act (as defined below), and as a "real estate investment trust", as defined in the rules applicable to SIFT trusts and SIFT partnerships in the Tax Act; and interest rates and the future interest rate environment.

The REIT has based forward-looking statements on factors and assumptions about future events and financial trends that it believes may affect its financial condition, results of operations, business strategy and financial needs, including that the Canadian economy will remain stable over the next 12 months, that inflation will remain relatively low, that Canadian tax laws and the interpretation and enforcement thereof will remain unchanged, that conditions within the real estate market, including competition for acquisitions, will be consistent with the current climate, that the Canadian capital markets will provide the REIT with access to equity and/or debt at reasonable rates when required.

Often, but not always, forward-looking statements can be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "believe", "estimate", "plan", "can", "could", "should", "would", "outlook", "forecast", "anticipate", "aspire", "foresee", "continue", "ongoing" or the negative of these terms or variations of them or similar terminology. Forward-looking statements are based on the reasonable assumptions, estimates, analyses, beliefs and opinions of management made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable at the date that such statements are made.

By their very nature, forward-looking statements require management to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that management's assumptions, estimates, analyses, beliefs and opinions may not be correct and that the REIT's expectations and plans will not be achieved. Examples of management's beliefs, which may prove to be incorrect, include, but are not limited to, beliefs about general economic conditions, the financial position, business strategy, availability of acquisitions, budgets, capital expenditures, financial results, taxes, and plans and objectives of or involving the REIT. Particularly, statements regarding future acquisitions, developments, intensifications, distributions, results, performance, achievements, prospects or opportunities for the REIT or the real estate industry are forward-looking statements. Although the REIT believes that the forward-looking statements in this Prospectus Supplement and the documents incorporated herein by reference are based on information, assumptions and beliefs that are current, reasonable and complete, the forward-looking statements are necessarily subject to a number of factors that could cause actual results to differ materially from management's expectations and plans as set forth in such forward-looking statements. Some of the factors – many of which are beyond the REIT's control and the effects of which can be difficult to predict – include: (i) marketplace, including changes in economic conditions, the competitive environment, interest rates or tax rates; (ii) the future financial performance and operating results of the REIT; and (iii) risks and uncertainties relating to business activities, property management and development, environmental liabilities, and business disruption.

The key risks and uncertainties, and the material factors and assumptions applied in preparing forward-looking statements that could cause actual results to differ materially from predictions, forecasts, projections, expectations or conclusions are discussed under "Risk Factors" in this Prospectus Supplement, the Base Shelf Prospectus and the AIF and under "Risks and Uncertainties" in the 2018 Annual MD&A and the Q1 2019 MD&A.

The REIT cautions that the foregoing list of important factors and assumptions is not exhaustive and other factors could also adversely affect its results. Prospective investors and other readers are urged to consider the foregoing risks, uncertainties, factors and assumptions carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. Statements that include forward-looking information do not take into account the effect that transactions or non-recurring or other special items announced or occurring after the statements are made, have on the REIT's business. For example, they do not include the effect of any dispositions, acquisitions, asset write-downs or other charges announced or occurring after such statements are made. The forward-looking statements in this Prospectus Supplement are based on certain factors and assumptions as of the date hereof or the date of the relevant document incorporated herein by reference, as applicable. The REIT does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by it or on its behalf, to reflect new

information, future events or otherwise, except as is required by applicable securities laws. Additional information about these assumptions, risks and uncertainties is contained in the REIT's filings with securities regulators, including the AIF and the Financial Reports, all of which are available under the REIT's profile on SEDAR at www.sedar.com.

ELIGIBILITY FOR INVESTMENT

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to the REIT, and Cassels Brock & Blackwell LLP, counsel to the Underwriters, based on the current provisions of the Tax Act and all specific proposals to amend the Tax Act which have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**"), and subject to the provisions of any particular plan, provided the REIT qualifies at all times as a "mutual fund trust" (as defined in the Tax Act) or the Trust Units are listed on a designated stock exchange (which currently includes Tier 1 and Tier 2 of the TSX), the Trust Units will be a qualified investment for trusts governed by a registered retirement savings plan, registered retirement income fund, registered education savings plan, registered disability savings plan and tax-free savings account, each as defined in the Tax Act (collectively, "**Plans**"), and a trust governed by a deferred profit sharing plan (a "**DPSP**").

Notwithstanding the foregoing, holders, annuitants or subscribers of Plans (each a "**Controller**") will be subject to a penalty tax in respect of Trust Units held in a trust governed by a Plan if such Trust Units are a "prohibited investment" for the purposes of the Tax Act. Trust Units will generally not be a "prohibited investment" for a Plan unless the Controller of the Plan (i) does not deal at arm's length with the REIT for purposes of the Tax Act or (ii) has a "significant interest", as defined in the Tax Act, in the REIT. Generally, a Controller will not have a significant interest in the REIT unless the Controller owns interests as a beneficiary under the REIT that have a fair market value of 10% or more of the fair market value of the interests of all beneficiaries under the REIT, either alone or together with persons and partnerships with which the Controller does not deal at arm's length. In addition, the Trust Units will generally not be a "prohibited investment" if the Trust Units are "excluded property" (as defined in the Tax Act). Prospective purchasers who intend to hold their Trust Units in a Plan should consult their own tax advisors with regard to the application of these rules in their particular circumstances.

Shares of a Canadian corporation owning Subsidiary Securities received as a result of an *in specie* redemption of Trust Units by the REIT may not be qualified investments for Plans and DPSPs, which could give rise to adverse consequences to the Plan, DPSP or the beneficiary or annuitant thereunder. Accordingly, Plans and DPSPs that own Trust Units should consult with their own tax advisors before deciding to exercise the redemption rights attached to the Trust Units.

GLOSSARY OF TERMS

The following terms used in this Prospectus Supplement have the meanings set out below:

“**2018 Annual MD&A**” has the meaning given to such term under “Documents Incorporated by Reference”.

“**2018 Annual Financial Statements**” has the meaning given to such term under “Documents Incorporated by Reference”.

“**ACFO**” has the meaning given to such term in the 2018 Annual MD&A.

“**Acquisition Agreements**” has the meaning given to such term under “Recent Developments - Proposed Acquisitions - Acquisition Agreements”.

“**Acquisition Properties**” has the meaning given to such term under “Recent Developments - Proposed Acquisitions”.

“**Acquisitions**” has the meaning given to such term under “Recent Developments - Proposed Acquisitions - General”.

“**Additional Trust Units**” means the additional Trust Units, if any, issued pursuant to the Over-Allotment Option.

“**Adjustments**” has the meaning given to such term under “Consolidated Capitalization”.

“**AFFO**” has the meaning given to such term in the 2018 Annual MD&A.

“**AFFO Payout Ratio**” has the meaning given to such term in the 2018 Annual MD&A.

“**AIF**” has the meaning given to such term under “Documents Incorporated by Reference”.

“**Base Shelf Prospectus**” has the meaning given to that term on the face page of this Prospectus Supplement.

“**Board**” or “**Board of Trustees**” means the board of Trustees of the REIT.

“**CDS**” means CDS Clearing and Depository Services Inc.

“**Class B LP Units**” means the Class B limited partnership units in the capital of PRO REIT LP as described in “Description of PROREIT LP – General” and “Description of PROREIT LP – Partnership Units” in the AIF, and “**Class B LP Unit**” means any one of the foregoing.

“**Consolidation**” means the consolidation of the Trust Units completed on May 6, 2019 by the REIT on the basis of one post-consolidation Trust Unit for three pre-consolidation Trust Units and concurrent consolidation on the basis of the same consolidation ratio of the Class B LP Units.

“**CRA**” means the Canada Revenue Agency.

“**Credit Facilities**” has the meaning given to such term under “Recent Developments - Deleveraging and Funding of Future Acquisitions”.

“**Debt to Gross Book Value**” has the meaning given to such term in the 2018 Annual MD&A.

“**Declaration of Trust**” means the declaration of trust of the REIT made as of February 7, 2013, as amended and restated on December 21, 2018 and as it may be further amended, supplemented or amended and restated from time to time.

“**Deferred Units**” means deferred units under the LTIP.

“**DRIP**” means the distribution reinvestment plan of the REIT.

“**FFO**” has the meaning given to such term in the 2018 Annual MD&A.

“**Financial Reports**” means, collectively, the 2018 Annual Financial Statements, 2018 Annual MD&A, Q1 2019 Financial Statements and Q1 2019 MD&A.

“**First Acquisition Agreement**” has the meaning given to such term under “Recent Developments - Proposed Acquisitions - Acquisition Agreements”.

“**GLA**” means gross leasable area.

“**Gross Book Value**” has the meaning given to such term in the 2018 Annual MD&A.

“**Halifax Portfolio**” has the meaning given to such term under “Recent Developments - Proposed Acquisitions - General”.

“**IFRS**” has the meaning given to such term under “Non-IFRS Measures”.

“**Joint Bookrunners**” has the meaning given to that term on the face page of this Prospectus Supplement.

“**Lead Underwriters**” has the meaning given to that term on the face page of this Prospectus Supplement.

“**LTIP**” means the long term incentive plan of the REIT adopted by the Trustees.

“**Marketing Materials**” has the meaning given to such term under “Documents Incorporated by Reference”.

“**NOI**” has the meaning given to such term in the 2018 Annual MD&A.

“**Offered Units**” has the meaning given to that term on the face page of this Prospectus Supplement.

“**Offering**” has the meaning given to that term on the face page of this Prospectus Supplement.

“**Ottawa Industrial Mixed-Use Property**” has the meaning given to such term under “Recent Developments - Proposed Acquisitions - General”.

“**Ottawa Office Property**” has the meaning given to such term under “Recent Developments - Proposed Acquisitions - General”.

“**Ottawa Properties**” has the meaning given to such term under “Recent Developments - Proposed Acquisitions - General”.

“**Over-Allotment Option**” has the meaning given to that term on the face page of this Prospectus Supplement.

“**Person**” means an individual, firm, trust, trustee, syndicate, corporation, partnership, limited partnership, association, government, governmental agency or other entity.

“**PRO REIT GP**” means PRO REIT GP Inc., a wholly-owned Subsidiary of the REIT incorporated under the laws of Canada.

“**PRO REIT LP**” means PRO REIT Limited Partnership, a limited partnership formed under the laws of the Province of Québec pursuant to the PRO REIT LP Agreement.

“**PRO REIT LP Agreement**” means the amended and restated limited partnership agreement of PRO REIT LP dated December 21, 2018, between PRO REIT GP, as general partner, the REIT, as limited partner, and each Person who is admitted to the partnership as a limited partner in accordance with the terms of the agreement, as the same may be amended and/or restated from time to time.

“**Prospectus Supplement**” means this prospectus supplement, as indicated on the face page of this prospectus supplement.

“**Q1 2019 Financial Statements**” has the meaning given to such term under “Documents Incorporated by Reference”.

“**Q1 2019 MD&A**” has the meaning given to such term under “Documents Incorporated by Reference”.

“**REIT**” means PRO Real Estate Investment Trust and references in this Prospectus Supplement to the “REIT” should be interpreted as described under “Meaning of Certain References”.

“**REIT Exception**” means the exclusion from the definition of “SIFT trust” in the Tax Act, for a trust qualifying as a “real estate investment trust” as defined in subsection 122.1(1) of the Tax Act.

“**Restricted Units**” means restricted units under the LTIP.

“**Same Property NOI**” has the meaning given to such term in the 2018 Annual MD&A.

“**Second Acquisition Agreement**” has the meaning given to such term under “Recent Developments - Proposed Acquisitions - Acquisition Agreements”.

“**SIFT**” means “specified investment flow-through trust” or “specified investment flow-through partnership”, as the case may be, within the meaning of the SIFT Rules.

“**SIFT Rules**” means the rules applicable to “SIFT trusts” and “SIFT partnerships” (each as defined in the Tax Act) in the Tax Act as described under “Certain Canadian Federal Income Tax Considerations - Status of the REIT - SIFT Rules”.

“**Special Voting Unit**” means a special voting unit in the capital of the REIT.

“**Subsidiary**” means, with respect to any person, company, partnership, limited partnership, trust or other entity, any company, partnership, limited partnership, trust or other entity controlled, directly or indirectly, by such person, company, partnership, limited partnership, trust or other entity, and without limiting the generality of the foregoing, includes in respect of the REIT, PRO REIT LP and any partnership of which PRO REIT LP is, directly or indirectly, a member.

“**Subsidiary Securities**” means notes or other securities of PRO REIT LP or such other notes or securities of a Subsidiary of PRO REIT LP as the Trustees designate as such from time to time.

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, as amended.

“**Tax Proposals**” has the meaning given to such term under “Eligibility for Investment”.

“**Third Acquisition Agreement**” has the meaning given to such term under “Recent Developments - Proposed Acquisitions - Acquisition Agreements”.

“**Transfer Agent**” means TSX Trust Company, in its capacity as registrar and transfer agent of the Trust Units, at its principal office in Toronto, Ontario.

“**Trust Units**” means trust units in the capital of the REIT, and specifically excludes Special Voting Units.

“**Trustees**” means the trustees from time to time of the REIT.

“**TSX**” means the Toronto Stock Exchange.

“**TSXV**” means the TSX Venture Exchange.

“**Underwriters**” has the meaning given to such term on the cover page of this Prospectus Supplement.

“**Underwriters’ Fee**” has the meaning given to such term on the cover page of this Prospectus Supplement.

“**Underwriting Agreement**” has the meaning given to that term on the face page of this Prospectus Supplement.

“**Unitholder**” means a holder of Trust Units, and any reference to a Unitholder in the context of such Unitholder’s right to vote at a meeting of Unitholders also includes a holder of Special Voting Units.

BUSINESS OF THE REIT

The REIT is an unincorporated, open-ended real estate investment trust established by the Declaration of Trust and governed by the laws of the Province of Ontario. The REIT is a “mutual fund trust” as defined in the Tax Act, but is not a “mutual fund” within the meaning of applicable Canadian securities legislation. The principal, registered and head office of the REIT is located at 2000 Mansfield Street, Suite 1000, Montréal, Québec, H3A 2Z6. A copy of the Declaration of Trust is available under the REIT’s profile on SEDAR at www.sedar.com.

The REIT owns a diversified portfolio of commercial properties across Canada. Established in March 2013, the REIT is mainly focused on strong primary and secondary markets in Québec, Atlantic Canada and Ontario, with selective exposure in Western Canada. The REIT’s markets consist of stable economies, which exhibit strong real estate fundamentals. Many of the target markets comprise fragmented ownership and management believes that commercial real estate in these markets represents compelling valuations relative to similar properties in other Canadian geographies. As of August 9, 2019, the REIT owned 84 commercial properties comprising approximately 3.7 million square feet of GLA. The REIT grew its portfolio of properties from \$6.1 million in early 2013 to \$517 million at March 31, 2019.

The REIT is led by an experienced senior management team. The management team has, in aggregate, over 50 years of experience in acquiring, managing and financing Canadian real estate, totaling approximately \$4.2 billion of commercial real estate transactions. The REIT’s management team has an extensive network of relationships and contacts in the Canadian real estate industry, with particular experience within the REIT’s target markets, which management believes assists in the REIT’s growth.

In aggregate, the REIT’s executive officers and Trustees have over 100 years of operating, acquisitions, and financing experience in the Canadian real estate industry. They have extensive relationships with a broad network of real estate industry owners and service professionals across Canada, and expect to leverage these relationships to source accretive high-quality acquisitions.

The objectives of the REIT are to: (i) provide holders of Trust Units with stable and growing cash distributions from investments in real estate properties in Canada on a tax efficient basis; (ii) expand the asset base of the REIT and enhance the value of the REIT’s assets to maximize long-term unit value; and (iii) increase the REIT’s net operating income and adjusted funds from operations per Trust Unit, through internal growth strategies and accretive acquisitions.

The REIT intends to grow and diversify its portfolio in order to increase its stability and to reduce its exposure to any particular property, location, tenant or industry. The REIT seeks to identify potential acquisitions using investment criteria that focus on the security of cash flow, potential for increased rents, potential for capital appreciation, potential for operating efficiencies and ability to finance on attractive terms. The REIT’s acquisition strategy is dynamic, and is intended to enable the REIT to adapt to changes in the economy, the real estate industry and capital markets conditions. The REIT seeks to identify undervalued opportunities in all market cycles in the commercial real estate industry.

Pursuant to the Acquisitions, the REIT intends to acquire the seven Acquisition Properties, which are located in Ontario and Nova Scotia and represent an aggregate of 696,000 square feet of GLA. The Acquisitions will be financed from new mortgages and a portion of the net proceeds of the Offering. Upon closing of the Acquisitions, the REIT’s portfolio will be comprised of 91 properties with approximately 4.4 million square feet of GLA. See “Recent Developments - Proposed Acquisitions” and “Risk Factors - Risks Related to the Acquisitions and the Offering”.

RECENT DEVELOPMENTS

There have been no material developments in the business of the REIT since March 27, 2019, the date of the REIT’s AIF, which have not been disclosed in this Prospectus Supplement or the documents incorporated by reference herein.

Proposed Acquisitions

General

The REIT announced on August 7, 2019 its proposed acquisition of an office property, an industrial mixed-used property and five industrial properties for an aggregate purchase price of approximately \$97.8 million (excluding closing costs) (the “**Acquisition Properties**”, and each Acquisition Property individually an “**Acquisition**” and collectively the “**Acquisitions**”), representing an implied weighted average capitalization rate of 6.7% (approximately \$140 per square foot).

The seven Acquisition Properties represent an aggregate of approximately 696,000 square feet of GLA, comprised of an office property (the “**Ottawa Office Property**”) and an industrial mixed-use property (the “**Ottawa Industrial Mixed-Use Property**” and,

collectively with the Ottawa Office Property, the “**Ottawa Properties**”) in greater Ottawa, Ontario (338,000 square feet of GLA) and five light industrial properties in Halifax, Nova Scotia (358,000 square feet of GLA) (the “**Halifax 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. See “Non-IFRS Measures”.

The addition of the Ottawa Properties will improve portfolio balance by increasing the REIT’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 64.2% of total GLA and 45.7% of total base rent upon closing of the Acquisitions.

The completion of the Acquisitions on the terms proposed, combined with the Offering and the use of the net proceeds as described under “Recent Developments - Deleveraging and Funding of Future Acquisitions” and “Use of Proceeds”, is expected to be accretive to AFFO per unit and to reduce the REIT’s AFFO Payout Ratio. See “Non-IFRS Measures”.

The following table summarizes the pro forma portfolio of the REIT following the completion of the Acquisitions:

<u>Province</u>	<u>Base Rent %</u>	<u>GLA %</u>	<u>Asset Class</u>	<u>Base Rent %</u>	<u>GLA %</u>
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%

Ottawa Properties

The Ottawa Properties consist of the Ottawa Office Property and the Ottawa Industrial Mixed-Use Property, located in greater Ottawa, Ontario. The Ottawa Properties represent a complementary expansion of the REIT’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 Ottawa Office Property 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 decade (source: Cushman & Wakefield MarketBeat Office Q2 2019) 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 Ottawa Industrial Mixed-Use Property is 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 tech Kanata neighborhood of Ottawa. The Ottawa Industrial Mixed-Use Property houses an outstanding group of tenants who operate in the fields of material sciences, defense, communications and medical technology. The Ottawa Industrial Mixed-Use 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 years (source: Avison Young 2019 Forecast). Technology employers in the neighborhood include Cisco, Ericsson, HP, Lockheed Martin, Honeywell, Microsoft, and Apple. The Ottawa Industrial Mixed-Use 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 Ottawa Properties are 100% leased to a diverse roster of exceptional private sector tenants with a weighted average lease term of 6.6 years.

Halifax Portfolio

The Halifax Portfolio consists of five light industrial properties located in Halifax, Nova Scotia. The properties are 93.0% occupied with a weighted average lease term of 4.1 years, and offer clear heights of between 18 and 24 feet.

The acquisition of the Halifax Portfolio provides the REIT 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 city (source: CBRE 2019 Canada Market Outlook). The REIT's management team has significant prior experience of owning and managing properties in this location.

Funding Sources

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

Acquisition Agreements

The REIT has entered into conditional purchase agreements in respect of the Acquisition Properties with three separate vendors. Under the terms of the Acquisition Agreements (as defined herein), the Acquisitions are subject to customary due diligence and closing conditions, including with respect to financing and regulatory approvals. Neither of the Acquisition Agreements for the Acquisitions are conditional on the other. The Acquisition Agreements contain representations and warranties typical of those contained in acquisition agreements negotiated between sophisticated purchasers and vendors acting at arm's length. If for whatever reason certain of the conditions to the closing of the Acquisitions are not satisfied and are not waived or the REIT is not satisfied with the due diligence on the Acquisitions, the REIT may choose to not complete one or more of the Acquisitions. Below is a description of the properties subject to the Acquisition Agreements.

The first acquisition agreement (the "**First Acquisition Agreement**") provides that the REIT will acquire a 100% freehold interest in the Ottawa Office Property for an aggregate purchase price of approximately \$21.15 million (excluding closing costs), which is expected to be satisfied by (i) approximately \$13.25 million aggregate principal amount of new mortgage financing, and (ii) a cash payment of \$7.90 million.

The second acquisition agreement (the "**Second Acquisition Agreement**") provides that the REIT will acquire a 100% interest in the Ottawa Industrial Mixed-Use Property for an aggregate purchase price of approximately \$48.50 million (excluding closing costs), which is expected to be satisfied by (i) approximately \$33.95 million aggregate principal amount of new mortgage financing, and (ii) a cash payment of \$14.55 million.

The third acquisition agreement (the "**Third Acquisition Agreement**", and together with the First Acquisition Agreement and the Second Acquisition Agreement, the "**Acquisition Agreements**") provides that the REIT will acquire a 100% interest in the Halifax Portfolio for a purchase price of \$28.10 million (excluding closing costs), which is expected to be satisfied by (i) approximately \$19.68 million aggregate principal amount of new mortgage financing, and (ii) a cash payment of \$8.42 million.

Deleveraging and Funding of Future Acquisitions

The REIT intends to use approximately \$13.0 million of the net proceeds of the Offering to repay amounts outstanding under the REIT's Credit Facilities (as defined herein), which may be subsequently redrawn and applied as needed to fund future acquisitions and for general trust purposes. The Credit Facilities have been used by the REIT primarily for general operating purposes, including to finance previous acquisitions and for working capital requirements. The Credit Facilities include (i) a revolving credit facility with a Canadian chartered bank of which TD Securities Inc. is an affiliate which bears interest at prime plus 150 basis points or bankers' acceptance rate plus 250 basis points, which is secured by a pool of first and second mortgages on certain of the properties of the REIT and under which approximately \$30.0 million is owed, and (ii) a term loan with a third party lender that is used by the REIT as an operating facility and under which approximately \$12.0 million is owed (collectively, the "**Credit Facilities**"). The Credit Facility that is a term loan bears interest at a rate equal to the greater of 7.95% and the lender's prime rate plus 4.50% per annum and is secured by a pool of second and third charges on certain properties of the REIT. The REIT intends to use approximately \$3.0 million of the net proceeds of the Offering to repay a portion of the amounts currently outstanding under the revolving Credit Facility with the Canadian chartered bank that is an affiliate of TD Securities Inc. and approximately \$10.0 million to repay a portion of the amounts currently outstanding under the other Credit Facility.

Consistent with its past practices and in the normal course of business, the REIT will primarily use its available liquidity for general trust purposes, to reduce the REIT's Debt to Gross Book Value and net asset value enhancing activities, including redevelopment/development opportunities and future acquisitions that are accretive to the REIT's AFFO per unit.

USE OF PROCEEDS

The estimated net proceeds to the REIT from the Offering, after deducting the Underwriters' Fee of approximately \$2,502,500 and the expenses of the Offering estimated to be approximately \$500,000, will be approximately \$47,047,500.

The net proceeds from the Offering are expected to be used by the REIT as follows:

- (a) approximately \$7.90 million to partially fund the purchase of the Acquisition Property subject to the First Acquisition Agreement, together with \$13.25 million of new mortgages, as described under "Recent Developments - Proposed Acquisitions";
- (b) approximately \$14.55 million to partially fund the purchase of the Acquisition Property subject to the Second Acquisition Agreement, together with \$33.95 million of new mortgages, as described under "Recent Developments - Proposed Acquisitions";
- (c) approximately \$8.42 million to partially fund the purchase of the Acquisition Properties subject to the Third Acquisition Agreement, together with \$19.68 million of new mortgages, as described under "Recent Developments - Proposed Acquisitions";
- (d) approximately \$13.0 million to repay a portion of the amounts outstanding under the Credit Facilities, as described under "Recent Developments - Deleveraging and Funding of Future Acquisitions", which may be subsequently redrawn;
- (e) approximately \$3.2 million for real estate transaction costs expected to be incurred in connection with the Acquisitions, primarily comprised of land transfer and other taxes, acquisition fees, insurance, brokerage commissions, legal fees and third party consultant fees; and
- (f) the balance, if any, to fund future acquisitions and for general trust purposes in accordance with the REIT's investment guidelines and operating policies.

If the Underwriters exercise the Over-Allotment Option in full, the estimated net proceeds to the REIT from the Offering, after deducting the Underwriters' Fee of approximately \$2,877,875 and the expenses of the Offering estimated to be approximately \$500,000, will be approximately \$54,179,625. The REIT intends to use any additional funds or any proceeds that remain in the event that one or more of the Acquisitions is not completed to fund future acquisitions and for general trust purposes in accordance with its investment guidelines and operating policies. The REIT intends to spend the funds available to the REIT as stated in this Prospectus Supplement; however, there may be circumstances where, for sound business reasons, a reallocation of funds may be deemed prudent or necessary. See "Risk Factors".

Following the closing of the Offering, the Acquisitions, and the use of proceeds described above, the REIT estimates that its ratio of Debt to Gross Book Value will decline to approximately 57.5%. See "Non-IFRS Measures".

DISTRIBUTION POLICY

The following outlines the distribution policy that has been adopted by the REIT. Determinations as to the amounts actually distributable will be made in the sole discretion of the Trustees.

Distribution Policy

The Board of Trustees adopted a distribution policy pursuant to which the REIT makes monthly cash distributions to Unitholders and holders of Class B LP Units (subject to an election by Unitholder to utilize the DRIP described below) currently equal to \$0.0525 per Trust Unit or Class B LP Unit, as applicable, representing \$0.63 per unit on an annualized basis.

Management of the REIT believes that the distributions of \$0.63 per Trust Unit or Class B LP Unit, as applicable, on an annualized basis, initially set by the REIT allows the REIT to meet its internal funding needs, while being able to eventually support stable growth in cash distributions. However, subject to compliance with the Declaration of Trust, the actual annual distributions and related payout ratio will be determined by the Trustees in their discretion. Pursuant to the Declaration of Trust, the Trustees have full discretion respecting the timing and amounts of distributions including the adoption, amendment or revocation of any distribution policy. It is the REIT's current intention to make distributions to Unitholders at least equal to the amount of net income and net realized capital gains of the REIT as is necessary to ensure that the REIT will not be liable for ordinary income taxes on such income. Any increase or reductions in the percentage of AFFO to be distributed to Unitholders will result in a corresponding increase or decrease in distributions

on Class B LP Units. Cash distributions are not assured. See “Risk Factors - Risks Relating to the Trust Units - Cash Distributions Are Not Guaranteed”.

Unitholders of record as at the close of business on the last business day of the month preceding the date of distribution will have an entitlement on and after that day to receive distributions in respect of that month on such date of distribution. Distributions may be adjusted for amounts paid in prior periods if the actual AFFO for the prior periods is greater than or less than the estimates for the prior periods. Under the Declaration of Trust and pursuant to the distribution policy of the REIT, where the REIT’s cash is not sufficient to make payment of the full amount of a distribution, such payment will, to the extent necessary, be distributed in the form of additional Trust Units.

Distribution History

From the completion of the REIT’s public offering on November 18, 2013 to the date of this Prospectus Supplement, the REIT paid monthly distributions of \$0.0525 per Trust Unit (on a post-Consolidation basis) to Unitholders, except for the first distribution which represented the stub period of November 26, 2013 to December 31, 2013 and accordingly consisted of a distribution to Unitholders in the amount of \$0.0594 per Trust Unit (on a post-Consolidation basis). The REIT intends to make subsequent monthly distributions in the estimated amount of \$0.0525 per Trust Unit.

PRO REIT LP is the primary source of cash flow to fund distributions to Unitholders. PRO REIT LP retained the discretion to make unequal distributions to account for expenses incurred or income earned by the REIT so that distributions to be made to holders of Class B LP Units will be economically equivalent, to the greatest extent possible, to the distributions that a holder of Class B LP Units would have received if it was holding Trust Units instead of Class B LP Units.

Distribution Reinvestment Plan

The REIT has implemented the DRIP pursuant to which Unitholders and holders of Class B LP Units may elect to have all cash distributions of the REIT and PRO REIT LP automatically reinvested in additional Trust Units at a price per Trust Unit calculated by reference to the weighted average price of the Trust Units on the TSX for the five trading days immediately preceding the relevant date of distribution. At the discretion of the REIT, Unitholders and holders of Class B LP Units who so elect will receive a further distribution of Trust Units equal in value to 3% of each distribution that was reinvested by such Unitholder. No brokerage commission is payable in connection with the purchase of Trust Units under the DRIP and all administrative costs are borne by the REIT. Cash undistributed by the REIT upon the issuance of additional Trust Units under the DRIP will be invested in the REIT to be used for future property acquisitions, capital improvements and working capital. Unitholders resident outside of Canada are not entitled to participate in the DRIP. Upon ceasing to be a resident of Canada, a Unitholder must terminate the Unitholder’s participation in the DRIP.

Distributions Compared to Cash Flows

The following table compares cash flows provided from operating activities to total distributions paid or payable, for the years ended December 31, 2018 and 2017 and the three months ended March 31, 2019 and 2018. The table should be read in conjunction with the Financial Reports.

<i>(CAD \$ thousands)</i>	3 Months Ended March 31, 2019 (unaudited)	3 Months Ended March 31, 2018 (unaudited)	Year Ended December 31, 2018	Year Ended December 31, 2017
Cash flow provided from operating activities	\$4,541	\$2,677	\$13,885	\$9,053
Total distributions paid or payable – Trust Units ⁽¹⁾⁽²⁾	4,516	3,518	15,406	10,517
Excess (Shortfall) of cash flow from operating activities over distributions paid or payable	\$25	\$(841)	\$(1,521)	\$(1,464)

(1) Excludes distributions paid or payable on Class B LP Units as cash flow provided from operating activities has been reduced by such amount.

(2) Includes the amount of distributions on Trust Units paid or payable by the issuance of Trust Units under the DRIP.

The following table reconciles ACFO to cash flows from operating activities, for the years ended December 31, 2018 and 2017 and the three months ended March 31, 2019 and 2018. The table should be read in conjunction with the Financial Reports.

<i>(CAD \$ thousands)</i>	3 Months Ended March 31, 2019 (unaudited)	3 Months Ended March 31, 2018 (unaudited)	Year Ended December 31 2018	Year Ended December 31 2017
Cash flow provided from operating activities	\$4,541	\$2,677	\$13,885	\$9,053
Add (deduct):				
Change in non-cash working capital balances not indicative of sustainable cash flows	-	74	(360)	1,073
Stabilized leasing costs	(66)	(66)	(264)	(204)
Amortization of deferred financing costs	(201)	(166)	(722)	(714)
Adjusted Cashflow from Operations (ACFO) ⁽¹⁾	\$4,274	\$2,519	\$12,539	\$9,208

(1) Non-IFRS measure. See “Non-IFRS Measures”.

The following table compares ACFO to distributions paid on payable, for the years ended December 31, 2018 and 2017 and the three months ended March 31, 2019 and 2018. The table should be read in conjunction with the Financial Reports.

<i>(CAD \$ thousands)</i>	3 Months Ended March 31, 2019 (unaudited)	3 Months Ended March 31, 2018 (unaudited)	Year Ended December 31 2018	Year Ended December 31 2017
Adjusted Cashflow from Operations (ACFO) ⁽¹⁾	\$4,274	\$2,519	\$12,539	\$9,208
Total distributions paid or payable – Trust Units ⁽²⁾⁽³⁾	4,516	3,518	15,406	10,517
Excess (Shortfall) of ACFO over distributions paid or payable	\$(242)	\$(999)	\$(2,867)	\$(1,309)

(1) Non-IFRS measure. See “Non-IFRS Measures”.

(2) Excludes distributions paid or payable on Class B LP Units as the ACFO has been reduced by such amount.

(3) Includes the amount of distributions on Trust Units paid or payable by the issuance of Trust Units under the DRIP.

CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the REIT as at March 31, 2019 and the pro forma consolidated capitalization of the REIT as at March 31, 2019 after giving effect to (i) the Offering (assuming no exercise of the Over-Allotment Option), (ii) the Acquisitions (and the respective financings thereof), and (iii) the expected use of proceeds of the Offering as discussed under “Use of Proceeds” (collectively, the “Adjustments”). The table should be read in conjunction with the financial statements and notes thereto incorporated by reference in this Prospectus Supplement.

	As at March 31, 2019 ⁽¹⁾	As at March 31, 2019, after giving effect to the Adjustments ⁽²⁾
	(\$000s – except Trust Units)	(\$000s – except Trust Units)
Indebtedness		
Long-term debt ⁽³⁾	\$ 273,680	\$ 330,680 ⁽⁴⁾
Class B LP Units	\$ 18,688	\$ 18,688
Credit facility ⁽⁵⁾	\$ 29,400	\$ 26,400 ⁽⁶⁾
Total indebtedness	\$ 321,768	\$ 375,768
Unitholders’ equity	\$ 180,557	\$ 227,605⁽¹⁾
Number of outstanding Trust Units⁽⁷⁾ ..	28,726,903	35,876,903

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- (1) On a non-diluted basis.
 - (2) Adjusted to give effect to the Adjustments, including the receipt of the net proceeds of this Offering (assuming the Underwriters' Fee of \$2,502,500 and expenses of the Offering of approximately \$500,000 and assuming no exercise of the Over-Allotment Option).
 - (3) Includes the Credit Facility that is a term loan, as described under "Recent Developments - Deleveraging and Funding of Future Acquisitions".
 - (4) The Adjustments include (i) approximately \$67.0 million of mortgages for the acquisition of the Acquisition Properties, and (ii) approximately \$10.0 million of repayment under the Credit Facility that is a term loan, as discussed under "Use of Proceeds".
 - (5) Being the Credit Facility that is a revolving credit facility, as described under "Recent Developments - Deleveraging and Funding of Future Acquisitions".
 - (6) The Adjustments include a repayment of \$3.0 million as discussed under "Use of Proceeds" and "Recent Developments - Deleveraging and Funding of Future Acquisitions".
 - (7) The number of outstanding Trust Units is presented on a post-Consolidation basis and does not include the Trust Units issued under the DRIP since March 31, 2019.

PRIOR SALES

During the 12-month period before the date of this Prospectus Supplement, the REIT has completed the following distributions of Trust Units and securities that are convertible into, exchangeable for or settle in Trust Units:

- (a) on August 14, 2018, the REIT issued 995,150 Class B LP Units (on a pre-Consolidation basis) at a price of \$2.30 per unit (on a pre-Consolidation basis) in connection with the acquisition of a portfolio of four properties located in Québec, respectively located at 7995 Henri-Bourassa Boulevard East, Montreal, Quebec, 875 King Street East, Sherbrooke, Quebec, 123 Laurier Boulevard, Laurier-Station, Quebec, and 800 Taniata Avenue, Lévis, Quebec;
- (b) on September 28, 2018, the REIT completed a public offering of 17,365,000 Trust Units (on a pre-Consolidation basis) issued at a price of \$2.32 per unit (on a pre-Consolidation basis), for total gross proceeds of approximately \$40.3 million, including the Trust Units issued as a result of the exercise by the syndicate of underwriters of its over-allotment option in full;
- (c) the REIT has a LTIP pursuant to which it grants Deferred Units and Restricted Units to its Trustees, senior officers and employees. Trust Units are issued to participants under the LTIP upon the settlement of Deferred Units and Restricted Units issued thereunder in accordance with the terms of the LTIP. During the 12-month period before the date of this Prospectus Supplement, the REIT has issued, on a post-Consolidation basis, 88,175 Deferred Units and 104,784 Restricted Units pursuant to the LTIP, which were all issued at a deemed price of \$6.90 per unit (on a post-Consolidation basis). No Trust Units were issued under the LTIP during such period, and additional Deferred Units and Restricted Units are issued to their holders in accordance with the terms of the LTIP to reflect distributions paid by the REIT on its Trust Units; and
- (d) the REIT also has a DRIP under which Unitholders can choose to automatically reinvest their cash distributions in additional Trust Units. During the 12-month period before the date of this Prospectus Supplement, a total of 307,669 Trust Units (on a post-Consolidation basis) were issued or issuable under the DRIP.

TRADING PRICE AND VOLUME

The outstanding Trust Units are since May 7, 2019 listed on the TSX and were previously listed on the TSXV, under the symbol “PRV.UN”. The following table sets forth, for the periods indicated, the reported high and low prices and the aggregate volume of trading of the Trust Units on the TSX and the TSXV. The information is presented on a post-Consolidation basis.

Period	High (\$)	Low (\$)	Trading Volume
August 2019 (until August 8, 2019).....	7.32	6.80	806,614
July 2019.....	7.30	7.11	919,425
June 2019.....	7.28	7.00	853,308
May 2019.....	7.21	6.50	1,144,540
April 2019.....	6.96	6.87	560,060
March 2019.....	6.96	6.72	664,542
February 2019.....	6.93	6.54	823,794
January 2019.....	6.69	5.73	886,661
December 2018.....	6.24	5.40	1,154,548
November 2018.....	6.84	5.97	898,672
October 2018.....	6.90	6.60	797,275
September 2018.....	7.35	6.75	1,429,192
August 2018.....	7.35	6.90	752,161

DESCRIPTION OF TRUST UNITS

The Offering consists of 7,150,000 Trust Units (in addition to up to 1,072,500 additional Trust Units in the event the Over-Allotment Option is exercised in full).

See the section entitled “Description of the Trust and Description of the Securities” in the AIF for a description of the terms and provisions of the Trust Units. As at August 9, 2019, there were 28,935,918 Trust Units issued and outstanding and 2,585,462 Class B LP Units issued and outstanding (as well as 2,585,462 Special Voting Units accompanying the Class B LP Units).

PLAN OF DISTRIBUTION

General

Subject to the terms and conditions contained in the Underwriting Agreement, the REIT has agreed to issue and sell, and the Underwriters have agreed to purchase, on August 16, 2019 or on such other date as the REIT and the Underwriters may agree, but in any event, not more than 42 days after the date of this Prospectus Supplement, an aggregate of 7,150,000 Trust Units at the Offering Price, payable in cash to the REIT against delivery of such Trust Units, for gross proceeds to the REIT of \$50,050,000.

The obligations of the Underwriters under the Underwriting Agreement are conditional and may be terminated at their discretion upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Trust Units if any of the Trust Units are purchased under the Underwriting Agreement. The obligations of the Underwriters to purchase the Trust Units are several (and not joint or joint and several). The terms of the Offering and the prices of the Trust Units have been determined by negotiation between the REIT and the Underwriters.

The Underwriting Agreement provides that the REIT will pay, subject to the exclusions below, on the Closing, the Underwriters’ Fee of \$0.35 per Trust Unit, or 5.0% of the gross proceeds of the Offering. The aggregate Underwriters’ Fee payable to the Underwriters by the REIT in consideration for their services in connection with the Offering is expected to be \$2,502,500. Subscriptions for Trust Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

The REIT has granted to the Underwriters the Over-Allotment Option, exercisable in whole or in part from time to time for a period of 30 days from the date of the Closing, to purchase up to 1,072,500 Additional Trust Units at a price of \$7.00 per Additional Trust Unit, to cover over-allotments, if any, and for market stabilization purposes. This Prospectus Supplement, together with the Base Shelf Prospectus, qualifies the distribution of the Over-Allotment Option and any Additional Trust Units. A purchaser who acquires securities forming part of the Underwriters’ over allocation position acquires those securities under this Prospectus Supplement, regardless of whether the position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. If the Underwriters exercise the Over-Allotment Option in full, the total price to the public relating to the Offering, the Underwriters’ Fee and

the net proceeds to the REIT before deducting the expenses of the Offering will be \$57,557,500, \$2,877,875 and \$54,679,625, respectively.

The TSX has conditionally approved the listing of the Trust Units distributed under this Prospectus Supplement. Listing is subject to the REIT fulfilling all of the listing requirements of the TSX.

Under the Underwriting Agreement, the REIT has agreed to indemnify and hold harmless the Underwriters and their respective affiliates, subsidiaries and each of their respective officers, directors, employees, agents and shareholders against certain liabilities, including civil liabilities under Canadian securities legislation, and to contribute to payments the Underwriters may be required to make in respect thereof.

The Offering is being made in each of the provinces and territories of Canada. The Trust Units have not been and will not be registered under the U.S. Securities Act or any state securities laws and may not be offered or sold within the United States unless pursuant to an exemption to the registration requirements of such laws. Accordingly, each Underwriter has agreed that it will not offer, sell or deliver the Trust Units within the United States except in certain transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. In addition, until 40 days after the commencement of this Offering, any offer or sale of the Trust Units offered hereby within the United States by any dealer (whether or not participating in this Offering) may violate the registration requirements of the U.S. Securities Act unless made pursuant to an exemption from such registration requirements.

The Underwriters propose to offer the Trust Units to the public initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Trust Units at the Offering Price, the offering price for the Trust Units may be decreased and may be further changed from time to time to amounts not greater than the Offering Price, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers of the Trust Units is less than the amount paid by the Underwriters to the REIT. Any such reduction will not affect the proceeds received by the REIT.

The REIT has agreed not to issue any Trust Units or securities of the REIT convertible or exercisable or exchangeable into Trust Units (other than as consideration, or partial consideration, payable to the vendor(s) in connection with the acquisition of real property, for purposes of trustees', officers' or employee compensation plans, to satisfy existing convertible securities of the REIT outstanding as at August 7, 2019, pursuant to the DRIP or pursuant to rights issued under the REIT's existing unitholder rights plan or announce any intention to do so, until 90 days after the Closing Date without the prior consent of the Joint Bookrunners, such consent not to be unreasonably withheld.

Price Stabilization

Pursuant to policy statements of certain regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase Trust Units. The foregoing restriction is subject to exceptions, on the condition that the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, Trust Units. These exceptions include a bid or purchase permitted under the bylaws and rules of the TSX relating to market stabilization and passive market-making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Under the first-mentioned exception, in connection with the Offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Trust Units at levels other than those which might otherwise prevail in the open market. Those transactions, if commenced, may be discontinued at any time.

Relationship between the REIT and Certain of the Underwriters

TD Securities Inc. is an affiliate of a Canadian chartered bank that has provided a revolving credit facility of \$30.0 million to the REIT. As of August 8, 2019, the outstanding indebtedness owed to the Canadian chartered bank of which TD Securities Inc. is an affiliate was approximately \$30.0 million. The revolving credit facility is secured by a pool of first and second mortgages on certain of the properties of the REIT. In addition, each of Scotia Capital Inc., CIBC World Markets Inc., National Bank Financial Inc. and BMO Nesbitt Burns Inc. are respectively affiliates of a Canadian chartered bank that is among the REIT's mortgage holders. As of August 8, 2019, the outstanding indebtedness owed to the Canadian chartered banks of which Scotia Capital Inc., CIBC World Markets Inc., National Bank Financial Inc. and BMO Nesbitt Burns Inc. are respectively affiliates was \$7.4 million, \$1.3 million, \$6.3 million and \$43.5 million, respectively. The indebtedness owed to such Canadian chartered banks is secured by first mortgages on certain of the properties of the REIT. A portion of the net proceeds of the Offering will be applied to the repayment of indebtedness, with approximately \$3.0 million being paid to repay amounts currently outstanding under the revolving credit facility with the Canadian chartered bank that is an affiliate of TD Securities Inc. The financial position of the REIT has changed over the period of the indebtedness set out herein as set out in its publicly filed financial statements. See "Use of Proceeds". In addition, the REIT expects to finance a portion of the Acquisitions with new mortgages of \$32.9 million and \$33.9 million with Canadian chartered banks of which TD Securities Inc. and BMO Nesbitt Burns Inc. are respectively affiliates. Specifically, the REIT expects to finance a portion of the Ottawa Office Property and the Halifax Portfolio with new mortgages with a Canadian chartered bank of which TD Securities Inc. is an affiliate.

Each of the mortgages or the revolving credit facility with the Canadian chartered banks of which certain Underwriters are affiliates contain representations, covenants, restrictions and events of default that are customary for such agreements. The REIT is in compliance with the terms of these agreements in all material respects and no breach of the terms of these agreements has been waived by the applicable lenders. The REIT may be considered a “connected issuer” of each of TD Securities Inc., Scotia Capital Inc., CIBC World Markets Inc., National Bank Financial Inc. and BMO Nesbitt Burns Inc. under applicable Canadian securities legislation. The decision to issue the Trust Units and the determination of the terms of the Offering were made through negotiation between the REIT and the Underwriters. The Underwriters have advised that the decision to underwrite the Offering was made independently of the Canadian chartered banks of which such Underwriters are affiliates and such banks did not have any involvement in such decision or determination. As a consequence of the Offering, each of such Underwriters will receive its proportionate share of the Underwriters’ Fee.

RISK FACTORS

There are certain risks inherent in an investment in the Trust Units and in the activities of the REIT. In addition to the risks described herein, reference is made to the section entitled “Risk Factors” of the AIF and the section entitled “Risks and Uncertainties” of the 2018 Annual MD&A, each of which is incorporated herein by reference. Prospective investors should carefully consider, in light of their own financial circumstances, the risk factors set forth in the information incorporated by reference herein and all of the other information contained in this Prospectus Supplement (including without limitation the documents incorporated herein by reference) before purchasing any of the securities distributed under this Prospectus Supplement. The risks described herein are not the only risks facing the REIT and Unitholders. Additional risks and uncertainties not currently known to the REIT, or that the REIT currently deems immaterial, may also materially and adversely affect its business. The business, financial condition, revenues or profitability of the REIT could be materially adversely affected by any of the risks set forth in this Prospectus Supplement, in the documents incorporated by reference or such other risks. The trading price of the Trust Units could decline due to any of these risks and investors could lose all or part of their investment. This Prospectus Supplement contains forward-looking statements that involve risks and uncertainties. The REIT’s actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by the REIT described below and elsewhere in this Prospectus Supplement. See “Notice Regarding Forward-Looking Statements”.

Risks Related to the Acquisitions and the Offering

Discretion Over the Use of Proceeds

The REIT will have discretion concerning the use of the net proceeds of the Offering as well as the timing of their expenditures, and may apply the net proceeds of the Offering in ways other than as described under “Use of Proceeds”. As a result, an investor will be relying on the judgment of the REIT for the application of the net proceeds of the Offering. The REIT may use the net proceeds of the Offering in ways that an investor may not consider desirable. The results and the effectiveness of the application of the net proceeds are uncertain. If the net proceeds are not applied effectively, the REIT’s results of operations may suffer. To the extent that any of the net proceeds of the Offering remain un-invested pending their use, or are used to pay down indebtedness with a low interest rate, the Offering may result in substantial dilution, on a per unit basis, to the REIT’s net income and other measures used by the REIT.

Possible Failure to Complete Any or All of the Acquisitions

The REIT expects to complete the Acquisitions in the third quarter of 2019, subject to satisfactory completion of customary closing conditions and regulatory approval. However, the REIT has limited control over whether or not the conditions will be met and there can be no assurance that all conditions will be satisfied or waived or that all Acquisitions will be consummated. The REIT may proceed to acquire less than all of the Acquisitions. There is no assurance that the Acquisitions will be completed or, if completed, will be on terms that are exactly the same as disclosed in this Prospectus Supplement.

If the acquisition of any or all of the Acquisition Properties or if any of the other transactions contemplated in this Prospectus Supplement do not take place as contemplated, the proceeds of the Offering will not be refunded and the REIT will use such proceeds to fund future acquisitions and for general trust purposes in accordance with its investment guidelines and operating policies. If less than all of the Acquisition Properties are acquired, the REIT may not realize the benefits described in this Prospectus Supplement and could suffer adverse consequences, including loss of investor confidence. The price of the Trust Units may decline to the extent that the relevant current market price reflects a market assumption that the Acquisitions will be completed and certain costs related to the Acquisitions such as legal, accounting and consulting fees must be paid even if all Acquisitions are not completed. The REIT may be unable to identify other investments offering financial returns comparable to those of the Acquisitions.

General Risks Relating to the Acquisitions

Although the REIT is conducting due diligence in connection with the Acquisitions and the vendors have provided a number of representations and warranties in favour of the REIT in connection with the Acquisitions, an unavoidable level of risk remains regarding any undisclosed or unknown liabilities of, or issues concerning, the Acquisition Properties. Following the closing of the Acquisitions, the REIT may discover that it has acquired substantial undisclosed liabilities or that certain of the representations made by the vendors were untrue. There can be no assurance of recovery by the REIT from the vendors for any breach of the representations, warranties or covenants provided, or to be provided, by the vendors under the applicable Acquisition Agreements because there can be no assurance that the amount and length of the indemnification obligations will be sufficient to satisfy such obligations or that the vendors will have any assets or continue to exist. The REIT's inability to claim for full indemnification from the vendors could have a material and adverse effect on the REIT.

The Acquisition Agreements contain representations and warranties of the vendors of the applicable properties. Such vendors, and/or parties related thereto have, subject to certain qualifications, generally agreed to indemnify the REIT from, among other things: (i) claims or losses relating to the breach of such representations or warranties; and (ii) the failure of the applicable vendor to perform covenants under the applicable Acquisition Agreements. The REIT will have limited recourse against the vendors and other related parties in connection with the Acquisitions, as any claim for breach of a representation and warranty will be subject to the limitations, exceptions and qualifications in the applicable Acquisition Agreement, including that a claim must be made before the expiry of a specified period. There is no assurance that any particular vendor will be sufficiently capitalized or otherwise able to satisfy any particular claim. As a result, the REIT may not be able to collect all or a portion of any indemnity claim it may have against the relevant vendor. While the REIT will put in place insurance to cover indemnity claims, there is no assurance that such insurance will cover a particular claim or that exclusions or limitations would not apply. The sole remedy of the REIT is through any indemnities provided, or to be provided, to the REIT by the applicable vendors under the Acquisition Agreements in respect of a breach of the representations and warranties in the applicable agreement and the above mentioned insurance, which, even in the aggregate, may be insufficient to cover all costs and as such, could materially adversely affect the business, results of operations and financial condition of the REIT. The Acquisition Agreements are also subject to a number of closing conditions. See "Risk Factors - Risks Related to the Acquisitions and the Offering - Possible Failure to Complete Any or All of the Acquisitions" and "Risk Factors - Risks Related to the Acquisitions and the Offering - Discretion Over the Use of Proceeds".

Financing Risks Relating to the Acquisitions

The REIT intends to finance a portion of the Acquisitions with approximately \$67.0 million aggregate principal amount of new mortgage financing. While the REIT is currently in negotiations with lenders for such financings, there can be no assurance that the REIT's borrowing ability will be sufficient to close the Acquisitions. Should sufficient funds not be available to the REIT at or prior to closing of an Acquisition, the REIT may not have sufficient funds to close one or more of the Acquisitions, which could have a material adverse impact on the REIT.

Possible Failure to Realize Expected Returns on the Acquisition

Acquisitions involve risks, including the failure of the Acquisition Properties to realize the results the REIT expects. If any of the Acquisition Properties fails to realize the results that the REIT expects, such failure could materially and adversely affect the REIT's business plan and could have a material adverse effect on the REIT and its financial results.

Risks Related to the Integration of the Acquisition Properties into the REIT's Existing Portfolio

In order to achieve the benefits of the Acquisitions described in this Prospectus Supplement, the REIT will rely upon its management ability to successfully retain staff, consolidate functions and integrate operations, procedures and personnel in a timely and efficient manner and to realize the anticipated growth opportunities from combining the Acquisition Properties and related operations with those of the REIT. The integration of the properties and related operations requires the dedication of management's effort, time and resources, which may divert such management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the disruption of ongoing business and customer relationships that may adversely affect management's ability to achieve the anticipated benefits of the Acquisitions for the REIT and its Unitholders.

Risks Relating to the Trust Units

Volatile Market Price for Trust Units

The market price for Trust Units may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond the REIT's control, including the following: (i) actual or anticipated fluctuations in the REIT's quarterly results of operations; (ii) recommendations by securities research analysts; (iii) changes in the economic performance or market valuations of other issuers that investors deem comparable to the REIT; (iv) addition or departure of the REIT's executive officers and other key personnel; (v) release or expiration of lock-up or other transfer restrictions on outstanding Trust Units; (vi) sales or perceived sales of additional Trust Units; (vii) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the REIT or its competitors; and (viii) news reports relating to trends, concerns, competitive developments, regulatory changes and other related issues in the REIT's industry or target markets.

Financial markets have, in recent years, experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of issuers and that have, in many cases, been unrelated to the operating performance, underlying asset values or prospects of such issuers. Accordingly, the market price of the REIT's securities may decline even if the REIT's operating results, underlying asset values, or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of the REIT's environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in limited or no investment in the REIT's securities by those institutions, which could adversely affect the trading price of the REIT's securities. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil exist for a protracted period of time, the REIT's operations could be adversely impacted and the trading price of the REIT's securities may be adversely affected.

Cash Distributions Are Not Guaranteed

The REIT does not have a fixed obligation to make payments to holders of Trust Units and does not promise to return the initial purchase price of a Trust Unit. There can be no assurance regarding the amount of income to be generated by the REIT's properties and future financial performance of the REIT may not meet its future plans or budgets. Distributions made to holders of Trust Units and holders of Class B LP Units may exceed actual cash available to the REIT from time to time. Although the REIT intends to make cash distributions to Unitholders, these cash distributions may be reduced or suspended. The ability of the REIT to make cash distributions and the actual amount distributed are entirely dependent on the operations and assets of the REIT and its Subsidiaries, and are subject to various factors including financial performance, obligations under applicable credit facilities, the sustainability of income derived from anchor tenants and capital expenditure requirements. Cash available to the REIT to fund distributions may be limited from time to time because of such items as principal repayments, tenants' allowances, leasing commissions, capital expenditures and redemptions of Trust Units, if any. The REIT may be required to use part of its debt capacity or to reduce distributions in order to accommodate such items. The market value of the Trust Units will deteriorate if the REIT is unable to continue its distribution levels in the future, and that deterioration may be significant. In addition, the composition of cash distributions for tax purposes may change over time and may affect the after-tax return for investors.

Restrictions on Redemptions

It is anticipated that the redemption right described in the AIF under "Description of the Trust and Description of the Securities - Redemption Right" will not be the primary mechanism for Unitholders to liquidate their investments. The entitlement of Unitholders to receive cash upon the redemption of their Trust Units is subject to the following limitations: (i) the total amount payable by the REIT in respect of such Trust Units and all other Trust Units tendered for redemption in the same calendar month must not exceed \$50,000 (provided that such limitation may be waived at the discretion of the Trustees); (ii) at the time such Trust Units are tendered for redemption, the outstanding Trust Units must be listed for trading on a stock exchange or traded or quoted on another market which the Trustees consider, in their sole discretion, provides fair market value prices for the Trust Units; (iii) the trading of Trust Units is not suspended or halted on any stock exchange on which the Trust Units are listed (or, if not listed on a stock exchange, on any market on which the Trust Units are quoted for trading) on the redemption date for more than five trading days during the 10 day trading period commencing immediately after the redemption date; and (iv) the redemption of all of the Trust Units shall not result in the delisting of the Trust Units from the principal stock exchange on which the Trust Units are listed.

Subordination of the Trust Units

In the event of a bankruptcy, liquidation or reorganization of the REIT or any of its subsidiaries, holders of its indebtedness and its trade creditors will generally be entitled to payment of their claims from the assets of the REIT and its Subsidiaries before any assets are made available for distribution to the REIT or its Unitholders. Upon completion of the Offering, the Trust Units will be subordinated to the debt and other obligations of the REIT and its Subsidiaries. The REIT's Subsidiaries will generate all of the REIT's revenue available for distribution and hold substantially all of the REIT's operating assets.

Qualified Investment Eligibility

There can be no assurance that the Trust Units will continue to be qualified investments for a trust governed by a Plan and a DPSP. In addition, shares of a Canadian corporation owning Subsidiary Securities distributed to a Holder (as defined herein) on a redemption may not be a qualified investment for such plans. If the Trust Units, or such shares distributed on a redemption of Trust Units are not qualified investments for a trust governed by a Registered Plan and a DPSP, such plans may be subject to adverse tax consequences.

Loss Restriction Event

The Tax Act includes "loss restriction event" ("LRE") rules that could potentially apply to the REIT. In general, the REIT will be subject to a LRE if a person (or group of persons) acquires more than 50% of the fair market value of the Trust Units. If a LRE occurs (i) the REIT will be deemed to have a year-end for tax purposes immediately before the LRE occurs, (ii) any net income and net realized capital gains of the REIT at such year-end will be distributed to Holders (as defined herein) to the extent required for the REIT not to be liable for income taxes, and (iii) the REIT will be restricted in its ability to use tax losses (including any unrealized capital losses) that exist at the time of the LRE.

Tax Related Risk Factors

Under the SIFT Rules, a publicly traded income trust will be considered a SIFT unless it qualifies for the REIT Exception. As discussed under "Certain Canadian Federal Income Tax Considerations" a publicly traded income trust will only qualify for the REIT Exception if assets held by the REIT qualify under specific provisions of the REIT Exception. If the REIT does not qualify continuously for the REIT Exception, the SIFT Rules may have an adverse impact on the REIT and the Unitholders, on the value of the Trust Units and the ability of the REIT to undertake financings and acquisitions, and if the SIFT Rules were to apply, distributable cash of the REIT may be materially reduced.

Management believes that the REIT currently meets all the criteria required to qualify for the REIT Exception, as per the REIT Exception currently in effect. As a result, Management believes that the SIFT Rules do not apply to the REIT. Management intends to take all necessary steps to meet these conditions on an on-going basis in the future. However, there can be no assurances that the REIT will qualify for the REIT Exception in 2019 or in any future year.

The SIFT Rules may also apply to a Subsidiary of the REIT that would otherwise qualify as a SIFT unless such Subsidiary qualifies as an "excluded subsidiary entity" as defined in the Tax Act. The REIT expects that each Subsidiary of the REIT that might otherwise qualify as a SIFT will qualify as an "excluded subsidiary entity" and therefore will not be subject to tax under the SIFT Rules going forward; however, no assurances can be made in this regard.

The CRA has expressed a view that, in certain circumstances, the deductibility of interest on money borrowed to invest in an income trust (including a real estate investment trust such as the REIT) may be reduced on a pro rata basis in respect of distributions from the income trust that are a return of capital and that are not reinvested for an income earning purpose. If the CRA view were to apply to a Unitholder who borrowed money to invest in Trust Units of the REIT, part of the interest payable by such Unitholder in connection with money borrowed to acquire such Trust Units could be non-deductible.

Nature of Investment

A holder of a Trust Unit or a Class B LP Unit does not hold a share of a body corporate. Unitholders or holders Class B LP Units do not have statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions. The rights of holders of Trust Units and Class B LP Units are based primarily on the Declaration of Trust and the PRO REIT LP Agreement, respectively. There is no statute governing the affairs of the REIT or PRO REIT LP equivalent to the *Canada Business Corporations Act* which sets out the rights and entitlements of shareholders of corporations in various circumstances.

Neither the Trust Units nor the Class B LP Units are "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada), nor will they be insured under the provisions of that statute or any other legislation. Furthermore, the REIT is not a trust

company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

Unitholder Liability

The Declaration of Trust provides that no holder of Trust Units or annuitant or beneficiary of a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered education savings plan, a tax-free savings account or a deferred profit sharing plan, each as defined in the Tax Act, or of any plan of which a holder of Trust Units acts as a trustee or a carrier (an “**annuitant**”) will be held to have any personal liability as such, and that no resort shall be had to, nor shall recourse or satisfaction be sought from, the private property of any holder of Trust Units or annuitant for any liability whatsoever, whether constituting extracontractual or contractual liability or arising in tort, contract or otherwise, to any Person in connection with the REIT property or the affairs of the REIT, including for satisfaction of any obligation or claim arising out of or in connection with any contract or obligation of the REIT or of the Trustees or any obligation which a holder of Trust Units or annuitant would otherwise have to indemnify a Trustee for any personal liability incurred by the Trustee as such (“**Trust Liability**”). Only the assets of the REIT are intended to be liable and subject to levy or execution for satisfaction of such Trust Liability. Each holder of Trust Units and annuitant will be entitled to be reimbursed out of the assets of the REIT in respect of any payment of such Trust Liability made by such holder of Trust Units or annuitant.

The Declaration of Trust further provides that the Trustees shall cause the operations of the REIT to be conducted, with the advice of counsel, in such a way and in such jurisdictions as to avoid, to the extent they determine practicable and consistent with their fiduciary duty to act in the best interests of the holders of Trust Units, any material risk of liability on the holders of Trust Units for claims against the REIT, and shall, to the extent available on terms which they determine to be practicable, including the cost of premiums, cause the insurance carried by the REIT, to the extent applicable, to cover the holders of Trust Units and annuitants as additional insured. Any written instrument creating an obligation which is or includes the granting by the REIT of a mortgage and, to the extent the Trustees determine it to be practicable and consistent with their fiduciary duties to act in the best interest of the holders of Trust Units, any written instrument which is a material obligation, shall contain a provision that the obligation created is not personally binding upon the Trustees, the holders of Trust Units or officers, employees or agents of the REIT, but that only property of the REIT or a specific portion thereof is bound. Except in case of bad faith or gross negligence on their part, no personal liability will attach under the laws of the Province of Ontario to Unitholders or annuitants for contract claims under any written instrument disclaiming personal liability as aforesaid.

However, in conducting its affairs, the REIT will be acquiring immovable property investments, subject to existing contractual obligations, including obligations under hypothecs, mortgages and leases. The Trustees will use commercially reasonable efforts to have any such obligations, other than leases, modified so as not to have such obligations binding upon any of the Unitholders or annuitants personally. However, the REIT may not be able to obtain such modification in all cases. If a claim is not satisfied by the REIT, there is a risk that a Unitholder or annuitant will be held personally liable for the performance of the obligations of the REIT where the liability is not disavowed as described above. The possibility of any personal liability attaching to Unitholders or annuitants under the laws of the Province of Ontario for contract claims where the liability is not so disavowed is remote.

Liability of Holders of Class B LP Units

Holders of Class B LP Units may lose their limited liability in certain circumstances, including by taking part in the control or management of the business of PRO REIT LP. The principles of law in the various jurisdictions of Canada recognizing the limited liability of the limited partners of limited partnerships subsisting under the laws of one province but carrying on business in another province have not been authoritatively established. If limited liability is lost, there is a risk that holders of Class B LP Units may be liable beyond their contribution of capital and share of undistributed net income of PRO REIT LP in the event of judgment on a claim in an amount exceeding the sum of the net assets of PRO REIT GP and the net assets of PRO REIT LP. Holders of Class B LP Units remain liable to return to PRO REIT LP for such part of any amount distributed to them as may be necessary to restore the capital of PRO REIT LP to the amount existing before such distribution if, as a result of any such distribution, the capital of PRO REIT LP is reduced and PRO REIT LP is unable to pay its debts as they become due.

Dilution

The number of Trust Units the REIT is authorized to issue is unlimited. The REIT may, in its sole discretion, issue additional Trust Units from time to time. Any issuance of Trust Units, including Trust Units issued in consideration for properties acquired by the REIT, grants under the LTIP and issuances under the DRIP will have a dilutive effect on existing Unitholders.

Change of Tax Laws

There can be no assurance that Canadian tax laws, the judicial interpretation thereof, the terms of any income tax treaty applicable to the REIT or its affiliates or the administrative and assessing practices and policies of the CRA or the Minister of Finance (Canada) will not change in a manner that adversely affects the REIT, its affiliates or Unitholders. Any such change could affect the REIT's eligibility for the REIT Exception, increase the amount of tax payable by the REIT or its affiliates, or otherwise adversely affect Unitholders by reducing the amount available to pay distributions or changing the tax treatment applicable to Unitholders in respect of such distributions.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to the REIT, and Cassels Brock & Blackwell LLP, counsel to the Underwriters, the following is a summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to the acquisition, holding and disposition of Trust Units by a purchaser who acquires Trust Units pursuant to this Prospectus Supplement and who, for purposes of the Tax Act and at all relevant times, (i) is, or is deemed to be, resident in Canada, (ii) deals at arm's length with and is not affiliated with the REIT and each of the Underwriters, and (iii) holds Trust Units as capital property ("**Holder**"). Generally, Trust Units will be considered to be capital property to a Holder provided that the Holder does not hold such Trust Units in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Holders who might not otherwise be considered to hold their Trust Units as capital property may, in certain circumstances, be entitled to make an irrevocable election under subsection 39(4) of the Tax Act to have their Trust Units, and every other "Canadian security" (as defined in the Tax Act) owned in the taxation year in which the election is made and each subsequent taxation year, deemed to be capital property. Holders who do not hold their Trust Units as capital property should consult their own tax advisors regarding their particular circumstances.

This summary does not apply to a Holder (i) that is a "financial institution" for the purposes of the "mark-to-market" rules (within the meaning of the Tax Act); (ii) that is a "specified financial institution" (within the meaning of the Tax Act); (iii) an interest in which would be a "tax shelter investment" (within the meaning of the Tax Act); (iv) to whom the functional currency reporting rules apply; (v) that has entered or will enter into a "derivative forward arrangement" (within the meaning of the Tax Act), (vi) that is a partnership or another flow-through entity; trust and estate; government (or instrumentality or agency thereof); tax-exempt entity; insurance company; mutual fund; "real estate investment trust" (within the meaning of the Tax Act); or (vii) that is holding Trust Units as part of a hedging or similar transaction. This summary is also not applicable to a Holder that holds Trust Units acquired upon the exercise of rights to acquire such Trust Units received in respect of, in the course of, or by virtue of employment with the REIT or any corporation not dealing at arm's length for purposes of the Tax Act with the REIT (all within the meaning of the Tax Act). Such Holders should consult their own tax advisors. In addition, this summary does not address the deductibility of interest by an investor who has borrowed money to acquire the Trust Units.

This summary is based on certain representations as to factual matters made in a certificate signed by an officer of the REIT and provided to counsel (the "**Officer's Certificate**"). This summary assumes that the representations made in the Officer's Certificate are true and correct, including the representations: (i) that would ensure that the REIT qualifies and will continue to qualify as a "mutual fund trust" (within the meaning of the Tax Act); (ii) that the REIT has and will at all times comply with the Declaration of Trust (including continuing to qualify as a real estate investment trust (within the meaning of the Tax Act); and (iii) that the REIT does and will continue to qualify as a "mutual fund trust" under the provisions of the Tax Act while the Trust Units remain outstanding.

This summary is based on the current provisions of the Tax Act, the Tax Proposals and counsel's understanding of the current published administrative policies and assessing practices of the CRA published by it, all in effect as of the date of this Prospectus Supplement. Except for the Tax Proposals, this summary does not take into account or anticipate any changes in law or in the administrative policies and assessing practices of the CRA, whether by legislative, governmental or judicial decision or action, and does not take into account any provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed in this Prospectus Supplement. No assurance can be given that the Tax Proposals will be enacted in the form proposed or at all.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Trust Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Trust Units will vary depending on the holder's particular circumstances, including the province(s) or territories in which the holder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be nor should it be construed to be legal or tax advice or representations to any prospective purchaser of Trust Units. Prospective purchasers should consult their own tax advisors for advice with respect to the tax consequences to them of an investment in Trust Units based on their particular circumstances.

For the purposes of this summary and the opinion given under the heading “Certain Canadian Federal Income Tax Considerations”, a reference to (i) the “REIT” is a reference to PRO Real Estate Investment Trust only and is not a reference to any of its subsidiaries or predecessors, and (ii) a reference to a “Holder” is a reference to a holder of Trust Units and not a holder of Special Voting Units.

Status of the REIT

Qualification as a Mutual Fund Trust

Based on the representations as to factual matters set out in the Officer’s Certificate, the REIT qualifies as a “mutual fund trust” as defined in the Tax Act, and will continue to qualify as a mutual fund trust at all relevant times. The balance of this summary assumes this to be the case. If the REIT were not to qualify as a mutual fund trust, the income tax considerations described below would, in some respects, be materially and adversely different.

Currently, a trust will not be considered to be a mutual fund trust if it is established or maintained primarily for the benefit of non-residents of Canada unless restrictions in respect of its assets are followed. This summary assumes that the REIT was not established and is not maintained primarily for the benefit of non-residents and counsel is of the view that this assumption is reasonable in light of the restrictions on the ownership of Trust Units by non-residents which are contained in the Declaration of Trust.

SIFT Rules

The SIFT Rules apply to “specified investment flow-through” trusts or partnerships (“SIFTs”), including publicly traded trusts, and their unitholders, and modify the tax treatment of SIFTs and of their unitholders, as more particularly described below under the heading “Application of the SIFT Rules”. However, the SIFT Rules are not applicable to a trust if such trust qualifies as a “real estate investment trust” for the year (the “**REIT Exception**”). Therefore, if the REIT does not satisfy the REIT Exception throughout the year, the SIFT Rules will be applicable to the REIT. Furthermore, in order for the REIT to satisfy the REIT Exception, PRO REIT LP must satisfy all of the tests comprising the REIT Exception apart from the “Publicly Listed or Traded Test” (as described below) on a stand-alone continuous basis. Management of the REIT is of the view that it has implemented internal controls to ensure that PRO REIT LP satisfies the necessary tests.

The REIT Exception in the SIFT Rules contains a number of technical tests and the determination as to whether the REIT qualifies for the REIT Exception in any particular taxation year can only be made with certainty at the end of that taxation year. Based on representations as to certain factual matters made in the Officer’s Certificate and on the advice of its external tax advisor, management has advised counsel that the REIT will qualify for the REIT Exception at the time of closing of the Offering and that management expects the REIT to qualify for the REIT Exception throughout 2019 and subsequent taxation years. However, there can be no assurance that subsequent investments or activities undertaken by the REIT will not result in the REIT failing to qualify for the REIT Exception. If the REIT fails to qualify for the REIT Exception, the REIT will be subject to the SIFT Rules and certain of the income tax considerations described below would, in some respects, be materially and adversely different.

The REIT Exception is applied on a taxation year basis. Accordingly, even if the REIT does not qualify for the REIT Exception in a particular taxation year, it may be able to do so in a subsequent taxation year.

REIT Exception

Trusts that satisfy the REIT Exception are excluded from the definition of SIFT trusts and are therefore not subject to the SIFT Rules. Under the current rules, the following conditions must be met (in addition to the trust being resident in Canada throughout the taxation year) in order for a trust to qualify for the REIT Exception:

- (a) at each time in the taxation year, the total fair market value at that time of all “non-portfolio properties” that are “qualified REIT properties” held by the trust is at least 90% of the fair market value at that time of all “non-portfolio properties” held by the trust;
- (b) not less than 90% of the trust’s “gross REIT revenue” for the taxation year is from one or more of the following: “rent from real or immovable properties”, interest, dispositions of “real or immovable properties” that are capital properties, dividends, royalties and dispositions of “eligible resale properties”;
- (c) not less than 75% of the trust’s “gross REIT revenue” for the taxation year is from one or more of the following: “rent from real or immovable properties”, interest from mortgages or hypothecs on “real or immovable properties”, and dispositions of “real or immovable properties” that are capital properties;

- (d) at each time in the taxation year an amount, that is equal to 75% or more of the “equity value” (as defined in the Tax Act) of the trust at that time, is the amount that is the total fair market value of all properties held by the trust each of which is a “real or immovable property” that is capital property, an “eligible resale property”, an indebtedness of a Canadian corporation represented by a banker’s acceptance, cash, a deposit in a bank or credit union, or debt issued or guaranteed by the Canadian government or issued by a province, municipal government or certain other qualifying public institutions; and
- (e) “investments” (as defined in the Tax Act) in the trust are, at any time in the taxation year, listed or traded on a stock exchange or other public market (the “**Publicly Listed or Traded Test**”).

The SIFT Rules contain specific rules generally permitting a trust to qualify for the REIT Exception where it holds properties indirectly through intermediate entities. In such circumstances, the REIT Exception tests listed in (a) through (d) above will be applied to the intermediate entities to ensure that the REIT itself satisfies the REIT Exception tests.

For the purpose of the SIFT Rules and the REIT Exception:

- (a) “eligible resale property”, of an entity, means “real or immovable property” (other than capital property) of the entity,
 - (i) that is contiguous to a particular “real or immovable property” that is capital property or “eligible resale property”, held by the entity or another entity affiliated with the entity, and (ii) the holding of which is ancillary to the holding of the particular property;
- (b) “gross REIT revenue” of an entity for a taxation year means the amount, if any, by which the total of all amounts received or receivable in the year (depending on the method regularly followed by the entity in computing the entity’s income) by the entity exceeds the total of all amounts each of which is the cost to the entity of a property disposed of in the year;
- (c) “qualified REIT property” of a trust at any time means a property held by the trust that at that time is held by the trust and is:
 - (i) a “real or immovable property” (as described below) that is capital property, an “eligible resale property”, an indebtedness of a Canadian corporation represented by a banker’s acceptance, cash, a deposit in a bank or credit union, or debt issued or guaranteed by the Canadian government or issued by a province, municipal government or certain other qualifying public institutions;
 - (ii) a security of a “subject entity” (as described below) all or substantially all of the “gross REIT revenue” of which for its taxation year that includes that time, is from maintaining, improving, leasing or managing real or immovable properties that are capital properties of the trust or of an entity of which the trust holds a share or an interest, including “real or immovable properties” that the trust, or an entity of which the trust holds a share or an interest, holds together with one or more other persons or partnerships;
 - (iii) a security of a “subject entity” if the entity holds no property other than (A) legal title to “real or immovable properties” of the trust or of another subject entity all of the securities of which are held by the trust (including real or immovable property that the trust or the other subject entity holds together with one or more other persons or partnerships), and (B) property described in (iv) below;
 - (iv) ancillary to the earning by the trust of “gross REIT revenues” from rents or dispositions of “real or immovable properties” that are capital properties, other than (A) an equity of an entity, or (B) a mortgage, hypothecary claim, mezzanine loan or similar obligation.
- (d) “real or immovable property” includes generally a security of a trust that satisfies (or of any other entity that would, if it were a trust, satisfy) the criteria (a), (b), (c) and (d) of the REIT Exception (as discussed above) and an interest in certain real property or a real right in certain immovables, but excludes any depreciable property other than a depreciable property included (otherwise than by election) in capital cost allowance (“CCA”) Class 1, 3 or 31, property ancillary to the ownership or utilization of such depreciable property or a lease or leasehold interest in respect of land or such depreciable property;

- (e) “rent from real or immovable properties” includes (A) rent or similar payments for the use of or right to use real or immovable properties and (B) payment for services ancillary to the rental of real or immovable properties and customarily supplied or rendered in connection therewith, but does not include (C) any other payment for services supplied or rendered to the tenants of such properties, fees for managing or operating such properties, payment for the occupation, use or right to use a room in a hotel or other similar lodging facility, or rent based on profits; and
- (f) “subject entity” means (i) a corporation resident in Canada, (ii) a trust resident in Canada, (iii) a Canadian resident partnership, or (iv) a non-resident person, or a partnership that is not a Canadian resident partnership, the principal source of income of which is one or more sources in Canada.

The remainder of this summary is subject to the SIFT Rules discussed above and assumes that the REIT is at all times eligible for the REIT Exception.

Application of the SIFT Rules

The SIFT Rules apply to trusts, unless (among other exceptions not applicable here) the trusts satisfy the REIT Exception. If the REIT does not meet the REIT Exception, the REIT will be subject to the SIFT Rules and as a result the tax status of the REIT and the tax consequences of investing in Trust Units described above could be materially and adversely different. Pursuant to the SIFT Rules, a SIFT cannot deduct any part of the amount payable to unitholders in respect of (i) aggregate net income from businesses it carries on in Canada; (ii) aggregate net income (other than taxable dividends received by the trust) from its “non-portfolio properties”; and (iii) aggregate net taxable capital gains from its dispositions of non-portfolio properties. “Non-portfolio properties” are Canadian real, immovable or resource properties (if at any time in the taxation year the total fair market value of the SIFT’s Canadian real, immovable or resource properties is greater than 50% of the equity value of the SIFT), properties that the SIFT (or persons or partnerships which do not deal at arm’s length with the SIFT) uses in the course of carrying on business in Canada and securities of a “subject entity” if the subject entity holds any “non-portfolio property” and the SIFT either holds securities of the subject entity that have a fair market value greater than 10% of the subject entity’s equity value, or holds securities of the subject entity that, together with securities held by the SIFT in entities affiliated with the subject entity have a total fair market value greater than 50% of the equity value of the SIFT. Amounts distributed which a SIFT is unable to deduct will be taxed in the SIFT at rates of tax designed to emulate the combined federal and provincial corporate tax rates.

Distributions of income of SIFTs received by unitholders that are not deductible to the SIFT will be deemed to be dividends received by unitholders. Under the SIFT Rules, such deemed dividends from a SIFT will be taxed as a taxable dividend from a taxable Canadian corporation. Under the Tax Act such dividends deemed to be received by an individual will be included in computing the individual’s income for tax purposes and will be subject to the enhanced gross-up and dividend tax credit rules normally applicable to eligible dividends received from taxable Canadian corporations. Such dividends deemed to be received by a holder that is a corporation generally will be deductible in computing the corporation’s taxable income. Certain corporations, including “private corporations” or “subject corporations” (as such terms are defined in the Tax Act), may be liable to pay a refundable tax under Part IV of the Tax Act of 38 1/3% on dividends received or deemed to be received to the extent that such dividends are deductible in computing taxable income.

Depending on the nature of distributions from the REIT, including what portion of its distributions are income and what portion are returns of capital, the SIFT Rules, if applicable, would have a material adverse effect on the after-tax returns of certain Holders. Generally, distributions that are characterized as returns of capital are not taxable to Holders but serve to reduce the adjusted cost base of a Holder’s Trust Units.

The likely effect of the SIFT Rules on the market for Trust Units, and on the REIT’s ability to finance future acquisitions through the issue of Trust Units or other securities is unclear. In the event that the SIFT Rules apply to the REIT, they may adversely affect the after-tax returns of investors, the marketability of the Trust Units and the amount of cash available for distributions.

Taxation of the REIT

The taxation year of the REIT is the calendar year. The REIT must compute its income or loss for each taxation year as though it were an individual resident in Canada. The income of the REIT will generally include, among other things, net realized taxable capital gains for that year and its allocated share of the income of PRO REIT LP for its fiscal period ending on or before the year-end of the REIT, less the portion thereof that the REIT deducts in respect of the amounts paid or payable, or deemed to be paid or payable, in the year to Holders. An amount will be considered to be payable to a Holder in a taxation year if it is paid to the Holder in the year by the REIT or if the Holder is entitled in that year to enforce payment of the amount. The Trustees’ current intention is to make payable to Holder each year sufficient amounts such that the REIT generally will not be liable to pay non-refundable tax under Part I of the Tax Act. Where the REIT does not have sufficient cash to distribute such amounts, the REIT will make one or more in-kind distributions in the form of additional Trust Units. Income of the REIT payable to Holders will generally be deductible by the REIT in computing its taxable income, whether payable in cash, additional Trust Units or otherwise.

A distribution by the REIT of shares of a Canadian corporation owning Subsidiary Securities upon a redemption of Trust Units will be treated as a disposition by the REIT of such shares for proceeds of disposition equal to the fair market value thereof. The REIT will realize a capital gain (or a capital loss) to the extent that the proceeds from the disposition of such shares exceed (or are less than) the adjusted cost base of such shares and any reasonable costs of disposition.

The REIT will generally not be subject to tax on any amounts received as distributions from PRO REIT LP. Generally, distributions to the REIT in excess of its allocated share of the income of PRO REIT LP will result in a reduction of the adjusted cost base of the REIT's Class A LP Units in PRO REIT LP by the amount of such excess. If, as a result, the REIT's adjusted cost base at the end of a taxation year of its Class A LP Units in PRO REIT LP would otherwise be a negative amount, the REIT would be deemed to realize a capital gain in such amount for that year and the REIT's adjusted cost base at the beginning of the next taxation year of its Class A LP Units in PRO REIT LP would then be nil.

In computing its income for purposes of the Tax Act, the REIT may deduct reasonable administrative costs and other reasonable expenses incurred by it for the purpose of earning income. Reasonable expenses incurred in respect of the issuance of Trust Units and in the course of borrowing money generally may be deducted by the REIT on a five-year, straight-line basis.

Losses incurred by the REIT cannot be allocated to Holders, but can be deducted by the REIT in future years in computing its taxable income, in accordance with the Tax Act. In the event the REIT would otherwise be liable for tax on its net taxable capital gains realized by the REIT for a taxation year, it will be entitled for each taxation year to reduce (or receive a refund in respect of) its liability, if any, for such tax by an amount determined under the Tax Act based on the redemption of Trust Units during the year (the "capital gains refund"). In certain circumstances, the capital gains refund in a particular taxation year may not offset completely the REIT's tax liability for the taxation year arising in connection with the transfer of shares of a Canadian corporation owning Subsidiary Securities in specie to redeeming Holders on the redemption of Trust Units.

Taxation of subsidiaries of the REIT

The SIFT Rules will apply to a Subsidiary of the REIT that would otherwise qualify as a SIFT unless such Subsidiary qualifies as an "excluded subsidiary entity" (as defined in the Tax Act). Under the Tax Act, an entity will generally be an "excluded subsidiary entity" for a taxation year if none of the "equity" of such entity is at any time in the taxation year (A) listed or traded on a stock exchange or other public market, nor (B) held by any person or partnership other than (i) a "real estate investment trust", (ii) a "taxable Canadian corporation", (iii) a "SIFT trust", (iv) a "SIFT partnership", (v) a person or partnership that does not have, in connection with the holding of a security of the entity, property the value of which is determined, all or in part, by reference to a security that is listed or traded on a stock exchange or other public market, or (vi) an "excluded subsidiary entity" (all within the meaning of the Tax Act) for the taxation year.

Based on representations as to certain factual matters made in the Officer's Certificate, Management has advised counsel that it expects that each direct or indirect subsidiary of the REIT that might otherwise qualify as a SIFT will qualify as an "excluded subsidiary entity" at all relevant times and therefore will not be subject to tax under the SIFT Rules. If PRO REIT LP or any other Subsidiary of the REIT does not qualify as an "excluded subsidiary entity" the income tax consequences described herein would in some respects be materially and adversely different.

Taxation of PRO REIT LP

Based on representations as to certain factual matters made in the Officer's Certificate, management of the REIT has advised counsel that it expects that PRO REIT LP qualifies and will continue to qualify as an "excluded subsidiary entity" throughout 2019 and subsequent taxation years. As a result, PRO REIT LP will not be subject to tax under the SIFT Rules. If PRO REIT LP does not qualify as an "excluded subsidiary entity," the income tax consequences described herein would in some respects be materially and adversely different.

Generally, each partner of PRO REIT LP, including the REIT, is required to include in computing the partner's income, the partner's share of the income (or loss) of PRO REIT LP for PRO REIT LP's fiscal year ending in, or coincidentally with, the partner's taxation year end, whether or not any such income is distributed to the partner in the taxation year. For this purpose, the income or loss of PRO REIT LP will be computed for each fiscal year as if PRO REIT LP were a separate person resident in Canada. In computing the income or loss of PRO REIT LP (directly or by its subsidiary entities), deductions generally may be claimed in respect of available capital cost allowances, its reasonable administrative and other expenses (including interest in respect of debt) incurred for the purpose of earning income from business or property to the extent permitted under the Tax Act. The income or loss of PRO REIT LP for a fiscal year will be allocated to the partners of PRO REIT LP, including the REIT, on the basis of their respective share of such income or loss as provided in the PRO REIT LP, subject to the detailed rules in the Tax Act.

If PRO REIT LP were to incur losses for purposes of the Tax Act, the ability of each partner (including the REIT) to deduct the partner's share of such losses may be limited by certain rules under the Tax Act, including "at-risk" rules.

Taxation of Holders

Distributions by the REIT

A Holder will generally be required to include in income for a particular taxation year the portion of the net income of the REIT for the taxation year ending on or before the particular taxation year-end of the Holder, including net realized taxable capital gains, that is paid or payable, or deemed to be paid or payable, to the Holder in the particular taxation year (and that the REIT deducts in computing its income), whether such portion is received in cash, additional Trust Units or otherwise. Any loss of the REIT for purposes of the Tax Act cannot be allocated to, or treated as a loss of, a Holder.

Provided that the appropriate designations are made by the REIT, such portion of net taxable capital gains of the REIT as is paid or payable to a Holder will effectively retain its character and be treated as such in the hands of the Holder for purposes of the Tax Act. See below under the subheading "Taxation of Holders – Capital Gains and Capital Losses". The non-taxable portion of any net capital gains of the REIT that is paid or payable, or deemed to be paid or payable, to a Holder in a taxation year will not be included in computing the Holder's income for the year. Any other amount in excess of the net income and net taxable capital gains of the REIT that is paid or payable, or deemed to be paid or payable, by the REIT to a Holder in a taxation year will not generally be included in the Holder's income for the year. However, such an amount which becomes payable to a Holder (other than proceeds of disposition of Trust Units or any part thereof) will reduce the adjusted cost base of the Trust Units held by such Holder. To the extent that the adjusted cost base of a Trust Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Holder from the disposition of the Trust Unit and will be added to the adjusted cost base of the Trust Unit so that the adjusted cost base will be reset to zero.

The composition of distributions paid by the REIT, portions of which may be fully or partially taxable or non-taxable, may change over time, affecting the after-tax return to Holders. To the extent that amounts are designated as having been paid to Holders out of taxable dividends received or deemed to have been received by the REIT on shares of taxable Canadian corporations, the normal gross-up and dividend tax credit rules, including the enhanced gross-up and dividend tax credit rules in respect of dividends designated by the corporation as "eligible dividends" will apply to Holders who are individuals (other than certain trusts). A Holder that is a corporation is required to include amounts designated as taxable dividends in computing its income for tax purposes and will generally be entitled to deduct the amount of such dividends in computing its taxable income. Certain corporations, including "private corporations" or "subject corporations" (as defined in the Tax Act) may be liable to pay a refundable tax at the rate of 38 1/3% of such dividends to the extent that such dividends are deductible in computing taxable income.

The REIT estimates that, of the monthly cash distributions to be made by the REIT to Unitholders, approximately 100% in 2019 will be tax deferred by reason of the REIT's ability to claim capital cost allowance and certain other deductions. Such estimate is based on the facts set out in this Prospectus Supplement, the pro forma related assumptions, the provisions of the Tax Act in force at the date hereof, current publicly available published administrative policies and assessing practices of the CRA and the Tax Proposals. The adjusted cost base of Units held by a Unitholder will generally be reduced by such non-taxable portion of distributions made to the Unitholder (other than the non-taxable portion of certain capital gains). A Unitholder will generally realize a capital gain to the extent that the adjusted cost base of the Unitholder's Units would otherwise be a negative amount, notwithstanding that the Unitholder has not sold any Units. The composition of REIT distributions for tax purposes may change over time thus affecting the after-tax return to a Unitholder. See "Certain Canadian Federal Income Tax Considerations".

Dispositions of Trust Units

On a disposition or deemed disposition of a Trust Unit (including a redemption), a Holder will generally realize a capital gain (or a capital loss) equal to the amount by which the Holder's proceeds of disposition (excluding any amount payable by the REIT which represents an amount that must otherwise be included in the Holder's income as described herein) are greater (or less than) the aggregate of the Holder's adjusted cost base of the Trust Unit immediately before such disposition and any reasonable costs of disposition.

The adjusted cost base to a Holder of a Trust Unit generally will include all amounts paid by the Holder for the Trust Unit subject to certain adjustments. The cost to a Holder of Trust Units received in lieu of a cash distribution will be equal to the amount of income distributed by the issuance of such Trust Units. For the purpose of determining the adjusted cost base to a Holder, when a Trust Unit is acquired, the cost of the newly-acquired Trust Unit will be averaged with the adjusted cost base of all of the Trust Units owned by the Holder as capital property immediately before that acquisition. The cost of Trust Units acquired on the reinvestment of distributions under the DRIP will be the amount of such investment. There will be no net increase or decrease in the aggregate adjusted cost base of

all of a Holder's Trust Units as a result of the receipt of the further distribution under the DRIP; however, the adjusted cost base per Trust Unit will be reduced.

A redemption of Trust Units in consideration for cash will be a disposition of such Trust Units for proceeds of disposition equal to such cash less any income or capital gain realized by the REIT in connection with the redemption of those Trust Units. A redemption of Trust Units in consideration for shares of a Canadian corporation owning Subsidiary Securities, will be a disposition of such Trust Units for proceeds of disposition generally equal to the aggregate of the fair market value of such shares, less any income or capital gain realized by the REIT on the disposition of such assets and any other income or capital gain realized by the REIT in connection with the redemption of those Trust Units to the extent that such income or capital gain is designated to the redeeming Holder. Holders exercising the right of redemption will consequently realize a capital gain, or sustain a capital loss, depending upon whether the proceeds of disposition received exceed, or are less than, the aggregate of the adjusted cost base of the Trust Units redeemed and any reasonable costs of disposition. Where income or capital gain realized by the REIT in connection with the distribution of such shares *in specie* on the redemption of Trust Units has been designated by the REIT to a redeeming Holder, the Holder will be required to include in income the income or taxable portion of the capital gain so designated. The cost of such shares distributed *in specie* by the REIT to a Holder upon redemption of Trust Units will be equal to the fair market value of such shares at the time of the distribution. The Holder will thereafter be required to include in income any income derived from such shares, in accordance with the provisions of the Tax Act.

Capital Gains and Capital Losses

One-half of any capital gain (a “**taxable capital gain**”) realized by a Holder on a disposition or deemed disposition of Trust Units and the amount of any net taxable capital gains designated by the REIT in respect of a Holder will be included in the Holder's income as a taxable capital gain. One-half of any capital loss (an “**allowable capital loss**”) realized by a Holder on a disposition or deemed disposition of Trust Units must generally be deducted from taxable capital gains of the Holder in the year of disposition as an allowable capital loss. Allowable capital losses realized in excess of taxable capital gains in a particular taxation year may generally be deducted against taxable capital gains realized in the three preceding taxation years or in any subsequent taxation year, subject to and in accordance with the provisions of the Tax Act.

Where a Holder that is a corporation or a trust (other than a mutual fund trust) disposes of a Trust Unit, the Holder's capital loss from the disposition generally will be reduced by the amount of any dividends received by the REIT previously designated by the REIT to the Holder, to the extent and under the circumstances prescribed in the Tax Act. Similar rules may apply where a corporation or trust (other than a mutual fund trust) is a member of a partnership that disposes of Trust Units.

A Holder that is a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional refundable tax of 10²/₃% on certain types of income, including taxable capital gains.

INTEREST OF EXPERTS

Certain legal matters in connection with the issuance of the Trust Units offered by this Prospectus Supplement, including matters referred to under “Eligibility for Investment” and “Certain Canadian Federal Income Tax Considerations”, as well as certain other legal matters relating to the issue and sale of the Trust Units, will be passed on behalf of the REIT by Osler, Hoskin & Harcourt LLP and on behalf of the Underwriters by Cassels Brock & Blackwell LLP. Further, each of Osler, Hoskin & Harcourt LLP and Cassels Brock & Blackwell LLP are named as having provided certain legal opinions included in this Prospectus Supplement.

As of the date of this Prospectus Supplement, the partners and associates of Osler, Hoskin & Harcourt LLP, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding securities of the REIT, and the partners and associates of Cassels Brock & Blackwell LLP, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding securities of the REIT.

The REIT's auditors, MNP S.E.N.C.R.L, s.r.l., Chartered Professional Accountants, has advised that it is independent within the rules of the Code of Ethics of the Chartered Professional Accountants of Québec.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The independent auditor of the REIT is MNP S.E.N.C.R.L, s.r.l., 1155 René-Lévesque Boulevard West, Montréal, Québec, H3B 2J8. The Transfer Agent and Registrar of the REIT is TSX Trust Company, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal adviser.

CERTIFICATE OF THE UNDERWRITERS

Dated: August 9, 2019

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces and territories of Canada.

TD SECURITIES INC.

By: (signed) Derek Dermott

SCOTIA CAPITAL INC.

By: (signed) Justin Bosa

CANACCORD GENUITY CORP.

By: (signed) Dan Sheremeto

BMO NESBITT BURNS INC.

By: (signed) Onorio Lucchese

CIBC WORLD MARKETS INC.

By: (signed) Mark Johnson

**NATIONAL BANK
FINANCIAL INC.**

By: (signed) Benoit Veronneau

HAYWOOD SECURITIES INC.

By: (signed) Beng Lai

INDUSTRIAL ALLIANCE SECURITIES INC.

By: (signed) Dennis Kunde

RAYMOND JAMES LTD.

By: (signed) Lucas Atkins

LAURENTIAN BANK SECURITIES INC.

By: (signed) Denim Smith

LEEDE JONES GABLE INC.

By: (signed) Richard Carter

