

PROREIT Announces April Distribution and Provides Business Update

- 92.3% of April 2020 rent received to date
- Monthly distributions revised to \$0.0375 to enhance liquidity and reduce debt
- Temporary suspension of DRIP
- Solid cash on hand position and revolving credit facility available for liquidity

MONTREAL, April 22, 2020 /CNW Telbec/ - PRO Real Estate Investment Trust ("PROREIT" or the "REIT") (TSX: PRV.UN) today reported financial and operational metrics and provided a business update in the context of the COVID-19 pandemic.

"I am pleased to report that our April rent collection has been very strong in this COVID-19 pandemic environment with 97.4% of April rents received or agreed for deferred payment. This is a testament to the underlying strength and scale of our diversified real estate portfolio in Central and Eastern Canada. It also reflects the fundamental resilience of our tenant base, well-diversified by industry sector," said James Beckerleg, President and CEO, PROREIT.

"To preserve our balance sheet strength and liquidity position in the current market environment, PROREIT's Board of Trustees decided to revise our distribution policy in order to lower both our payout and debt ratios. This is a prudent approach that we believe will prove to be an historical opportunity for the use of our capital. Unitholders should be rewarded going forward as our stronger profile will enable us to better allocate capital towards accretive initiatives. This more conservative financial structure is also likely to attract a broader investor base," added Mr. Beckerleg.

"We also decided to suspend our DRIP program as we do not think it is in the best interest of the REIT nor its unitholders to issue units at current market prices, which have fallen to a significant discount to NAV in the COVID-19 environment.

We continue to closely monitor the impacts of the current crisis and remain committed to supporting the health and safety of our employees, tenants and real estate partners. We will be taking all the necessary steps to be in a position to execute on new initiatives once the situation stabilizes," concluded James Beckerleg.

Strong tenant base

PROREIT has an asset base of approximately \$635 million and its tenant mix is well-diversified by industry sector. 87% of the portfolio base rent is from national and government tenants and the top ten tenants represent 34.4% of annual base rent. 65% of the base rent in the retail segment is from tenants providing necessary services to the public, including groceries, pharmacies, financial institutions, government offices and medical offices.

April 2020 rent collection status:

- 92.3% gross rent collections, including government and other tenants who typically pay at the end of the month, based on historical collection cycle.
 - 90.7% industrial tenants;
 - 99.5% mixed-use commercial tenants;
 - 92.0% office tenants;
 - 88.2% retail tenants.
- Temporary rental deferral agreements with 5.1% of gross rent, the majority of which will be payable in second half of 2020.
- 2.6% of gross rent is in arrears and discussions with tenants are ongoing and managed on a case-by-case basis.

Distribution policy and DRIP

PROREIT's Board of Trustees has declared a cash distribution of \$0.0375 per trust unit of the REIT for the month of April 2020, or \$0.45 on an annualized basis. This revision to our monthly distributions, which were previously of \$0.0525 per unit, will allow the REIT to retain approximately \$7 million a year based on the number of units currently outstanding, will strengthen PROREIT's balance sheet and lower its payout ratio to a more conservative level. This will allow for a reduction in PROREIT's leverage and for flexibility in allocating capital to the benefit of unitholders. The distribution for the month of April 2020 of \$0.0375 per trust unit will be payable on May 15, 2020 to unitholders of record as at April 30, 2020.

In addition, in response to the current stock market volatility caused by the COVID-19 pandemic, PROREIT is suspending its distribution reinvestment plan ("DRIP"), effective immediately. The DRIP will remain suspended until further notice and distributions of PROREIT will be paid only in cash. Upon reinstatement of the DRIP, plan participants enrolled in the DRIP at the time of its suspension and who remain enrolled at the time of its reinstatement will automatically resume participation in the DRIP.

Solid cash flow position

PROREIT has a strong balance sheet and adequate liquidity position. As at April 22, 2020, PROREIT has \$9 million in cash on hand and \$3.5 million available through its revolving credit facility. No mortgage maturities are due in 2020 and current debt to gross book value is approximately 59%.

PROREIT has a term loan with an alternative lender to finance acquisitions and fund deposits on future acquisitions. The alternative lender has without notice reduced the facility, from \$30 million to \$9 million in April 2020, which is now fully drawn. Although PROREIT's current cash flow position does not require further cash from this source, the facility may be replaced with a new facility lender in the future.

Forward-Looking Statements

This news release contains forward-looking statements within the meaning of applicable securities legislation. Forward-looking statements are based on a number of assumptions and are subject to a number of risks and uncertainties, many of which are beyond PROREIT's control, that could cause actual results and events to differ materially from those that are disclosed in or implied by such forward-looking statements.

Forward-looking statements contained in this press release include, without limitation, statements pertaining to PROREIT's future financial performance, the execution of its growth strategy, the payment of distributions, the future reinstatement of the DRIP, and the performance of PROREIT on the financial markets. PROREIT's objectives and forward-looking statements are based on certain assumptions, including that (i) PROREIT will receive financing on favourable terms; (ii) the future level of indebtedness of PROREIT and its future growth potential will remain consistent with the REIT's current expectations; (iii) there will be no changes to tax laws adversely affecting PROREIT's financing capacity or operations; (iv) the impact of the current economic climate and the current global financial conditions on PROREIT's operations, including its financing capacity and asset value, will remain consistent with PROREIT's current expectations; (v) the performance of PROREIT's investments in Canada will proceed on a basis consistent with PROREIT's current expectations; and (vi) capital markets will provide PROREIT with readily available access to equity and/or debt.

The forward-looking statements contained in this news release are expressly qualified in their entirety by this cautionary statement. All forward-looking statements in this press release are made as of the date of this press release. PROREIT does not undertake to update any such forward-looking information whether as a result of new information, future events or otherwise, except as required by law.

Additional information about these assumptions and risks and uncertainties is contained under "Risk Factors" in PROREIT's latest annual information form, which is available on SEDAR at www.sedar.com.

About PROREIT

PROREIT (www.proreit.com) is an unincorporated open-ended real estate investment trust owning a diversified portfolio of 93 commercial properties across Canada representing over 4.5 million square feet of gross leasable area. Established in March 2013, PROREIT is mainly focused on strong primary and secondary markets in Québec, Atlantic Canada and Ontario, with selective exposure in Western Canada.

SOURCE PROREIT

For further information: Investor Relations: PRO Real Estate Investment Trust, James W. Beckerleg, President and Chief Executive Officer, 514-933-9552; PRO Real Estate Investment Trust, Gordon G. Lawlor, CPA, CA, Executive Vice President, Chief Financial Officer and Secretary, 514-933-9552

<https://proreit.mediaroom.com/2020-04-22-PROREIT-Announces-April-Distribution-and-Provides-Business-Update>