

PROREIT ANNOUNCES SECOND QUARTER 2022 RESULTS

MONTREAL, Aug. 10, 2022 /CNW/ - PRO Real Estate Investment Trust ("PROREIT" or the "REIT") (TSX: PRV.UN) today reported its financial and operating results for the three-month period (or "second quarter" or "Q2") ended June 30, 2022.

Second Quarter 2022 Highlights

- Property revenue up 33.6% in Q2 2022 compared to Q2 2021
- Net operating income* up 33.0% in Q2 2022 compared to Q2 2021
- Net income and comprehensive income up \$0.9 million in Q2 2022 compared to Q2 2021
- AFFO* increase of 36.9% in Q2 2022 compared to Q2 2021
- AFFO Payout Ratio – Basic* of 86.5% in Q2 2022 compared to 92.3% in Q2 2021
- Debt to Gross Book Value* of 51.3% at June 30, 2022, compared to 58.2% at same date last year
- Occupancy rate of 98.3% at June 30, 2022
- 81.8% of 2022 gross leasable area ("GLA") renewed at 12.9% average spreads
- Completion of previously announced joint venture transaction with Crestpoint Real Estate Investments Ltd. ("Crestpoint") to co-own an industrial-focused portfolio of 42 properties

"We delivered another strong quarter in Q2, both from an operational and financial standpoint. Our results are reflecting, in large part, our steadily increasing presence in the robust industrial sector as well as meaningful operational and leasing synergies," said Jim Beckerleg, President and CEO, PROREIT. "We are proud to have completed our joint venture transaction with Crestpoint, which also reflects our industrial and operational strategies. The scale of this accretive transaction sets the stage for future growth and opportunities in Eastern Canada, and we look forward to leveraging the significant market leasing upside embedded in this strategic portfolio."

"Our second quarter results include a 4.7% increase in Same Property NOI* from our industrial portfolio compared to the same period last year. Our smaller retail portfolio also performed very well, with a 3.2% increase in Same Property NOI* compared to the same period last year which we believe reflects our focus on necessities-based properties with strong national anchors."

"We kept a sharp focus on maintaining our strong financial discipline during the second quarter, in line with our commitment to reduce our Debt to Gross Book Value* ratio to below 50% over the next few quarters."

"While remaining mindful of the current level of macro-economic uncertainty, inflationary pressures and the rising interest rate environment, we are managing our strategies with discipline. We believe we are advantageously positioned to achieve further performance and improvements, adding value creation for our stakeholders," Mr. Beckerleg concluded.

* Measures followed by the suffix "*" in this press release are non-IFRS measures. See "Non-IFRS Measures".

Financial Results**Table 1- Financial Highlights**

	3 Months Ended June 30 2022	3 Months Ended June 30 2021	6 Months Ended June 30 2022	6 Months Ended June 30 2021
(CAD \$ thousands except unit, per unit amounts and unless otherwise stated)				
Financial data				
Property revenue	\$ 23,724	\$ 17,764	\$ 48,054	\$ 35,154
Net operating income (NOI) ⁽¹⁾	\$ 14,270	\$ 10,731	\$ 28,350	\$ 20,824
Same Property NOI ⁽¹⁾	\$ 9,933	\$ 9,854	\$ 19,696	\$ 19,534
Net income and comprehensive income	\$ 11,969	\$ 11,101	\$ 58,491	\$ 12,735
Total assets	\$ 1,041,296	\$ 772,881	\$ 1,041,296	\$ 772,881
Debt to Gross Book Value ⁽¹⁾	51.26 %	58.22 %	51.26 %	58.22 %
Interest Coverage Ratio ⁽¹⁾	2.9x	2.8x	2.9x	2.7x
Debt Service Coverage Ratio ⁽¹⁾	1.6x	1.6x	1.6x	1.6x
Debt to Annualized Adjusted EBITDA Ratio ⁽¹⁾	10.2x	11.6x	10.2x	11.9x
Weighted average interest rate on mortgage debt	3.40 %	3.50 %	3.40 %	3.50 %
Net cash flows provided from operating activities	\$ 2,200	\$ 7,994	\$ 8,929	\$ 8,201
Funds from Operations (FFO) ⁽¹⁾	\$ 7,836	\$ 4,782	\$ 15,945	\$ 8,660
Basic FFO per unit ⁽¹⁾⁽²⁾	\$ 0.1296	\$ 0.1015	\$ 0.2638	\$ 0.1987
Diluted FFO per unit ⁽¹⁾⁽²⁾	\$ 0.1272	\$ 0.0990	\$ 0.2592	\$ 0.1940
Adjusted Funds from Operations (AFFO) ⁽¹⁾	\$ 7,862	\$ 5,741	\$ 15,675	\$ 11,163
Basic AFFO per unit ⁽¹⁾⁽²⁾	\$ 0.1301	\$ 0.1219	\$ 0.2593	\$ 0.2561
Diluted AFFO per unit ⁽¹⁾⁽²⁾	\$ 0.1276	\$ 0.1189	\$ 0.2548	\$ 0.2500
AFFO Payout Ratio – Basic ⁽¹⁾	86.5 %	92.3 %	86.8 %	87.9 %
AFFO Payout Ratio – Diluted ⁽¹⁾	88.2 %	94.6 %	88.3 %	90.0 %

⁽¹⁾ Non-IFRS measure. See "Non-IFRS Measures".

⁽²⁾ Total basic units consist of trust units of PROREIT and Class B LP Units (as defined herein). Total diluted units also include deferred trust units and restricted trust units issued under the REIT's long-term incentive plan.

PROREIT owned 120 investment properties at June 30, 2022, compared to 107 properties at the same time last year. Total assets amounted to \$1.04 billion at June 30, 2022, compared to \$772.9 million as at June 30, 2021, an increase of \$268.4 million, or 34.7%. PROREIT acquired 16 properties and sold three non-strategic properties during the twelve-month period ended June 30, 2022.

For the second quarter ended June 30, 2022:

- Property revenue amounted to \$23.7 million, an increase of \$6.0 million, or 33.6%, compared to \$17.8 million for the same prior year period, mainly driven by incremental revenues from net acquisition activity over the last twelve-month period.
- Same Property NOI* reached \$9.9 million, an increase of \$0.1 million, or 0.8%, compared to the same prior year period. The increase was a result of increased occupancy in the industrial and retail asset classes, contractual rent increases and high rental rates on lease renewals in

the industrial segment, partially offset by the decrease in office Same Property NOI* resulting from a one-time adjustment of \$0.13 million related to a prior period in addition to the increase in vacancy in two of the eight office properties. Excluding the aforementioned \$0.13 million impact, Same Property NOI* increased by 2.2% in Q2 2022 compared to the same prior year period.

- Net operating income* amounted to \$14.3 million, compared to \$10.7 million in the same period in 2021, an increase of \$3.5 million, or 33.0%, mainly driven by the impact of the net property acquisition activity over the last twelve-month period.
- AFFO* totaled \$7.9 million, an increase of \$2.1 million, or 36.9%, compared to \$5.7 million for the same prior year period, mainly driven by the impact of the net acquisition activity over the last twelve-month period.
- AFFO Payout Ratio – Basic* stood at 86.5% compared to 92.3% for the same prior year period. This improvement is mainly related to the impact of the net acquisition activity over the last twelve-month period, partially offset by maintenance capital expenditures, leasing costs, and general and administrative expenses resulting from the REIT's growth.

For the six-month period ended June 30, 2022:

- Property revenue was \$48.1 million. The increase of \$12.9 million, or 36.7%, compared to the same period last year, is primarily due to incremental revenues from the net property acquisitions completed in the twelve-month period ended June 30, 2022.
- Same Property NOI* was \$19.7 million, an increase of \$0.2 million, or 0.8%, compared to the same period last year. The increase was a result of increased occupancy in the retail asset class, contractual rent increases and high rental rates on lease renewals in the industrial segment, partially offset by the decrease in occupancy in the office sector.
- Net operating income* was \$28.4 million, an increase of \$7.5 million, or 36.1%, compared to the same period last year. This increase results primarily from the favorable impact of the net property acquisitions in the twelve-month period ended June 30, 2022.
- AFFO* totaled \$15.7 million, an increase of \$4.5 million, or 40.4%, compared to the same period last year, mainly driven by the impact of the net acquisition activity over the last twelve-month period.
- AFFO Payout Ratio – Basic* stood at 86.8% compared to 87.9% for the same period last year. This improvement is mainly related to the impact of the net acquisition activity over the last twelve-month period, partially offset by maintenance capital expenditures, leasing costs, and general and administrative expenses resulting from the REIT's growth.

TABLE 2- Reconciliation of net operating income to net income and comprehensive income

	3 Months Ended June 30 2022	3 Months Ended June 30 2021	6 Months Ended June 30 2022	6 Months Ended June 30 2021
(CAD \$ thousands)				
Property revenue	\$ 23,724	\$ 17,764	\$ 48,054	\$ 35,154
Property operating expenses	9,454	7,033	19,704	14,330
Net operating income (NOI) ⁽¹⁾	14,270	10,731	28,350	20,824
General and administrative expenses	1,324	1,062	2,526	2,131
Long-term incentive plan expense	(1,201)	1,334	(276)	1,871
Depreciation of property and equipment	99	87	188	174
Amortization of intangible assets	93	93	186	186
Interest and financing costs	4,804	4,024	9,516	7,925
Distributions - Class B LP Units	159	167	318	333
Fair value adjustment - Class B LP Units	(1,807)	887	(861)	1,319
Fair value adjustment - investment properties	(833)	(8,287)	(41,134)	(7,117)
Other income	(677)	(557)	(1,139)	(1,118)
Other expenses	340	426	535	688
Debt settlement costs	-	394	-	1,697
Net income and comprehensive income	\$ 11,969	\$ 11,101	\$ 58,491	\$ 12,735

⁽¹⁾ Non-IFRS measure. See "Non-IFRS Measures".

For the three months ended June 30, 2022, net income and comprehensive income amounted to \$12.0 million, compared to \$11.1 million during the same prior year period. The \$0.9 million increase mainly relates to the \$3.5 million favourable impact in net operating income, the \$2.7 million favourable impact in the non-cash fair value adjustment on Class B LP Units and the \$2.5 million favourable impact in the non-cash long-term incentive plan expense, partially offset by the \$7.4 million change in the non-cash fair market value adjustment on investment properties for the second quarter of 2022, compared to the same prior year period. PROREIT updated independent external appraisals for nine properties during the second quarter of 2022, resulting in a fair market value gain of \$0.8 million.

For the six months ended June 30, 2022, net income and comprehensive income amounted to \$58.5 million, compared to \$12.7 million during the same prior year period. The \$45.8 million increase mainly relates to the \$34.0 million favourable impact in the non-cash fair value adjustment on investment properties, combined with the \$7.5 million increase in net operating income for the six-month period ending June 30, 2022, compared to the same prior year period. During the first six months of 2022, PROREIT updated independent external appraisals for 14 properties, resulting in a fair market value gain of \$41.1 million.

Solid Balance Sheet

PROREIT remains committed to steadily improving its balance sheet and liquidity position, including its Debt to Gross Book Value* ratio. PROREIT continues to maintain diversified debt maturities appropriate for the overall debt level of its portfolio.

Proceeds from an agreement to sell nine non-strategic retail properties located in Western Canada entered into subsequent to quarter-end (see Portfolio Transactions) will be used to repay approximately \$14.1 million in related mortgages maturing in January 2023, leaving approximately \$10 million in mortgage renewals maturing in the next twelve months.

Debt to Gross Book Value* was 51.2% at June 30, 2022, down from 58.2% at the same date last year. The weighted average interest rate on mortgage debt was 3.40% at June 30, 2022, compared to 3.50% at the same date last year.

At June 30, 2022, PROREIT had \$28 million available on its credit facility.

Portfolio Transactions

On July 27, 2022, subsequent to quarter-end, PROREIT reached an agreement to sell a portfolio of nine non-core retail properties to a third party for gross proceeds of \$18.8 million (excluding closing costs), totaling approximately 94,000 square feet of GLA located in Western Canada. Proceeds of the sale will be used to repay related mortgages, with the balance to be used to partially repay a term loan. The closing of the sale is scheduled for September 2022, subject to standard closing conditions.

On August 5, 2022, subsequent to quarter-end, PROREIT announced the closing of its previously announced accretive transaction with Crestpoint to jointly own an industrial-focused portfolio of 42 properties located in Atlantic Canada, whereby PROREIT and Crestpoint each acquired a 50% interest in 21 primarily industrial properties owned by a third party, for a total purchase price of \$228.0 million (before closing costs). In conjunction with the acquisition, PROREIT sold a 50% interest in 21 of its currently owned properties to Crestpoint, having a total value of \$227 million, for a total consideration to PROREIT of \$113.5 million (before closing costs).

PROREIT's acquisition in the 50% interest in the 21 properties amounted to a cost to PROREIT of approximately \$114.0 million (excluding closing costs), financed from the proceeds of a 50% interest in approximately \$148.0 million in new fixed-rate mortgages. The \$40 million balance was satisfied with cash on hand, including cash from the proceeds of the sale of a 50% interest in existing properties to Crestpoint.

PROREIT's sale of a 50% interest in 21 of its currently owned properties resulted in a consideration of approximately \$49.0 million in cash received from Crestpoint (before closing costs), with Crestpoint also assuming a 50% interest in approximately \$129.0 million of fixed-rate mortgages held by PROREIT.

Portfolio Pro Forma the Transactions

Province	% By Base Rent ⁽¹⁾	% By GLA ⁽¹⁾	Asset Class	% By Base Rent ⁽¹⁾	% By GLA ⁽¹⁾
Maritime Provinces	49.9 %	52.0 %	Retail	22.0 %	13.8 %
Québec	9.8 %	12.0 %	Office	9.8 %	6.6 %
Western Canada	12.7 %	12.2 %	Industrial	68.2 %	79.7 %
Ontario	27.5 %	23.9 %			
Total	100.0 %	100.0 %	Total	100.0 %	100.0 %

⁽¹⁾ Information as at June 30, 2022, adjusted to give effect to the sale transaction of nine non-core retail properties and the joint venture transaction with Crestpoint, as described under "Portfolio Transactions".

Operating Performance

At June 30, 2022, PROREIT's portfolio totaled 120 properties aggregating 6.6 million square feet with a weighted average lease term of 4.4 years. Approximately 81.8% of leases maturing in 2022 were renewed at a positive average spread of 12.90%. Occupancy rate remains strong at 98.3% as at June 30, 2022.

Distributions

Distributions to unitholders of \$0.0375 per trust unit of the REIT were declared monthly during the three months ended June 30, 2022, representing distributions of \$0.45 per unit on an annual basis. Equivalent distributions are paid on the Class B limited partnership units of PRO REIT Limited Partnership ("Class B LP Units"), a subsidiary of the REIT.

Investor Conference Call and Webcast Details

PROREIT will hold a conference call to discuss its second quarter 2022 results on August 11, 2022, at 12:00 p.m. Eastern (noon). There will be a question period reserved for financial analysts. To access the conference call, please dial 888-664-6383. A recording of the call will be available until August 18, 2022 by dialing 888-390-0541 Access code: 018773#

The conference call will also be accessible via live webcast on PROREIT's website at www.proreit.com or at <https://app.webinar.net/Ww539xJKNkq>

About PROREIT

PROREIT (TSX:PRV.UN) is an unincorporated open-ended real estate investment trust established pursuant to a declaration of trust under the laws of the Province of Ontario. Founded in 2013, PROREIT owns a portfolio of high-quality commercial real estate properties in Canada, with a strong industrial focus in robust secondary markets.

Non-IFRS Measures

PROREIT's consolidated financial statements are prepared in accordance with International Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. In addition to reported IFRS measures, industry practice is to evaluate real estate entities giving consideration, in part, to certain non-IFRS financial measures, non-IFRS ratios and other specified financial measures (collectively, "non-IFRS measures"). Without limitation, measures followed by the suffix "*" in this press release are non-IFRS measures.

As a complement to results provided in accordance with IFRS, PROREIT discloses and discusses in this press release (i) certain non-IFRS financial measures, including: adjusted earnings before interest, tax, depreciation and amortization ("Adjusted EBITDA"); annualized adjusted earnings before interest, tax, depreciation and amortization ("Annualized Adjusted EBITDA"); adjusted funds from operations ("AFFO"); funds from operations ("FFO"); gross book value ("Gross Book Value"); net operating income ("NOI"); Same Property NOI; and (ii) certain non-IFRS ratios, including: AFFO Payout Ratio – Basic; AFFO Payout Ratio – Diluted; Basic AFFO per Unit; Diluted AFFO per Unit; Basic FFO per Unit; Diluted FFO per Unit; Debt to Gross Book Value; Debt Service Coverage Ratio; Interest Coverage Ratio; Debt to Annualized Adjusted EBITDA Ratio. These non-IFRS measures are not defined by IFRS and do not have a standardized meaning under IFRS. PROREIT's method of calculating these non-IFRS measures may differ from other issuers and may not be comparable with similar measures presented by other income trusts. PROREIT has presented such non-IFRS measures and ratios as management believes they are relevant measures of PROREIT's underlying operating and financial performance. For information on the most directly comparable IFRS measures, composition of the non-IFRS measures, a description of how PROREIT uses these measures and an explanation of how these measures provide useful information to investors, refer to the "Non-IFRS Measures" section of PROREIT's management's discussion and analysis for the three months ended June 30, 2022, dated August 10, 2022 (the "Q2 MD&A"), available on PROREIT's SEDAR profile at www.sedar.com, which is incorporated by reference into this press release. As applicable, the reconciliations for each non-IFRS measure are outlined below. Non-IFRS measures should not be considered as alternatives to net income, cash flows provided by operating activities, cash and cash equivalents, total assets, total equity, or comparable metrics determined in accordance with IFRS as indicators of PROREIT's performance, liquidity, cash flow, and profitability.

Reconciliation of Same Property NOI to net operating income (as reported in the consolidated financial statements)

	3 Months Ended June 30 2022	3 Months Ended June 30 2021	6 Months Ended June 30 2022	6 Months Ended June 30 2021
(CAD \$ thousands)				
Property revenue	\$ 23,724	\$ 17,764	\$ 48,054	\$ 35,154
Property operating expenses	9,454	7,033	19,704	14,330

Adjusted operating income as reported in the financial statements ⁽¹⁾	14,275	10,720	28,259	20,229
NOI after straight-line rent adjustment ⁽¹⁾	14,165	10,611	28,127	20,579
NOI ⁽¹⁾ sourced from:				
Acquisitions	(4,233)	(583)	(8,434)	(583)
Dispositions	1	(174)	3	(462)
Same Property NOI ⁽¹⁾	\$ 9,933	\$ 9,854	\$ 19,696	\$ 19,534
Number of same properties	86	86	86	86

⁽¹⁾ Non-IFRS measure. See "Non-IFRS Measures".

The following is the Same Property NOI by asset class for the three and six month periods ended June 30, 2022 and 2021:

	3 Months Ended June 30 2022	3 Months Ended June 30 2021	6 Months Ended June 30 2022	6 Months Ended June 30 2021
<i>(CAD \$ thousands)</i>				
Industrial ⁽¹⁾	\$ 5,390	\$ 5,146	\$ 10,694	\$ 10,174
Retail	3,419	3,314	6,819	6,585
Office ⁽¹⁾	1,124	1,394	2,183	2,775
Same Property NOI ⁽²⁾	\$ 9,933	\$ 9,854	\$ 19,696	\$ 19,534

⁽¹⁾ As of January 1, 2022, the REIT reclassified one of its Office assets to Industrial assets to be more consistent with the asset's use. The comparative period has been updated to reflect this adjustment.

⁽²⁾ Non-IFRS measure. See "Non-IFRS Measures".

Reconciliation of AFFO and FFO to net income and comprehensive income

	3 Months Ended June 30 2022	3 Months Ended June 30 2021	6 Months Ended June 30 2022	6 Months Ended June 30 2021
<i>(CAD \$ thousands except unit, per unit amounts and unless otherwise stated)</i>				
Net income and comprehensive income for the period	\$ 11,969	\$ 11,101	\$ 58,491	\$ 12,735
Add:				
Long-term incentive plan	(1,745)	821	(1,055)	1,204
Distributions - Class B LP Units	159	167	318	333
Fair value adjustment - investment properties	(833)	(8,287)	(41,134)	(7,117)
Fair value adjustment - Class B LP Units	(1,807)	887	(861)	1,319
Amortization of intangible assets	93	93	186	186
FFO ⁽¹⁾	\$ 7,836	\$ 4,782	\$ 15,945	\$ 8,660
Deduct:				
Straight-line rent adjustment	\$ (105)	\$ (120)	\$ (223)	\$ (245)
Maintenance capital expenditures	(232)	(122)	(511)	(186)
Stabilized leasing costs	(446)	(240)	(838)	(406)
Add:				
Long-term incentive plan	544	513	779	667
Amortization of financing costs	265	534	523	976
Debt settlement costs	-	394	-	1,697
AFFO ⁽¹⁾	\$ 7,862	\$ 5,741	\$ 15,675	\$ 11,163
Basic FFO per unit ⁽¹⁾⁽²⁾	\$ 0.1296	\$ 0.1015	\$ 0.2638	\$ 0.1987
Diluted FFO per unit ⁽¹⁾⁽²⁾	\$ 0.1272	\$ 0.0990	\$ 0.2592	\$ 0.1940
Basic AFFO per unit ⁽¹⁾⁽²⁾	\$ 0.1301	\$ 0.1219	\$ 0.2593	\$ 0.2561
Diluted AFFO per unit ⁽¹⁾⁽²⁾	\$ 0.1276	\$ 0.1189	\$ 0.2548	\$ 0.2500
Distributions declared per Unit and Class B LP unit	\$ 0.1125	\$ 0.1125	\$ 0.2250	\$ 0.2250
AFFO Payout Ratio - Basic ⁽¹⁾	86.5 %	92.3 %	86.8 %	87.9 %
AFFO Payout Ratio - Diluted ⁽¹⁾	88.2 %	94.6 %	88.3 %	90.0 %
Basic weighted average number of units ⁽²⁾⁽³⁾	60,447,230	47,106,848	60,447,230	43,584,504
Diluted weighted average number of units ⁽²⁾⁽³⁾	61,625,646	48,285,403	61,510,654	44,648,990

⁽¹⁾ Non-IFRS measure. See "Non-IFRS Measures".

⁽²⁾ FFO and AFFO per unit is calculated as FFO or AFFO, as the case may be, divided by the total of the weighted number of basic or diluted units, as applicable, added to the weighted average number of Class B LP Units outstanding during the period.

⁽³⁾ Total basic units consist of trust units of PROREIT and Class B LP Units. Total diluted units also includes deferred trust units and restricted trust units issued under the REIT's long-term incentive plan.

Reconciliation of Adjusted EBITDA to net income and comprehensive income

	3 Months Ended June 30 2022	3 Months Ended June 30 2021	6 Months Ended June 30 2022	6 Months Ended June 30 2021
<i>(CAD \$ thousands)</i>				
Net income and comprehensive income	\$ 11,969	\$ 11,101	\$ 58,491	\$ 12,735
Interest and financing costs	4,804	4,024	9,516	7,925
Depreciation of property and equipment	99	87	188	174
Amortization of intangible assets	93	93	186	186
Fair value adjustment - Class B LP Units	(1,807)	887	(861)	1,319
Fair value adjustment - investment properties	(833)	(8,287)	(41,134)	(7,117)
Distributions - Class B LP Units	159	167	318	333
Straight-line rent	(105)	(120)	(223)	(245)

Long-term incentive plan expense	(1,201)	1,334	(276)	1,871
Debt settlement costs	-	394	-	1,697
Adjusted EBITDA ⁽¹⁾	\$ 13,178	\$ 9,680	\$ 26,205	\$ 18,878

⁽¹⁾ Non-IFRS measure. See "Non-IFRS Measures".

Calculation of Debt to Annualized Adjusted EBITDA Ratio

	3 Months Ended June 30 2022	3 Months Ended June 30 2021	6 Months Ended June 30 2022	6 Months Ended June 30 2021
(CAD \$ thousands)				
Debt, excluding unamortized financing costs	\$ 503,135	\$ 428,050	\$ 503,135	\$ 428,050
Credit facility, excluding unamortized financing costs	32,000	23,000	32,000	23,000
Debt	\$ 535,135	\$ 451,050	\$ 535,135	\$ 451,050
Adjusted EBITDA ⁽¹⁾	\$ 13,178	\$ 9,680	\$ 26,205	\$ 18,878
Adjusted Annualized EBITDA ⁽¹⁾	\$ 52,712	\$ 38,720	\$ 52,410	\$ 37,756
Debt to Annualized Adjusted EBITDA Ratio ⁽¹⁾	10.2x	11.6x	10.2x	11.9x

⁽¹⁾ Non-IFRS measure. See "Non-IFRS Measures".

Calculation of the Interest Coverage Ratio

	3 Months Ended June 30 2022	3 Months Ended June 30 2021	6 Months Ended June 30 2022	6 Months Ended June 30 2021
(CAD \$ thousands)				
Adjusted EBITDA ⁽¹⁾	\$ 13,178	\$ 9,680	\$ 26,205	\$ 18,878
Interest expense	\$ 4,538	\$ 3,508	\$ 8,986	\$ 6,961
Interest Coverage Ratio ⁽¹⁾	2.9x	2.8x	2.9x	2.7x

⁽¹⁾ Non-IFRS measure. See "Non-IFRS Measures".

Calculation of the Debt Service Coverage Ratio

	3 Months Ended June 30 2022	3 Months Ended June 30 2021	6 Months Ended June 30 2022	6 Months Ended June 30 2021
(CAD \$ thousands)				
Adjusted EBITDA ⁽¹⁾	\$ 13,178	\$ 9,680	\$ 26,205	\$ 18,878
Interest expense	4,538	3,508	8,986	6,961
Principal repayments	3,566	2,486	7,155	4,943
Debt Service Requirements	\$ 8,104	\$ 5,994	\$ 16,141	\$ 11,904
Debt Service Coverage Ratio ⁽¹⁾	1.6x	1.6x	1.6x	1.6x

⁽¹⁾ Non-IFRS measure. See "Non-IFRS Measures".

Calculation of Gross Book Value and Debt to Gross Book Value

	June 30 2022	Dec 31 2021	June 30 2021
(CAD \$ thousands except unit, per unit amounts and unless otherwise stated)			
Total assets, including investment properties stated at fair value	\$ 1,041,296	\$ 989,963	\$ 772,881
Accumulated depreciation on property and equipment and intangible assets	2,642	2,268	1,868
Gross Book Value ⁽¹⁾	1,043,938	992,231	774,749
Debt, excluding unamortized financing costs	503,135	511,445	428,050
Credit facility, excluding unamortized financing costs	32,000	15,000	23,000
Debt	\$ 535,135	\$ 526,445	\$ 451,050
Debt to Gross Book Value ⁽¹⁾	51.26 %	53.06 %	58.22 %

⁽¹⁾ Non-IFRS measure. See "Non-IFRS Measures".

Forward-Looking Statements

This press release contains forward-looking statements and forward-looking information (collectively, "forward-looking statements") within the meaning of applicable securities legislation, including statements relating to certain expectations, projections, growth plans and other information related to REIT's business strategy and future plans. 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 the execution by PROREIT of its growth strategy and the future financial and operating performance of PROREIT. 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 and "Risk and Uncertainties" in PROREIT's management's discussion and analysis for the three months ended June 30, 2022, which are available under PROREIT's profile on SEDAR at www.sedar.com.

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, CAExecutive Vice President, Chief Financial Officer and Secretary, 514-933-9552

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