

PROREIT reports strong second quarter 2016 financial and operating results

PRO Real Estate Investment Trust is pleased to report financial and operating results for the three and six-months ended June 30, 2016 (or “second quarter”). The second quarter was characterized by solid year-over-year expansion in property revenues, net operating income (“NOI”) and adjusted funds from operations (“AFFO”).

“Our accretive acquisitions during the past two years continue to generate strong cash flow and solid financial and operating results,” said James W. Beckerleg, President and Chief Executive Officer. “We are also pleased to see that equity and debt markets improved for our sector from earlier in the year, and we are optimistic that the opportunity these improvements provide will enable us to continue to pursue our growth and control our re-financing costs, as we were able to do in transactions subsequent to the end of the quarter.”

NOI increased 44.8% to \$3.50 million in the second quarter, compared to \$2.41 million in the second quarter of 2015. For the six month period ended June 30, 2016, NOI increased 45.4% to \$6.94 million, compared to the same period last year. The strong increase in NOI was due primarily to major acquisitions in the second and third quarters of 2015, and to the lease-up of a property that PROREIT developed in latter half of 2015 and the first quarter of 2016.

In the second quarter, the REIT generated AFFO of \$1.85 million or \$0.0541 of AFFO per basic unit, compared to \$1.33 million, or \$0.0516 per basic unit in the second quarter of 2015. Underlying revenue and cash flow growth reflect the acquisition of ten properties acquired by way of major transactions during the second and third quarters of 2015. For the six month period ended June 30, 2016, AFFO increased 39.2% to \$3.70 million, compared to the same period last year, and AFFO per basic unit increased modestly to \$0.1084. For the three months ended June 30, 2016, the REIT declared three distributions totalling \$0.0525 per trust unit. The AFFO payout ratio in the second quarter was 96.9% on a basic weighted average of 34,223,901 units outstanding, compared to approximately 102% for the comparable period last year.

At June 30, 2016, the total assets of the REIT stood at \$208.98 million, an increase of 12.13% compared total assets of \$186.37 million at June 30, 2015. The increase is due to assets acquired in the Boulevard Industrial REIT transaction on September 30, 2015. Total debt to gross book value was stable at 61.67%, compared to 58.68% at the end of the second quarter in 2015. The increase in total debt is due to debt acquired in the Boulevard Industrial REIT transaction. Average interest rates declined on a year-over-year basis, with the weighted average interest rate on mortgage debt improving to 3.71% at June 30, 2016 from 3.73%.

The REIT’s portfolio properties continue to perform well. At June 30, 2016 the total portfolio consisted of 33 properties, including four office properties representing 154,357 square feet of GLA, 17 retail properties representing 532,382 square feet of GLA, nine industrial properties representing 765,976 square feet of GLA and three commercial mixed use properties representing 224,532 square feet of GLA. GLA increased 17.2% to 1,677,247 square feet, compared to June 30, 2015.

At 95% occupancy, the REIT’s occupancy rate was unchanged at the end of the second quarter compared to the first quarter of 2016. It was down slightly compared to the same quarter in 2015, this being attributable to vacancy in certain of the buildings purchased since the earlier date. Management has already been successful in leasing up the great majority of properties with leases coming due in 2016.

Subsequent Events

Subsequent to the end of the second quarter, PROREIT took the opportunity to lower its average interest rate and extend the average term on a significant portion of its long-term debt. On July 21, 2016, PROREIT announced that it had received commitments totaling \$19.6 million for the refinancing of approximately 15 percent of its total debt. The refinancing transactions closed on August 4, 2016.

As part of the refinancing transactions, following receipt of a commitment for a \$17.8 million new mortgage with a 10-year term, amortized over 25 years, PROREIT refinanced the primary loans against four of the REIT’s assets, including the three industrial buildings acquired in the Boulevard Industrial REIT transaction, which closed on September 30, 2015. The interest rate on the new mortgage is 3.89 percent. Proceeds of this portion of the refinancing were used to repay and extend the term on certain existing mortgages of \$6 million due in 2017, \$1.5 million due in 2018, \$6.8 million due in 2019 and \$2.5 million maturing in 2023, as well as all related fees.

Also as part of the refinancing transactions, following receipt of a \$1.8 million commitment for a second mortgage on an existing asset, PROREIT used proceeds of the mortgage to repay a \$1.3 million vendor take back mortgage that was due in September 2016 for an asset purchased in June 2015. The balance of \$0.5 million will be used for general working capital purposes.

These refinancing transactions create significant value and improvements in AFFO, with anticipated annualized interest savings for PROREIT of \$180 thousand. In addition to the cash savings, the refinancing enables us to mitigate our interest rate renewal risk on the near term maturities, and extends the overall debt maturity profile of our portfolio.

Outlook

Management continues to work diligently to find new acquisitions and internal development opportunities that will add to cash flow and net operating income.

PROREIT's current focus is to make accretive acquisitions of high quality commercial properties in retail, industrial and mixed use market segments, with some selective office exposure in the right markets. In addition, the REIT looks to increase occupancy and build additional leasable area at some of the acquired properties as development returns from such transactions are attractive. In support of this strategy, the REIT occasionally accesses capital markets when conditions are favourable in order to provide funding for the equity component of its acquisitions.

"Equity markets improved considerably in the second quarter, and both the market valuation and trading volume of PROREIT continued to improve," said Mr. Beckerleg. "We are pleased that a major Canadian financial services firm has initiated coverage on the REIT. Together, all these factors and an enduring low interest rate financial environment, provide us with the right conditions and the confidence to move ahead with our growth strategies."

Additional Financial Information

Information appearing in this news release is a select summary of results. The condensed consolidated financial statements and management's discussion and analysis of PROREIT for the three and six-months ended June 30, 2016 will be filed on SEDAR at www.sedar.com and will be available on PROREIT's website at www.proreit.com.

About PROREIT

PROREIT is an unincorporated open-ended real estate investment trust established pursuant to a declaration of trust under the laws of the Province of Ontario. PROREIT owns a portfolio of diversified commercial real estate properties in Canada, with growth objectives focused on primary and secondary markets in Québec and Atlantic Canada, with selective expansion into Ontario and Western Canada.

Non-IFRS and Operational Key Performance Indicators

PROREIT's condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). In this press release, as a complement to results provided in accordance with IFRS, PROREIT discloses and discusses certain non-IFRS financial measures, including Adjusted Funds From Operations ("AFFO"), Funds From Operations ("FFO"), debt-to-Gross Book Value, Net Operating Income ("NOI"), and payout ratios as well as other measures discussed elsewhere in this release. These non-IFRS measures are not defined by IFRS, do not have a standardized meaning and may not be comparable with similar measures presented by other issuers. PROREIT has presented such non-IFRS measures as Management believes they are relevant measures of PROREIT's underlying operating performance and debt management. Non-IFRS measures should not be considered as alternatives to net income, cash generated from (utilized in) operating activities or comparable metrics determined in accordance with IFRS as indicators of PROREIT's performance, liquidity, cash flow, and profitability. For a full description of these measures and, where applicable, a reconciliation to the most directly comparable measure calculated in accordance with IFRS, please refer to the "Non-IFRS and Operational Key Performance Indicators" section in PROREIT's Management's Discussion and Analysis for the three months ended June 30, 2016, available on SEDAR at www.sedar.com.

Forward-Looking Information

Certain statements contained in this news release constitute forward-looking information within the meaning of applicable securities laws. In some cases, forward-looking information can be identified by such terms such as "may", "might", "will", "could", "should", "would", "occur", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue", "likely", "schedule", or the negative thereof or other similar expressions concerning matters that are not historical facts. Some of the specific forward-looking statements in this news release include, but are not limited to, statements with respect to the extent to which capital markets will rise in the future; PROREIT's future financial performance; the ability of PROREIT to execute its growth strategies; and PROREIT's ability to raise capital. 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. 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 PROREIT'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. 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, and in other filings that PROREIT has made and may make with applicable securities authorities in the future.

The forward-looking statements contained in this news release are expressly qualified in their entirety by this cautionary statement. Investors are cautioned not to put undue reliance on forward-looking statements. 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.

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

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