

Sep 3, 2019

# True North Commercial Real Estate Investment Trust Announces \$70 Million Equity Offering and Three Potential Class “A” Urban Accretive Acquisitions

**624,000 Square Feet with 97% Government and Credit-Rated Tenants**

**and 7.6 Years Average Remaining Lease Term**

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TORONTO, September 3, 2019 – True North Commercial Real Estate Investment Trust (the “**REIT**”) (TSX: TNT.UN) is pleased to announce that it has entered into an agreement with a syndicate of underwriters led by CIBC Capital Markets and Raymond James Ltd. (collectively, the “**Underwriters**”) to sell, on a bought deal basis, 10,610,000 trust units of the REIT (“**Units**”) at a price of \$6.60 per Unit for gross proceeds to the REIT of approximately \$70 million (the “**Offering**”). The Offering is being made under the REIT’s short form base shelf prospectus dated June 1, 2018. The terms of the Offering will be described in a prospectus supplement to be filed with Canadian securities regulatory authorities. Daniel Drimmer, the REIT’s President and Chief Executive Officer, will be purchasing approximately \$1 million of Units as a part of the Offering.

The REIT has also granted the Underwriters an option (the “**Over-Allotment Option**”), exercisable for a period of 30 days following the closing of the Offering, to purchase up to an additional 1,591,500 Units to cover over-allotments, if any. The Offering is expected to close on or about September 12, 2019 and is subject to certain conditions including, but not limited to, the approval of the Toronto Stock Exchange (“**TSX**”) and other regulatory approvals.

The REIT intends to deploy the net proceeds from the Offering to fund the potential acquisition of three high-quality Class “A” office properties (the “**Potential Acquisition Properties**”) from three arm’s length vendors located in the Greater Toronto Area, Ontario and Calgary, Alberta, which feature strong tenant profiles. The Potential Acquisition Properties are expected to be accretive to the REIT’s funds from operations (“**FFO**”) and adjusted funds from operations (“**AFFO**”) per Trust Unit.

In addition to the Offering, the institutional vendor of one of the Potential Acquisition Properties has agreed to accept approximately \$15.0 million of Trust Units as partial consideration of the purchase price of the property, subject to TSX approval. The Trust Units issued to this vendor will be subject to a contractual hold period of twelve months from the closing of such acquisition.

The Potential Acquisition Properties have a combined purchase price of approximately \$222.5 million and are comprised of an aggregate of 624,000 leasable square feet with a combined occupancy of 100%, a weighted average remaining lease term of 7.6 years and 97% of revenue generated from government and credit-rated tenants. Upon the successful closing of the acquisition of the Potential Acquisition Properties, the REIT’s portfolio will have 4.3 million leasable square feet, be 97% occupied, have a weighted average lease term of 4.7 years and have 82% of its revenue be generated by government and/or credit-rated tenants.

Key metrics of the Potential Acquisition Properties are as follows:

Location	Square Feet	Weighted Average Lease Term (Years)	Occupancy	Government/Credit- Rated
GTA, ON	315,000	7.0	100%	100% Credit-Rated
GTA, ON	100,000	5.9	100%	84% Credit-Rated
Calgary, AB	209,000	9.2	100%	100% Government
	<b>624,000</b>	<b>7.6</b>	<b>100%</b>	<b>97%</b>

The REIT is currently conducting due diligence in respect of the Potential Acquisition Properties and there can be no assurance any or all of the Potential Acquisition Properties will close. The Offering is not conditional on the closing of the acquisition of any of the Potential Acquisition Properties, and in the event any acquisition does not close, the net proceeds are expected to be used to fund future acquisitions. Until deployed for these purposes, the REIT intends to use the funds to repay existing indebtedness on its credit facility.

This news release shall not constitute an offer to sell or a solicitation of any offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), and such securities may not be offered or sold within the United States absent registration under the U.S. Securities Act or an applicable exemption from the registration requirements thereunder.

### About the REIT

The REIT is an unincorporated, open-ended real estate investment trust established under the laws of the Province of Ontario. The REIT currently owns and operates a portfolio of 45 commercial properties consisting of approximately 3.7 million square feet in urban and select secondary markets across Canada. The REIT is focused on growing its portfolio principally through acquisitions across Canada and such other jurisdictions where opportunities exist.

For complete financial statements and management's discussion and analysis for the period, and any other information relating to the REIT, please visit [www.sedar.com](http://www.sedar.com) or the REIT's website at [www.truenorthreit.com](http://www.truenorthreit.com).

### Non-IFRS measures

Certain terms used in this press release such as FFO and AFFO are not measures defined by International Financial Reporting Standards (“**IFRS**”) as prescribed by the International Accounting Standards Board (“**IASB**”), do not have standardized meanings prescribed by IFRS and should not be compared to or construed as alternatives to profit/loss, cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS.

FFO is a measure of operating performance based on the funds generated from the business of the REIT before reinvestment or provision for capital needs. The REIT calculates FFO in accordance with the guidelines set out by the Real Property Association of Canada (“**Realpac**”). Management considers this non-IFRS measure to be an important measure of the REIT’s operating performance.

AFFO is an important performance measure to determine the sustainability of future distributions paid to holders of Units. In calculating AFFO, the REIT makes certain non-cash adjustments to FFO such as: amortization of fair value mark-to-market adjustments on assumed mortgages, amortization of deferred financing costs, straight-line rent, instalment note receipts and non-cash compensation expense related to Unit-based incentive plans and a deduction of a reserve for capital expenditures, tenant inducements, and leasing costs. The method applied by the REIT to calculate AFFO differs from the definition of AFFO as defined by Realpac. Management considers these non-cash adjustments important in determining the amount of sustainable cash available to fund future distributions to Unitholders.

## **Forward-looking Statements**

Certain statements contained in this news release constitute forward-looking information within the meaning of Canadian securities laws. Forward-looking statements are provided for the purposes of assisting the reader in understanding the REIT's financial performance, financial position and cash flows as at and for the periods ended on certain dates and to present information about management's current expectations and plans relating to the future and readers are cautioned such statements may not be appropriate for other purposes. Forward-looking information may relate to future results, performance, achievements, events, prospects or opportunities for the REIT or the real estate industry, outlook and anticipated events or results, and may include statements regarding the closing date of the Offering, the use of net proceeds from the Offering including the acquisition of the Potential Acquisition Properties, the repayment and re-borrowing of indebtedness by the REIT, the completion of future acquisitions or investments by the REIT, as well as the financial position, business strategy, budgets, projected costs, capital expenditures, financial results, financing rates and costs, taxes, plans and objectives of or involving the REIT. In some cases, forward-looking information can be identified by such terms as "may", "might", "will", "could", "should", "would", "expect", "plan", "anticipate", "believe", "intend", "seek", "aim", "estimate", "target", "goal", "project", "predict", "forecast", "potential", "continue", "likely", or the negative thereof or other similar expressions suggesting future outcomes or events.

Forward-looking statements involve known and unknown risks and uncertainties, which may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, assumptions may not be correct and objectives, strategic goals and priorities may not be achieved. A variety of factors, many of which are beyond the REIT's control, affect the operations, performance and results of the REIT and its business, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. These factors include, but are not limited to, risks related to the trust units and risks related to the REIT and its business. See the REIT's Annual Information Form for the year ended December 31, 2018, annual MD&A at "Risks and Uncertainties" and the risks discussed in the REIT's materials filed with Canadian securities regulatory authorities from time to time on [www.sedar.com](http://www.sedar.com). The reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements as there can be no assurance actual results will be consistent with such forward-looking statements.

Information contained in forward-looking statements is based upon certain material assumptions applied in drawing a conclusion or making a forecast or projection, including management's perception of historical trends, current conditions and expected future developments, as well as other considerations believed to be appropriate in the circumstances, including the following: all regulatory approvals in connection with the Offering are received on a timely basis; the REIT will acquire all of the Potential Acquisition Properties; the Canadian economy will remain stable over the next 12 months; inflation will

remain relatively low; interest rates will remain relatively stable; conditions within the real estate market, including competition for acquisitions, will be consistent with the current climate; the Canadian capital markets will provide the REIT with access to equity and/or debt at reasonable rates when required; Starlight Group Property Holdings Inc., or any of its affiliates will continue its involvement as asset manager of the REIT in accordance with its current asset management agreement; and the risks referenced above, collectively, will not have a material impact on the REIT. While management considers these assumptions to be reasonable based on currently available information, they may prove to be incorrect.

The forward-looking statements made in this news release are dated and relate only to events or information as of the date of this news release. Except as specifically required by applicable Canadian law, the REIT undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

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