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# True North Commercial Real Estate Investment Trust Completes Strategic Capital Recycling with Closing of Previously Announced Acquisition and Private Placement

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TORONTO, July 29, 2015 /CNW/ - True North Commercial Real Estate Investment Trust (the "**REIT**") (TSX: TNT.UN) is pleased to announce it has closed the acquisition of a portfolio consisting of four office buildings located in Fredericton, New Brunswick (the "**New Brunswick Office Portfolio**") and a non-brokered private placement of 45,454 trust units of the REIT ("**Units**") at a price of \$6.60 per Unit for aggregate gross proceeds of approximately \$300,000 (the "**Private Placement**").

The New Brunswick Office Portfolio comprises four standalone office buildings totalling approximately 233,000 rentable square feet. Three of the four properties share a common parking lot and are within one kilometre of the REIT's property located at 551 King Street. Based on gross revenue, government and credit rated tenants account for 82% of the New Brunswick Office Portfolio.

Following the acquisition and consistent with the REIT's unique value proposition, occupancy is 98% with an average remaining lease term of 4.2 years. Government and credit-rated tenants remain a strategic priority and currently generate approximately 89% of gross revenue. The REIT's debt to gross book value ratio following the Acquisition is approximately 59.3%.

The \$35 million purchase price for the New Brunswick Office Portfolio was satisfied by: (i) approximately \$5 million in cash from the proceeds of the previously announced sale of Coronation Mall; (ii) the Private Placement to D.D. Acquisitions Partnership, an entity controlled by Daniel Drimmer, the REIT's President, Chief Executive Officer and Chairman of the Board, and an affiliate of Starlight Investments Ltd. ("**Starlight**"), the asset manager of the REIT; (iii) the issuance to the vendor of the New Brunswick Office Portfolio of 909,090 class B limited partnership units of True North Commercial Limited Partnership ("**Class B LP Units**") at \$6.60 per Class B LP Unit representing, in aggregate, approximately \$6.0 million; and (iv) approximately \$24.5 million aggregate principal amount of new mortgage financing with a five-year term and a fixed rate of approximately 2.98%.

As of the date of this news release, Mr. Drimmer (together with his affiliates) holds an approximate 19.0% effective interest in the REIT through the ownership of, or direction or control over, 2,978,507 Units, 828,123 Class B LP Units, 828,123 special voting units of the REIT to provide voting rights with respect to the REIT to the holders of the Class B LP Units, and 252,084 options to acquire Units.

## **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 is focused on acquiring and operating commercial rental properties across Canada and such other jurisdictions where opportunities exist. Additional information concerning the REIT is available at [www.sedar.com](http://www.sedar.com).

## Non-IFRS Financial Measures

The REIT's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). Debt to gross book value ratio as well as other measures discussed elsewhere in this news release, do not have a standardized definition prescribed by IFRS and are, therefore, unlikely to be comparable to similar measures presented by other reporting issuers. The REIT uses non-IFRS measures to better assess the REIT's underlying performance and financial position and provides these additional measures so that investors may do the same. Details on non-IFRS measures are set out in the REIT's Management's Discussion and Analysis for the period ended March 31, 2015 and available on the REIT's profile at [www.sedar.com](http://www.sedar.com).

## 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 position and results of operations 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 that such statements may not be appropriate for other purposes. Forward-looking information may relate to the REIT's future outlook and anticipated events, including financial or operating results and may include statements regarding the financial position, business strategy, budgets, financing rates and costs, taxes and plans and objectives of or involving the REIT. Particularly, statements regarding future results, performance, achievements, prospects or opportunities for the REIT or the real estate industry are forward-looking statements. In some cases, forward-looking information can be identified by terms such as "may", "might", "will", "could", "should", "would", "occur", "expect", "plan", "anticipate", "believe", "intend", "seek", "aim", "estimate", "target", "project", "predict", "forecast", "potential", "continue", "likely", "schedule", or the negative thereof or other similar expressions concerning matters that are not historical facts.

Forward-looking statements necessarily involve known and unknown risks and uncertainties, that 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 will 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, 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 that actual results will be consistent with such forward-looking statements.

Information contained in forward-looking statements is based upon certain material assumptions, including management's perceptions of historical trends, current conditions and expected future developments, including considerations that are believed to be appropriate in the circumstances, such as: the Canadian economy will remain stable over the next 12 months; inflation will remain relatively low; interest rates will remain stable; conditions within the real estate market, including competition for acquisitions, will be consistent with the current climate; the Canadian capital markets will continue to provide the REIT with access to equity and/or debt at reasonable rates when required; Starlight will continue its involvement as asset manager of the REIT in accordance with its current asset management

agreement; and the risks identified or 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 press release are dated, and relate only to events or information, as of the date of this press release. Except as specifically required by 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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