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True North Commercial REIT Announces Significant \$106.1 Million of Urban Acquisitions Totalling 492,900 SF in Victoria, GTA, Ottawa, Halifax and Cambridge and a \$25 Million Equity Offering

TORONTO, ONTARIO--(Marketwired - Oct. 11, 2017) -

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True North Commercial Real Estate Investment Trust (the "REIT") (TSX:TNT.UN) is pleased to announce it has agreed to acquire the following five properties:

1. a 34,400 square foot office property located at 810 Blanshard Street, Victoria, British Columbia (the "Victoria Property");
2. a 120,200 square foot office property located at 1595 16th Avenue, Richmond Hill, Ontario (the "GTA Property");
3. a 148,500 square foot office property located at 301 & 303 Moodie Drive, Ottawa, Ontario (the "Ottawa Property");
4. a 129,200 square foot office property located at 36 and 38 Solutions Drive, Halifax, Nova Scotia (the "Halifax Property"); and
5. a 60,600 square foot office property located at 231 Shearson Crescent, Cambridge, Ontario (the "Cambridge Property" and collectively with the Victoria Property, the GTA Property, the Ottawa Property and the Halifax Property, the "Acquisition Properties").

The total purchase price for the Acquisition Properties represents a combined implied capitalization rate of approximately 6.9%. Upon completion of the acquisitions, the REIT's occupancy is expected to remain stable at 97.1%, the REIT's aggregate portfolio gross revenue from government and credit-rated tenants is anticipated to be 84.7%, and average remaining lease term of the REIT will be 4.3 years.

The REIT has waived diligence conditions with respect to the Acquisition Properties, except the Halifax Property. The acquisition by the REIT however remains conditional upon the satisfaction of certain customary closing conditions pursuant to applicable purchase and sale agreements.

"These properties not only meet our core acquisition criteria but also position us for growth by establishing a presence in new markets. With these acquisitions we have added our first location in Halifax and increased our footprint in Victoria," said Daniel Drimmer, the REIT's President and CEO. "This, along with our disciplined approach, help to ensure continued expansion and diversification of the portfolio with credit-rated and government tenants secured under long-term leases."

The aggregate purchase price for the Acquisition Properties is expected to be approximately \$106.1 million, subject to customary adjustments and exclusive of closing costs. The acquisition will be satisfied by a combination of the following: (i) approximately \$28.5 million from the REIT's bought deal offering of Units completed on July 11, 2017; (ii) approximately \$15.0 million from the Offering (as defined below); (iii) first mortgage financing on the Cambridge Property and the Ottawa Property, in the aggregate amount of approximately \$21.9 million; and (iv) approximately \$47.6 million from a bridge facility (the "Bridge Facility") on the Victoria Property, the GTA Property and the Halifax Property (collectively, the "Bridge Facility Properties").

The Bridge Facility of up to \$47.6 million will be made available by an affiliate of CIBC Capital Markets. Proceeds from the Bridge Facility may only be used to satisfy the debt portion of the acquisition of the Bridge Facility Properties. The REIT expects to repay the Bridge Facility with first mortgage financing arranged on the Bridge Facility Properties on a property-by-property basis. The Bridge Facility is subject to customary funding conditions.

"Using capital efficiently, while remaining poised to act on opportunities, continues to be a priority. These acquisitions deploy the proceeds of our July offering and a portion of the bought deal being announced today," added Mr. Drimmer. "We remain committed to building a high quality property portfolio that will generate long-term value for our unitholders."

Description of the Acquisition Properties

Victoria Property

The Victoria Property is a four-storey office building situated in Victoria's central business district. Situated on 0.27 acres, the Victoria Property is BOMA Best Level II certified and features 34,400 rentable square feet. The Victoria Property is located in the downtown business district of Victoria. With an average remaining lease term of 2.3 years, the building is 100% occupied by a government tenant. The \$11.3 million purchase price for the Victoria Property is expected to be satisfied by the following: (i) approximately \$7.9 million from the Bridge Facility; (ii) proceeds from the Offering; and, (iii) cash on hand. The REIT's acquisition of the Victoria Property is currently expected to close on or about November 8, 2017.

GTA Property

The GTA Property is a seven-storey Class "A" office tower located in the East Beaver Creek Business Park in Richmond Hill, Ontario. Situated on 6.0 acres, the GTA Property features 120,200 rentable square feet with 472 parking stalls. Approximately \$2.0 million in improvements have been invested in the building over the last five years and it has achieved BOMA BEST Level II certification. The GTA Property has direct exposure to 16th Avenue with excellent access to the 400 series highways. With an average remaining lease term of 3.6 years, the building is 99% occupied and is anchored by a credit-rated tenant. The \$29.8 million purchase price for the GTA Property is expected to be satisfied by the following: (i) approximately

\$19.4 million from the Bridge Facility; (ii) proceeds from the Offering; and, (iii) cash on hand. The REIT's acquisition of the GTA Property is currently expected to close on or about November 2, 2017.

Ottawa Property

The Ottawa Property consists of one four-storey office building and one five-storey office building strategically positioned between high technology parks in Kanata and Ottawa's downtown core. Situated on 4.51 acres, the Ottawa Property features 148,500 rentable square feet with 585 parking stalls. The Ottawa Property has direct exposure to Moodie Drive with excellent access to Highways 416 and 417. The Ottawa Property also features public bus service. It is currently planned that the East-West LRT Confederation Line will be extended to Moodie Drive by 2023. With an average remaining lease term of 4.0 years, the building is 85% occupied. The \$18.0 million purchase price for the Ottawa Property is expected to be satisfied by the following: (i) mortgage financing of approximately \$11.7 million, with an approximate annual interest rate of 3.7% for a five-year term; (ii) proceeds from the Offering; and, (iii) cash on hand. The REIT's acquisition of the Ottawa Property is currently expected to close on or about November 2, 2017.

Halifax Property

The Halifax Property is comprised of two low-rise Class "A" office buildings (commonly known as Ravine Centre I and II) in one of Halifax's most accessible and fastest developing urban nodes. The buildings are situated on 10.1 acres, featuring 129,200 rentable square feet with 380 parking stalls. The Halifax Property has achieved BOMA BEST Bronze certification at Ravine Centre I and LEED Gold certification at Ravine Centre II. The Halifax Property features immediate access to Highway 102 (the arterial highway leading into downtown Halifax), the Lacewood Drive interchange and Halifax transit service. With an average remaining lease term of 4.6 years, the building is 73.4% occupied by credit-rated tenants. The \$31.3 million purchase price for the Halifax Property is expected to be satisfied by: (i) approximately \$20.3 million from the Bridge Facility; (ii) proceeds from the Offering; and, (iii) cash on hand. The acquisition of the Halifax Property is conditional on the completion of satisfactory due diligence which is expected to be completed in the near term.

Cambridge Property

The Cambridge Property is a four-storey office building centrally located and easily accessible to the Cambridge and Waterloo Regions. The Cambridge Property features 60,600 rentable square feet with 500 parking stalls. The Cambridge Property is easily accessed by Can-Amara Parkway as well as Franklin Boulevard, providing two access points to Bishop Street and access to Highway 401. With an average remaining lease term of 6.4 years, the building is 100% occupied. The \$15.8 million purchase price for the Cambridge Property is expected to be satisfied by the following: (i) mortgage financing of approximately \$10.2 million, with an annual interest rate of 3.67% for a five-year term; (ii) proceeds from the Offering; and, (iii) cash on hand. The REIT's acquisition of the Cambridge Property is currently expected to close on or about October 19, 2017.

The Offering

The REIT also announced 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, 4,000,000 trust units ("Units") of the REIT at a price of \$6.28 per Unit for gross proceeds to the REIT of approximately \$25 million (the "Offering"). The Offering is being made under the REIT's short form base

shelf prospectus dated April 27, 2016. The terms of the Offering will be described in a prospectus supplement to be filed with Canadian securities regulatory authorities.

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 600,000 Units to cover over-allotments, if any. The Offering is expected to close on or about October 20, 2017 and is subject to certain conditions including, but not limited to, the approval of the Toronto Stock Exchange and other regulatory approvals.

The REIT intends to use the net proceeds from the Offering to partially fund the purchase price of the Acquisition Properties, to fund future acquisitions and for general trust purposes. The Offering is not conditional on the closing of the Acquisition Properties, and if any of the Acquisition Properties do not close, the net proceeds will then be used to fund other potential future acquisitions and for general trust purposes.

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 33 commercial properties consisting of approximately 2.2 million square feet in urban cities and select secondary markets across Canada focusing on long term leases with government and credit-rated tenants.

The REIT is focused on growing its portfolio principally through acquisitions across Canada and such other jurisdictions where opportunities exist. Additional information concerning the REIT is available at www.sedar.com or the REIT's website at www.truenorthreit.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 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 (including, without limitation, the successful completion of the Offering and the acquisitions of the Acquisition Properties, and the anticipated financial performance of the REIT resulting from the Offering and the acquisitions of the Acquisition Properties) 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 Offering (including the exercise of the Over-Allotment Option), the use of the net proceeds to be received by the REIT therefrom, the REIT's acquisitions of the Acquisition Properties, the refinancing of the Bridge Facility Properties and the repayment of the outstanding amount owing under the Bridge Facility following the REIT's acquisitions, highlighted metrics of the REIT, and 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", "occur", "expect", "plan", "anticipate", "believe", "intend", "seek", "aim", "estimate", "target", "goal", "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, 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 (including, without limitation, those relating to the acquisitions of the Acquisition Properties) 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 Units and risks related to the REIT's Annual Information Form for the year ended December 31, 2016, 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. 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 that were applied in drawing a conclusion or making a forecast or projection, including management's perceptions of historical trends, current conditions, expected future developments and the anticipated financial performance of the REIT, as well as other considerations that are 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 ability of the REIT to complete the acquisitions of the Acquisition Properties and secure acceptable mortgage financing; the anticipated occupancy levels of the Acquisition Properties following the REIT's acquisitions thereof; 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 Group Property Holdings Inc. 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 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 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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