May 9, 2018

True North Commercial REIT Reports Q1 2018 Results

Urban Growth, Enhanced Liquidity, Revenue and NOI Growth, 100,000 square feet of Alberta Government lease renewals and expansion – a successful Q1

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TORONTO, ON – May 9, 2018- True North Commercial Real Estate Investment Trust (TSX: TNT.UN) (the "REIT") today announced continued strong performance for the three months ended March 31, 2018.

First Quarter Highlights

- Continued urban growth by acquiring an award winning Class "A" office building in Burlington with total square footage of 78,800 and 100% occupied
- Successful public equity raise of $40.3 million contributing to a strong balance sheet and allowing the REIT to continue its acquisition program
- Completed a 48,000 square feet lease renewal with Alberta Infrastructure at 855 8th Avenue SW, which extends the tenant's previous fifteen year occupancy for a three year term
- Completed a new lease with Alberta Infrastructure at 13140 St. Albert Trail, totaling approximately 60,000 square feet, for a five year term effective February 1, 2019
- Revenue from property operations grew $6.7 million or 51% from Q1 2017 to $19.7 million with government and credit-rated tenants accounting for 80% of revenue
- Net Operating Income ("NOI") increased $3.9 million or 50% from Q1 2017 to $11.6 million
- Occupancy for the portfolio increased to 96% from 95% during the quarter
- Basic and diluted funds from operations ("FFO") per Unit increased to $0.16 and $0.15 compared with $0.15 in Q1 2017
- Basic and diluted adjusted funds from operations ("AFFO") per Unit remained consistent at $0.15 and $0.14 compared to $0.15 in Q1 2017
- Excluding the timing differential between the Unit offering in Q1 2018 and the future deployment of funds into acquisitions, FFO and AFFO per Unit would have increased $0.006 per Unit, respectively
- Paid distributions of $0.0495 per Unit per month, totaling $7.1 million for the quarter
- Indebtedness ("Indebtedness") to Gross Book Value ("GBV") decreased to 54%
- Weighted average fixed interest rate for the mortgage portfolio remained stable at 3.24%

"We continued our 2017 success with an excellent start to 2018, both in terms of revenue and NOI growth along with strong liquidity and acquisition activity," commented Daniel Drimmer, the REIT's President and

Chief Executive Officer. “Looking forward to the rest of 2018, we will continue to expand our portfolio through accretive acquisitions in strategic markets,” continued Mr. Drimmer. “Our focus on properties with government and credit-rated tenants under long-term leases in urban markets will be maintained, and we will continue to target properties which align with this proven strategy. With funds available from our recent offering, we are well positioned to capitalize on opportunistic transactions as they arise.”

Operating Results and Financial Position

	Three months ended	
	March 31	
	2018	**2017**
Revenue	$19,718	$13,019
NOI	$11,626	$7,767
Income and comprehensive income	$18,468	$12,131
FFO	$7,410	$5,062
FFO per Unit - basic	$0.16	$0.15
FFO per Unit - diluted	$0.15	$0.15
AFFO	$6,943	$4,918
AFFO per Unit - basic	$0.15	$0.15
AFFO per Unit - diluted	$0.14	$0.15
AFFO payout ratio - basic	102%	101%
AFFO payout ratio - diluted	104%	102%
Units outstanding for FFO and AFFO per Unit:		
Weighted average (000s) – basic	47,796	33,534
Add: Unexercised unit options	645	366
Weighted average (000s) – diluted	48,441	33,900

During the first quarter of 2018 revenue increased to $19.7 million, compared with $13.0 million in the first quarter of 2017. NOI also grew during the quarter to $11.6 million, from $7.8 million in Q1 2017. Revenue and NOI increased 51% and 50%, respectively, as a result of the REIT's acquisitions in the latter half of 2017.

Same property NOI decreased $0.3 million or 3.5% in Q1- 2018 compared to Q1- 2017. The vacancy at 414 York Street, Fredericton, NB was the main contributor of the 1% decline in same property occupancy compared to Q1- 2017. In addition, the REIT had significant one-time project management fees and energy rebates in the comparative period. Excluding the decrease in occupancy and the non-recurring fees same property NOI would have increased by 0.4%. With the significant urbanization and increase in size of the REIT’s portfolio in the latter half of 2017, management expects same property results to return to levels consistent with those achieved historically.

Basic and diluted FFO was $0.16 and $0.15 per Unit, compared to $0.15 in Q1 2017. The REIT's basic and diluted AFFO payout ratio in the first quarter of 2018 was 102% and 104%, respectively compared to 101% and 102% in Q1 2017. FFO and AFFO on a per Unit basis were negatively impacted $0.006 per Unit by the timing differential of the Unit offering in Q1-2018 and the future deployment of funds into property acquisitions. The AFFO basic and diluted payout ratio was also impacted as distributions declared were based on a larger number of Units outstanding without the immediate benefit of the increased NOI.

Liquidity and Capital Resources

As at March 31, 2018, Indebtedness to GBV ratio was 54.0%, a level well within the 75% limit set out in the REIT's amended and restated declaration of trust dated May 22, 2014. The weighted average interest rate on the REIT's mortgage portfolio was 3.24%, and the weighted average term to maturity was 3.75 years. The majority of the 2018 mortgage maturities have been refinanced.

At March 31, 2018, the REIT had $37.2 million in cash and $20 million in undrawn credit facilities.

Tenant Profile

Government and credit rated tenants account for 38.1% and 42.2%, respectively or 80.3% combined, of the REIT's annualized gross revenue. As at March 31, 2018, the weighted average remaining lease term of the REIT's properties was 4.0 years.

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 40 commercial properties consisting of approximately 3.05 million square feet in urban and strategic 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.

Non-IFRS measures

Certain terms used in this press release such as FFO, AFFO, NOI, Indebtedness, GBV and Indebtedness to GBV Ratio are not measures defined under International Financial Reporting Standards ("IFRS") as prescribed by the International Accounting Standards Board, 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, AFFO, NOI, Indebtedness, GBV, Indebtedness to GBV Ratio as computed by the REIT may not be comparable to similar measures presented by other issuers. The REIT uses these measures to better assess the REIT's underlying performance 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 quarter ended March 31, 2018 ("MD&A") and the Annual Information Form ("AIF") are available on the REIT's profile at **www.sedar.com**.

Forward-looking Statements

Certain statements contained in this press 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 and may include statements regarding the financial position, business strategy, budgets, projected costs, capital expenditures, financial results, 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 Units and risks related to the REIT 's and its business. See "Risks and Uncertainties" included in the REIT’s AIF and MD&A. 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 perceptions of historical trends, current conditions and expected future developments, as well as other considerations believed to be appropriate in the circumstances, including the following: the Canadian economy will remain relatively 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 provide the REIT with access to equity and/or debt at reasonable rates when required; Starlight Group Property Holdings Inc. or an affiliate of Starlight 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 relate only to events or information as of the date on which the statements are made in this press 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.

For further information:

Daniel Drimmer

President and Chief Executive Officer

(416) 234-8444

or

Tracy Sherren

Chief Financial Officer

(416) 234-8444

True North Commercial Real Estate Investment Trust

3280 Bloor Street West
Suite 1400, Centre Tower
Toronto, Ontario
M8X 2X3
+1 (416) 234-8444

ircommercial@truenorthreit.com

Transfer Agent

TSX Trust Company
100 Adelaide Street West
Suite 301
Toronto, Ontario
M5H 4H1
+1 (416) 361-0152

True North™ COMMERCIAL REIT