May 8, 2019

True North Commercial REIT Reports Q1 2019 Results

Strong start to 2019 with the continued execution of urban expansion with acquisition of Federal government tenanted office property in downtown Ottawa

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TORONTO, ON – May 8, 2019 – True North Commercial Real Estate Investment Trust (TSX: TNT.UN) (the “REIT”) today announced its financial results for the three months ended March 31, 2019.

Highlights and Key Performance Indicators

- Acquired a 100% occupied, 107,066 square foot office property located at 360 Laurier Avenue West, Ottawa, Ontario for $24.5 million plus closing costs, which was satisfied in part from the proceeds of the sale of two industrial properties in December 2018
- Contractually leased and renewed 19,600 square feet across the portfolio with an average lease term of 8.4 years
- Secured second mortgages, totaling $10.8 million with an annual average interest rate of 3.65% for three and four-year terms

	Q1 2019	Q1 2018
Number of properties	46	40
Portfolio GLA	3,722,600 sf	3,033,700 sf
Occupancy rate	96%	96%
Remaining weighted average lease term	4.1 yrs	4.0 yrs
Revenue from government & credit-rated tenants	79.2%	80.3%
Revenue	$ 25,767	$ 19,718
NOI	14,820	11,626
Net income and comprehensive income	1,352	18,468
Same Property NOI	11,399	11,208
Same Property NOI growth	1.70%	(3.50%)
FFO	$ 8,941	$ 7,410
FFO per Unit - Basic	0.15	0.16
FFO per Unit - Diluted	0.14	0.15
AFFO	$ 8,635	$ 6,943
AFFO per Unit - Basic	0.14	0.15
AFFO per Unit - Diluted	0.14	0.14
AFFO payout ratio - Diluted	108%	104%
Distributions declared	$ 9,152	$ 7,091
	March 31, 2019	December 31, 2018
Indebtedness to GBV Ratio	57.8%	56.5%
Interest coverage ratio	3.08x	3.19x
Indebtedness - weighted average fixed interest rate	3.42%	3.41%
Indebtedness - weighted average term to maturity	3.65 yrs	3.85 yrs

Operating Results

Since the end of Q1 2018, the REIT has acquired eight office properties and disposed of two industrial properties, bringing the portfolio to 46 office properties totaling 3.7 million square feet. As a result, Q1 2019 revenue increased 31% to $25.8 million and NOI increased 28% to $14.8 million compared to Q1 2018.

FFO and AFFO were positively impacted by the increased NOI from the property acquisitions in the latter half of 2018 and Q1 2019 as well as growth in same property NOI. This was offset by an increase in finance costs on the REIT's credit facilities. FFO and AFFO per Unit were negatively impacted due to the timing differential from the disposition of two industrial properties in 2018 and the deployment of sale proceeds into property acquisitions completed in February 2019.

Same Property Results

Same Property Occupancy

	As at March 31	
	2019	2018
Alberta	97.2%	97.3%
British Columbia	100.0%	100.0%
New Brunswick	90.2%	93.5%
Nova Scotia	92.4%	95.1%
Ontario	97.2%	96.2%
Total	95.3%	95.8%

Same Property NOI

	Three months ended March 31			
	2019	2018	Variance	Variance %
Alberta	$ 1,547	$ 1,477	$ 70	4.7%
British Columbia	427	427	-	- %
New Brunswick	1,126	1,225	(99)	(8.1%)
Nova Scotia	1,513	1,391	122	8.8%
Ontario	6,786	6,688	98	1.5%
	$ 11,399	$ 11,208	$ 191	1.7%

Same property NOI for the three months ended March 31, 2019 increased $0.19 million or 1.7% due to positive leasing activity across the portfolio during 2018. The decrease in same property occupancy in the New Brunswick portfolio from 93.5% to 90.2% continues to negatively impact same property NOI, however this has been somewhat offset by new leases commencing in January 2019. Although same property occupancy decreased in Nova Scotia, NOI has increased as significant free rent periods expired in Q2 2018.

The REIT's largest portfolio located in Ontario continued to experience positive growth with an increase of 1.5% (Q4 2018 – 1.6%) in same property NOI.

The REIT looks to increase or maintain same property NOI through high occupancy, increasing rents on renewals and including rent step ups throughout the term of new and renewed leases. Vacancies in those properties acquired in 2017 and 2018 have experienced enhanced leasing activity which should continue to positively impact same property NOI growth.

Debt Summary

As at March 31, 2019, Indebtedness to GBV ratio was 57.8%, a level well within the 75% limit set out in the REIT's amended and restated declaration of trust. The weighted average interest rate on the REIT's mortgage portfolio was 3.42%, with a weighted average term to maturity of 3.65 years. A total of 7.9% of the REIT's mortgages mature in 2019. The interest coverage ratio for the twelve months ended March 31, 2019 was 3.08 times.

As at March 31, 2019, the REIT had $1.7 million in cash and $42.4 million available in undrawn credit facilities.

On April 1, 2019, the REIT amended its secured credit facility to increase the amount available from $30 million to $35 million.

Tenant Profile

Government and credit-rated tenants account for 37% and 42%, respectively or 79% combined, of the REIT's annualized gross revenue. As at March 31, 2019, the weighted average remaining lease term of the REIT's portfolio was 4.1 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 46 commercial properties consisting of approximately 3.7 million square feet in urban and select 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 funds from operations ("FFO"), adjusted funds from operations ("AFFO"), net operating income ("NOI"), same property net operating income ("Same Property NOI"), indebtedness ("Indebtedness"), gross book value ("GBV"), Indebtedness to GBV ratio, net earnings before interest, tax, depreciation and amortization and fair value gain (loss) on financial instruments ("Adjusted EBITDA"), interest coverage ratio, and adjusted cash provided by operating activities 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, AFFO, NOI, Same Property NOI, Indebtedness, GBV, Indebtedness to GBV ratio, Adjusted EBITDA, interest coverage ratio and adjusted cash provided by operating activities 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, 2019 ("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. 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 trust units of the REIT ("Units") and risks related to the REIT 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 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: 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 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.

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