

May 5, 2020

True North Commercial REIT Reports Q1 2020 Results

Strong Start to 2020 with 42% Increase in NOI and Key 10 Year Lease Renewal with Federal Government of Canada for 272,705 square feet

Provides Update on COVID-19

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TORONTO, ON – May 5, 2020 – True North Commercial Real Estate Investment Trust (TSX: TNT.UN) (the “REIT”) today announced its financial results for the three months ended March 31, 2020.

Q1 Highlights

- Contractually leased and renewed 376,499 square feet with an average increase of approximately 6.5% over expiring rates, including a key ten year renewal of 272,705 square feet with the Federal Government of Canada, the anchor tenant at 340 Laurier Avenue West in Ottawa, Ontario
- Portfolio occupancy currently at 97% with an average remaining lease term of 5.2 years
- Revenue and NOI increased 37% and 42%, respectively when compared to Q1 2019. Same Property NOI experienced an overall decline of 0.6%, the majority of which can be attributed to an increase in vacancy in the REIT’s sole asset in Edmonton, Alberta. Excluding this impact, Same Property NOI increased 2.2%
- FFO and AFFO per Unit on both a basic and diluted basis remained stable compared to Q1 2019 at \$0.15 and \$0.14, respectively
- Refinanced seven mortgages totaling \$93.5 million with a weighted average fixed interest rate of 3.19% for five and ten year terms providing the REIT with additional liquidity of approximately \$25.3 million, net of costs

COVID-19 Update and Subsequent Events

- To date the REIT has received approximately 99% of April's contractual rent
- Refinanced two properties with mortgages totaling \$31.2 million with a weighted average fixed interest rate of 2.95% for five and ten year terms resulting in additional cash on hand of approximately \$13.6 million, net of costs
- As of the date of this press release, the REIT has access to approximately \$55 million of cash on hand and undrawn credit facilities. With a weighted average maturity of 4.47 years for our mortgage portfolio, the REIT has limited refinancing exposure with only 5.5% of our portfolio maturing from now until the end of 2021

While the recent events surrounding the COVID-19 pandemic have resulted in unprecedented market and economic volatility, the REIT believes it is well positioned to navigate through this challenging time. Approximately 35% of revenue is generated from the Federal Government of Canada and the provincial governments of Alberta, British Columbia, New Brunswick and Ontario while an additional approximate

41% of revenue is generated from credit rated tenants that are well capitalized and have the financial resources available to meet their rental obligations.

It is expected some of the REIT's smaller tenants may face financial difficulties and challenges in the coming months, however the REIT is confident it will be able to work with those tenants in need of financial assistance in the short term and expect minimal impact to the financial results in the longer term.

It is impossible to forecast the duration and full scope of the economic impact of COVID-19 and other consequential changes it will have on the REIT's business and operations, both in the short and long term. Certain aspects of the REIT's business and operations that could be potentially impacted include rental income, occupancy, tenant improvements, future demand for space and market rents, which all ultimately impact the underlying valuation of investment properties.

While the situation continues to evolve, the REIT is confident the strategic measures implemented to date will ensure our continued success and our ability to provide value to Unitholders. The REIT is monitoring the situation closely and has proactively raised its level of preparedness and planning to adapt more quickly should risk levels rise.

Key Performance Indicators

	Three months ended	
	March 31	
	2020	2019
Number of properties	49	46
Portfolio GLA	4,836,500 sf	3,722,600 sf
Occupancy rate	97%	96%
Remaining weighted average lease term	5.2 yrs	4.1 yrs
Revenue from government & credit-rated tenants	76%	79%
Revenue	\$ 35,329	\$ 25,767
NOI	21,109	14,820
Net income and comprehensive income	17,610	1,352
Same Property NOI	14,937	15,027
Same Property NOI growth	(0.6%)	1.7%
FFO	\$ 13,173	\$ 8,941
FFO per Unit - Basic	0.15	0.15
FFO per Unit - Diluted	0.15	0.14
AFFO	\$ 12,587	\$ 8,635
AFFO per Unit - Basic	0.14	0.14
AFFO per Unit - Diluted	0.14	0.14
AFFO payout ratio - Diluted	105%	108%
Distributions declared	\$ 13,188	\$ 9,152

Operating Results

The REIT has experienced a strong start to 2020 with positive financial results. During the past twelve months, the REIT has increased its portfolio to 49 properties representing 4.8 million square feet. At the end of Q1 2020, occupancy and the average remaining lease term has increased to 97% and 5.2 years, respectively.

The acquisitions during the latter part of Q4 2019 have been the main contributor to the increase in revenue of 37% to \$35.3 million and NOI growth of 42% to \$21.1 million when compared to Q1 2019. FFO

and AFFO per Unit on both a basic and diluted basis have remained stable when compared to Q1 2019 at \$0.15 and \$0.14 respectively.

Same Property Results

As at March 31							
Occupancy	2020	2019	NOI	Q1 2020	Q1 2019	Variance	Variance %
Alberta	91.4%	98.3%	Alberta	\$ 1,701	\$ 2,092	\$ (391)	(18.7%)
British Columbia	100.0%	100.0%	British Columbia	1,272	1,180	92	7.8%
New Brunswick	90.7%	90.2%	New Brunswick	1,184	1,126	58	5.2%
Nova Scotia	92.4%	92.4%	Nova Scotia	1,580	1,513	67	4.4%
Ontario	98.6%	97.8%	Ontario	9,200	9,116	84	0.9%
Total	96.1%	96.3%		\$ 14,937	\$ 15,027	\$ (90)	(0.6%)

Q1 2020 Same Property NOI decreased 0.6% compared to the same period in 2019.

The REIT's Same Property NOI decrease has been materially impacted by the vacancy at 13140 St. Albert Trail located in Edmonton, Alberta. The property is currently 69% leased (contractually) with a portion of rent expected to commence in Q2 2020. Excluding the impact of this vacancy, Same Property NOI would have increased 2.2%.

Same Property NOI growth in British Columbia and Nova Scotia was favourable due to increased revenue from contractual rent step ups. The increase in occupancy in the New Brunswick portfolio from 90.2% to 90.7% in Q1 2020 provided a Same Property NOI increase of over 5%.

Ontario Same Property NOI increased 0.9% due to both increased occupancy and contractual rent step ups. Most notably, our property located at 5775 Yonge Street, Toronto, Ontario is now 100% occupied compared to 97% in Q1 2019.

Debt

	March 31, 2020	December 31, 2019
Indebtedness to GBV Ratio	57.9%	57.6%
Interest coverage ratio	3.02x	3.01x
Indebtedness - weighted average fixed interest rate	3.38%	3.38%
Indebtedness - weighted average term to maturity	4.47 years	3.87 years

As at March 31, 2020, Indebtedness to GBV ratio was 57.9%, 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 3.38%, with a weighted average term to maturity of 4.48 years.

As at March 31, 2020, the REIT had \$22.3 million in cash and \$20 million available in undrawn unsecured credit facilities. As of the date of this press release, the REIT has access to approximately \$55 million of cash on hand and undrawn credit facilities. With a weighted average maturity of 4.47 years for our mortgage portfolio, the REIT has limited refinancing exposure with only 5.5% of our portfolio maturing from now until the end of 2021.

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 49 commercial properties consisting of approximately 4.8 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 and investment properties ("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 three months ended March 31, 2020 ("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, risks related to the REIT and its business, and any risks related to the uncertainties surrounding the COVID-19 pandemic and the potential adverse effect or the perception of its effects, on the REIT including operations and performance of the Units. 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. Given this unprecedented period of uncertainty, there can be no assurance regarding: (a) the impact of COVID-19 on the REIT's business, operations and performance, including performance of the Units; (b) the REIT's ability to mitigate impacts related to COVID-19; (c) credit, market, operational, and liquidity risks generally; (d) Starlight Group Property Holdings Inc., or any of its affiliates ("Starlight"), will continue its involvement as asset manager of the REIT in accordance with its current asset management agreement; and (e) other risks inherent to the REIT's business and/or factors beyond its control which could have a material adverse effect on the REIT.

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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