

Nov 6, 2019

True North Commercial REIT Reports Q3 2019 Results

Successful equity raise of \$80.5M and completion of two early lease renewals

with the Ontario and British Columbia Provincial Governments

/NOT FOR DISTRIBUTION IN THE U.S. OR OVER U.S. NEWSWIRE/

TORONTO, ON – November 6, 2019 – True North Commercial Real Estate Investment Trust (TSX: TNT.UN) (the “REIT”) today announced its financial results for the three and nine months ended September 30, 2019.

Highlights and Key Performance Indicators

- On September 12, 2019, the REIT completed the issuance of 12,201,500 Units at a price of \$6.60 per Unit, including 1,591,500 Units issued on the full exercise of the over-allotment option, for aggregate gross proceeds of \$80.5 million
- Contractually leased and renewed 140,921 square feet with an average increase of approximately 7% over expiring rates. This included early lease renewals with the Ontario government at 5775 Yonge Street, Toronto, Ontario and the British Columbia government at 810 Blanshard Street, Victoria, British Columbia, which extends each tenant's occupancy for a further five years
- On July 25, 2019 the REIT completed the sale of 417 Exeter Road, London, Ontario for gross proceeds of \$8,700 and is in line with the REIT’s strategy to recycle capital and acquire office properties in urban markets
- Subsequent to quarter end, the REIT announced the acquisition of two Class “A” office properties located at: (i) 3699 63rd Avenue NE, Calgary, Alberta which closed on November 4, 2019; and (ii) 101 McNabb Street, Markham scheduled to close on or about November 15, 2019. The properties total 524,800 square feet for an acquisition cost of approximately \$190.5 million plus closing costs

	Three months ended		Nine months ended	
	September 30		September 30	
	2019	2018	2019	2018
Number of properties			45	45
Portfolio GLA			3,687,400	3,692,400
Occupancy rate			97%	97%
Remaining weighted average lease term			4.1 years	4.3 years
Revenue from government & credit-rated			79.4%	78.6%
Revenue	\$25,668	\$22,501	\$76,924	\$62,121
NOI	14,972	13,305	44,943	36,866
Net income and comprehensive income	9,145	10,000	22,753	29,957
Same Property NOI	13,243	12,912	34,344	33,912
Same Property NOI growth	2.6%	(2.6)%	1.3%	(2.7)%
FFO	\$9,600	\$8,558	\$28,012	\$23,892
FFO per Unit - Basic	0.15	0.14	0.45	0.45
FFO per Unit - Diluted	0.15	0.14	0.44	0.44
AFFO	\$9,530	\$8,326	\$27,328	\$23,006
AFFO per Unit - Basic	0.15	0.14	0.44	0.43
AFFO per Unit - Diluted	0.15	0.14	0.43	0.43
AFFO payout ratio - Diluted	102%	107 %	104%	104 %
Distributions declared	\$9,824	\$9,095	\$28,160	\$23,923

	September 30, 2019	December 31, 2018
--	--------------------	-------------------

Debt

Indebtedness to GBV ratio	52.0%	56.5%
Interest coverage ratio	2.97x	3.19x
Indebtedness - weighted average fixed interest rate	3.43%	3.41%
Indebtedness - weighted average term to maturity	3.22 years	3.85 years

Operating Results

Q3 2019 revenue increased 14% to \$25.7 million and NOI increased 13% to \$15 million compared to Q3 2018. This was mainly due to the properties acquired in the latter half of 2018 and early 2019, offset by the disposition of two industrial properties in December 2018 and 417 Exeter Road during the quarter.

FFO and AFFO increased to \$0.15 per Unit in Q3 2019, which is an increase of \$0.01 per Unit over the comparable period in the prior year. This increase was primarily due to an increase in NOI generated from acquisitions completed in the latter half of 2018 and early 2019, a positive contribution from Same Property NOI, which was offset by the property dispositions in December 2018, and Q3 2019 and increased finance costs.

YTD 2019 FFO basic and diluted per Unit remained at \$0.45 and \$0.44, respectively and AFFO basic per Unit increased by \$0.01 to \$0.44 compared to the same period in 2018. YTD 2019 AFFO diluted per Unit remained at \$0.43 in both periods.

AFFO basic and diluted payout ratios were negatively impacted by the REIT's September 2019 Unit offering as the ratios are based on a larger number of Units outstanding without the immediate benefit of increased NOI generated from the property acquisitions. Excluding this timing differential, AFFO basic and diluted payout ratios would be 98% and 100% for Q3 2019, and 101% and 103% for YTD 2019, respectively.

Same Property Results

Occupancy	As at September 30		NOI				
	2019	2018	Three months ended September 30		Variance	Variance %	
			2019	2018			
Alberta	97.2%	96.5%	Alberta	\$ 1,649	\$ 1,400	\$ 249	17.8 %
British Columbia	100.0%	100.0%	British Columbia	437	429	8	1.9 %
New Brunswick	90.0%	91.1%	New Brunswick	1,159	1,172	(13)	(1.1)%
Nova Scotia	91.9%	96.0%	Nova Scotia	1,546	1,623	(77)	(4.7)%
Ontario	98.2%	97.0%	Ontario	8,452	8,288	164	2.0 %
Total	96.0%	96.0%		\$ 13,243	\$ 12,912	\$ 331	2.6 %

Same Property NOI increased \$0.3 million or 2.6%, compared to the same period in 2018. Current and comparative periods include termination payments, project management fees and short term lease rental revenue. Excluding these items, Same Property NOI increased by 1.1% in the quarter and year to date.

Ontario, the REIT's largest portfolio, continues to experience steady growth in Same Property NOI. The Alberta portfolio continues to be positively impacted by termination payments received in the current year. Same Property NOI in Nova Scotia increased 2.4% excluding termination payments received in the comparative period, due to increased revenue from contractual rent step ups.

Debt Summary

As at September 30, 2019, Indebtedness to GBV ratio was 52.0%, a level well within the 75% limit set out in the REIT's amended and restated declaration of trust. Indebtedness to GBV ratio was positively impacted by the timing of cash on hand from the Unit offering in Q3 2019.

The weighted average interest rate on the REIT's mortgage portfolio was 3.43%, with a weighted average term to maturity of 3.22 years. The REIT's interest coverage ratio for the twelve months ended September 30, 2019 decreased compared to the same period in 2018 due to higher interest incurred on the Credit Facilities and additional mortgage interest.

As at September 30, 2019, the REIT had \$58.8 million in cash and \$55 million available in undrawn secured and unsecured credit facilities.

Tenant Profile

Government and credit-rated tenants account for 38% and 41.4%, respectively or 79.4% combined, of the REIT's annualized gross revenue. As at September 30, 2019, the weighted average remaining lease term of the REIT's portfolio was 4.1 years.

The REIT previously announced its intention to acquire a 100,000 square foot office property located in the Greater Toronto Area as one of the three potential acquisition properties described in the REIT's prospectus supplement dated September 5, 2019; however, management has now determined they will no longer be pursuing this acquisition. Management continues to seek potential future acquisitions.

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 3.9 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 three and nine months ended September 30, 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.

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

