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True North Commercial REIT Reports Q4 2019 and Year End Results

YTD revenue and NOI growth of over 20% and successful execution of urban strategy with Q4 acquisition of 1.1 million square feet of high quality, Class "A" office properties

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TORONTO, ON – March 3, 2020 – True North Commercial Real Estate Investment Trust (TSX: TNT.UN) (the “REIT”) today announced its financial results for the three months and year ended December 31, 2019

Q4 Highlights and Key Performance Indicators

- Acquired four high quality, Class “A” office properties, three in the GTA and one in Calgary, Alberta. The acquisitions totaled 1,146,200 square feet with a combined purchase price of approximately \$395.8 million plus closing costs
- On November 18, 2019, the REIT issued 11,638,000 Units at a price of \$6.92 per Unit, including 1,518,000 Units issued on the full exercise of the over-allotment option, for aggregate gross proceeds of \$80.5 million
- Contractually leased and renewed 140,557 square feet with an average increase of approximately 6% over expiring rates, including a new Alberta government tenant at 13140 St. Albert Trail, Edmonton, Alberta and an early lease renewal of a credit rated tenant at 6865 Century Avenue, Mississauga, Ontario, totaling 34,332 square feet

	Three months ended		Years ended	
	December 31		December 31	
	2019	2018	2019	2018
Number of properties			49	45
Portfolio GLA			4,836,400 sf	3,615,050 sf
Occupancy rate			97%	97%
Remaining weighted average lease term			4.7 years	4.3 years
Revenue from government & credit-rated tenants			76%	79%
Revenue	\$ 29,533	\$ 24,947	\$ 106,457	\$ 87,068
NOI	17,122	14,441	62,065	51,307
Net income and comprehensive income	1,425	19,663	24,178	49,620
Same Property NOI	14,626	14,349	45,618	45,056
Same Property NOI growth	1.9%	(1.6%)	1.2%	(2.5%)
FFO	\$ 11,110	\$ 8,855	\$ 39,122	\$ 32,747
FFO per Unit - Basic	0.14	0.14	0.58	0.57
FFO per Unit - Diluted	0.14	0.14	0.57	0.57
AFFO	\$ 10,886	\$ 8,569	\$ 38,214	\$ 31,575
AFFO per Unit - Basic	0.13	0.14	0.57	0.57
AFFO per Unit - Diluted	0.13	0.14	0.56	0.57
AFFO payout ratio - Diluted	112%	107%	106%	105%
Distributions declared	\$ 12,449	\$ 9,122	\$ 40,609	\$ 33,045

Results were negatively impacted due to the timing differential between the September and November 2019 Unit offerings and the deployment of funds into property acquisitions in late Q4 2019. This impacted the REIT's quarterly and year to date metrics as the results were based on a larger number of Units outstanding without the immediate benefit of increased NOI generated from property acquisitions.

	Q4 2019	YTD 2019
Excluding timing differential dilution		
FFO per Unit - Basic	\$ 0.16	\$ 0.61
FFO per Unit - Diluted	0.15	0.60
AFFO payout ratio - Basic	\$ 0.15	\$ 0.59
AFFO payout ratio - Diluted	0.15	0.58
AFFO payout ratio - Diluted	98%	102%

Year-to-date (“YTD”) Highlights

- Acquired five office properties, three in the GTA, one in Ottawa, Ontario and one in Calgary, Alberta, totaling 1,253,300 square feet for an aggregate purchase price of \$420.3 million plus closing costs
- On July 25, 2019, the REIT disposed of a 35,200 square foot property in London, Ontario for a sale price of \$8,700
- Completed two Unit offerings totaling 23,839,500 Units for aggregate gross proceeds of \$161 million
- Contractually leased and renewed 394,479 square feet with an average lease term of 4.9 years and an average increase of approximately 8% over expiring rates

Operating Results

The REIT increased its portfolio in 2019 by 1,218,100 square feet. Revenue and operating costs increased 18% to \$29.5 million and \$12.4 million, respectively, from Q4 2018 and NOI increased 19% to \$17.1 million. YTD revenue increased 22% to \$106.5 million, operating costs increased 24% to \$44.4 million and NOI increased 21% to \$62.1 million from YTD 2018. The increase is attributed to the REIT's acquisition activity as well as QTD and YTD Same Property NOI growth of 1.9% and 1.2%, respectively. Occupancy for the portfolio remained stable at 97% during the year.

Government and credit-rated tenants account for 35% and 41%, respectively or 76% combined, of the REIT's annualized gross revenue. As at December 31, 2019, the weighted average remaining lease term of the REIT's portfolio was 4.7 years.

Same Property Results

Occupancy	December 31		NOI	Q4 2019	Q4 2018	Variance	Variance %
	2019	2018					
Alberta	91.4%	97.8%	Alberta	\$ 2,080	\$ 2,023	57	2.8%
British Columbia	100.0%	100.0%	British Columbia	762	723	39	5.4%
New Brunswick	90.8%	91.1%	New Brunswick	1,188	1,130	58	5.1%
Nova Scotia	92.4%	96.0%	Nova Scotia	1,568	1,476	92	6.2%
Ontario	98.6%	97.2%	Ontario	9,028	8,997	31	0.3%
Total	96.0%	96.4%		\$ 14,626	\$ 14,349	\$ 277	1.9%

QTD and YTD 2019 Same Property NOI increased 1.9% and 1.2%, respectively, compared to the same period in 2018. Excluding termination payments, project management fees and short term lease rental revenue, Same Property NOI increased by 1.5% and 1.1% in the quarter and year to date, respectively.

The Alberta Same Property NOI increase is due to termination payments received in 2019, which coincides with the decrease in occupancy. 10,368 square feet of the 39,549 square feet currently vacant has been leased to the Province of Alberta with rents commencing in Q2 2020.

Same Property NOI growth in British Columbia and Nova Scotia is favourable due to increased revenue from contractual rent step ups. Occupancy in the New Brunswick portfolio increased from 90.0% in Q3 2019 to 90.8% in Q4 2019 resulting in increased Same Property NOI for the quarter.

Excluding project management fees, Same Property NOI for the Ontario portfolio increased 1.3% during Q4 2019. Increased occupancy and contractual rent step-ups have contributed to this Same Property NOI growth.

Debt

	December 31, 2019	December 31, 2018
Indebtedness to GBV Ratio	57.6%	56.5%
Interest coverage ratio	3.01x	3.19x
Indebtedness - weighted average fixed interest rate	3.38%	3.41%
Indebtedness - weighted average term to maturity	3.87 years	3.85 years

As at December 31, 2019, Indebtedness to GBV ratio was 57.6%, 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 3.87 years. The REIT's interest coverage ratio for YTD 2019 decreased compared to YTD 2018 due to higher levels of borrowing on the REIT's secured credit facility and standby fees associated with the REIT's unsecured credit facility obtained in December 2018.

As at December 31, 2019, the REIT had \$5.7 million in cash and \$55 million available in undrawn secured and unsecured credit facilities.

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 and year ended December 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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