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True North Commercial REIT Reports Significant Growth in Q4-2017

Addition of six office properties in core urban markets expanding geographic

diversification with a continued focus on government and credit-rated tenants

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TORONTO, ON – March 7, 2018- True North Commercial Real Estate Investment Trust (TSX: TNT.UN) (the "REIT") today announced its results for the three months and year ended December 31, 2017.

"The fourth quarter brought 2017 to a successful conclusion highlighted by strong revenue growth," said Daniel Drimmer, the REIT's President and Chief Executive Officer. "Over the course of the year, we raised $72 million through public equity offerings, completed $213 million in acquisitions, and entered two new markets, Victoria, British Columbia and Halifax, Nova Scotia. The REIT is well positioned to continue to build on the momentum that commenced in the latter half of 2017, while continuing to adhere to our core strategy of acquiring properties tenanted with government and credit-rated tenants under long-term leases."

Fourth Quarter ("Q4") Highlights

- Completed the acquisition of six office properties for $159.08 million plus closing costs representing a total of 790,900 square feet
- Completed a public offering for gross proceeds of $40.26 million
- Revenue from property operations increased by 39% totaling $16.36 million compared to Q4 2016
- Net Operating Income ("NOI") increased by 44% totaling $9.94 million compared to Q4 2016
- Same Property NOI decreased 0.6% compared to Q4 2016; excluding the impact of the increased vacancy at one of the REIT's Fredericton properties, same property NOI increased 0.7%
- Basic and diluted Funds from Operations ("FFO") and Adjusted Funds from Operations ("AFFO") per Unit of $0.15 compared to $0.14 in Q4 2016
- FFO and AFFO per Unit for Q4 2017 were impacted by the timing differential between the public offerings in Q3 and Q4 2017 and the deployment of funds into property acquisitions. Excluding this dilution, FFO and AFFO per Unit would have been $0.17 and $0.16 per Unit, respectively
- AFFO basic and diluted payout ratio of 101% and 102% compared to 105% and 106% in Q4 2016
- Portfolio occupancy remained strong at 95%, with government and credit-rated tenants representing 80% of revenue
- Paid distributions of $6.76 million or $0.594 per Unit

2017 Annual ("YTD") Highlights

- Acquired nine properties in urban markets for a total of $212.68 million plus closing costs representing a total of 1,018,000 square feet
- Completed two public offerings for gross proceeds of $72.41 million
- Revenue from property operations increased by 35% to $56.01 million compared to 2016
- NOI increased by 39% year-over-year
- Same property NOI increased 1.6% to $24.31 million in 2017; excluding the impact of the increased vacancy at one of the REIT's Fredericton properties, same property NOI increased 2.6%
- Basic and diluted FFO of $0.62 and $0.61 per Unit compared to $0.62 for 2016
- Basic and diluted AFFO of $0.60 and $0.59 per Unit compared to $0.61 and $0.60 per Unit for 2016
- Excluding the timing differential between public offerings in 2016 and 2017 and the deployment of funds into property acquisitions, FFO and AFFO per Unit would have been $0.69 and $0.67 per Unit, respectively
- Paid distributions of $22.54 million, representing $0.594 per Unit
- AFFO basic and diluted payout ratio of 99% and 100% compared to 98% and 99% in 2016

Subsequent events

On January 18, 2018, the REIT completed the acquisition of a 78,800 square foot office property located at 3115 Harvester Road, Burlington, Ontario for $22.75 million plus closing costs. The purchase price was satisfied by cash on hand and a combination of assumed and new mortgage financing of approximately $14.89 million, with an average interest rate of 3.36%.

On March 1, 2018, the REIT issued 6,325,000 Units at a price of $6.37 per Unit, including 825,000 Units issued on the full exercise of the over-allotment option, for aggregate gross proceeds of approximately $40.29 million. The REIT intends to use the net proceeds to fund potential future acquisitions and for general trust purposes.

Operating Results and Financial Position

	Three months ended		Year ended	
	December 31		December 31	
	2017	2016	2017	2016
Revenue	$16,364	$11,762	$56,014	$41,351
NOI	$9,943	$6,927	$34,538	$24,917
Income (loss) and comprehensive income (loss)	$3,069	$1,730	$28,746	($101)
FFO	$6,605	$4,559	$23,070	$15,523
FFO per Unit - basic	$0.15	$0.14	$0.62	$0.62
FFO per Unit - diluted	$0.15	$0.14	$0.61	$0.62
AFFO	$6,477	$4,444	$22,382	$15,143
AFFO per Unit - basic	$0.15	$0.14	$0.60	$0.61
AFFO per Unit - diluted	$0.15	$0.14	$0.59	$0.60

AFFO payout ratio - basic	101%	105%	99%	98%
AFFO payout ratio - diluted	102%	106%	100%	99%
Units outstanding for FFO and AFFO per Unit:				
Weighted average (000s) – basic	44,168	31,467	37,484	25,007
Add: Unexercised unit options	430	228	370	131
Weighted average (000s) – diluted	44,598	31,695	37,854	25,138

Revenue in the fourth quarter of 2017 increased to $16.36 million, compared with $11.76 million in Q4 2016. NOI during Q4 2017 was $9.94 million, an increase from $6.93 million in the corresponding period of 2016. The quarter-over-quarter and year-over-year increases in revenue and NOI are primarily attributable to the REIT's acquisitions in the latter half of 2016 and 2017. Occupancy for the portfolio, as at December 31, 2017, remained strong at 95%.

On a same property basis, Q4 2017 revenue and NOI was $10.65 million and $6.49 million, compared to $11.08 million and $6.53 million, in the corresponding period in 2016. The decrease in same property revenue was attributable to increased vacancy at one of the REIT’s Fredericton properties and a decrease in recovery revenue at certain properties as a function of decreased operating costs and realty taxes. Operating costs decreased due to a decrease in repairs and maintenance costs and utilities. Realty taxes decreased due to the impact of realty tax reassessments for two properties. Excluding the impact of the increased vacancy at the Fredericton property, same property NOI increased 0.7% in Q4 2017.

For the fourth quarter of 2017, basic and diluted FFO was $0.15 per Unit, compared to $0.14 in Q4 2016. The REIT's basic and diluted AFFO payout ratio in the fourth quarter of 2017 was 101% and 102%, respectively compared to 105% and 106% in Q4 2016. Both FFO and AFFO on a per Unit basis were impacted by the timing differential of deploying funds into property acquisitions from the 2016 and 2017 public offerings. This also negatively impacted the REIT’s payout ratio as distributions declared were based on a larger number of Units outstanding without the immediate benefit of the increased NOI generated from property acquisitions.

Liquidity and Capital Resources

As at December 31, 2017, the REIT's indebtedness (“Indebtedness”) to gross book value (“GBV”) ratio was 57.2%, 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 3.22%, and the weighted average term to maturity was 3.62 years. At December 31, 2017, the REIT’s $20 million credit facilities were undrawn.

Subsequent to year end, the REIT has renewed the majority of its 2018 mortgage maturities all with interest rates fixed for the respective terms.

Tenant Profile

As at December 31, 2017, the weighted average term to maturity of leases at the REIT's properties was 4.2 years. Government and credit rated tenants account for 39% and 41%, respectively or 80% combined, of the REIT's annualized gross revenue.

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 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, same property 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, same property 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 year ended December 31, 2017 ("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 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 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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