



A Pure-Play Office REIT

# Annual Unitholders' Meeting

June 21, 2023

5775 Yonge Street, Toronto, ON

675 Cochrane Drive, Markham, ON



# Disclaimer

Today's presentation and our answers to questions contain statements that constitute forward-looking statements about expected future events and financial and operating results of the REIT. These statements represent the REIT's intentions, plans, expectations and beliefs as of the date hereof and are subject to certain risks and uncertainties. These statements are based on certain factors and assumptions regarding expected growth, results of operations, performance and business uncertainties which are more fully described in the REIT's regulatory filings, including our annual information form. Although such forward-looking statements are based upon assumptions that management believes are reasonable, there can be no assurance that actual results will be consistent with these forward-looking statements and actual results in future periods may differ materially from those expressed or implied by such forward-looking statements. These risks together with our Q1 2023 management's discussion & analysis ("MD&A") can be obtained on SEDAR at [www.sedar.com](http://www.sedar.com). Investors should not place undue reliance on any such forward-looking statements. Subject to applicable law, the REIT does not undertake any obligation to update or revise any forward-looking information.

The REIT prepares and releases unaudited condensed consolidated interim financial statements and audited consolidated annual financial statements in accordance with International Financial Reporting Standards ("IFRS"). In its MD&A, earnings releases, and investor presentations, the REIT discloses measures not recognized under IFRS which do not have standard meanings prescribed by IFRS. These include funds from operations ("FFO"), adjusted funds from operations ("AFFO"), FFO and AFFO payout ratios, 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, adjusted cash flow provided by operating activities and Available Funds which are not measures defined by 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, FFO and AFFO payout ratios, NOI, Same Property NOI, Indebtedness, GBV, Indebtedness to GBV ratio, Adjusted EBITDA, interest coverage ratio, adjusted cash flow provided by operating activities and Available Funds as computed by the REIT may not be comparable to similar measures presented by other issuers. Detailed descriptions of these non-IFRS measures are contained in the REIT's MD&A.





## Quick Facts

**46**

PROPERTIES IN  
5 PROVINCES

**93%\***

OCCUPANCY

**80%**

GOV'T & CREDIT-  
RATED TENANTS

**5.0M**

GROSS LEASEABLE  
AREA (sq ft)

**\$1.4B**

TOTAL ASSETS

**4.5 years\***

WTD AVG LEASE TERM

**\$0.297**

ANNUALIZED CASH  
DISTRIBUTIONS  
(per unit)

**100%**

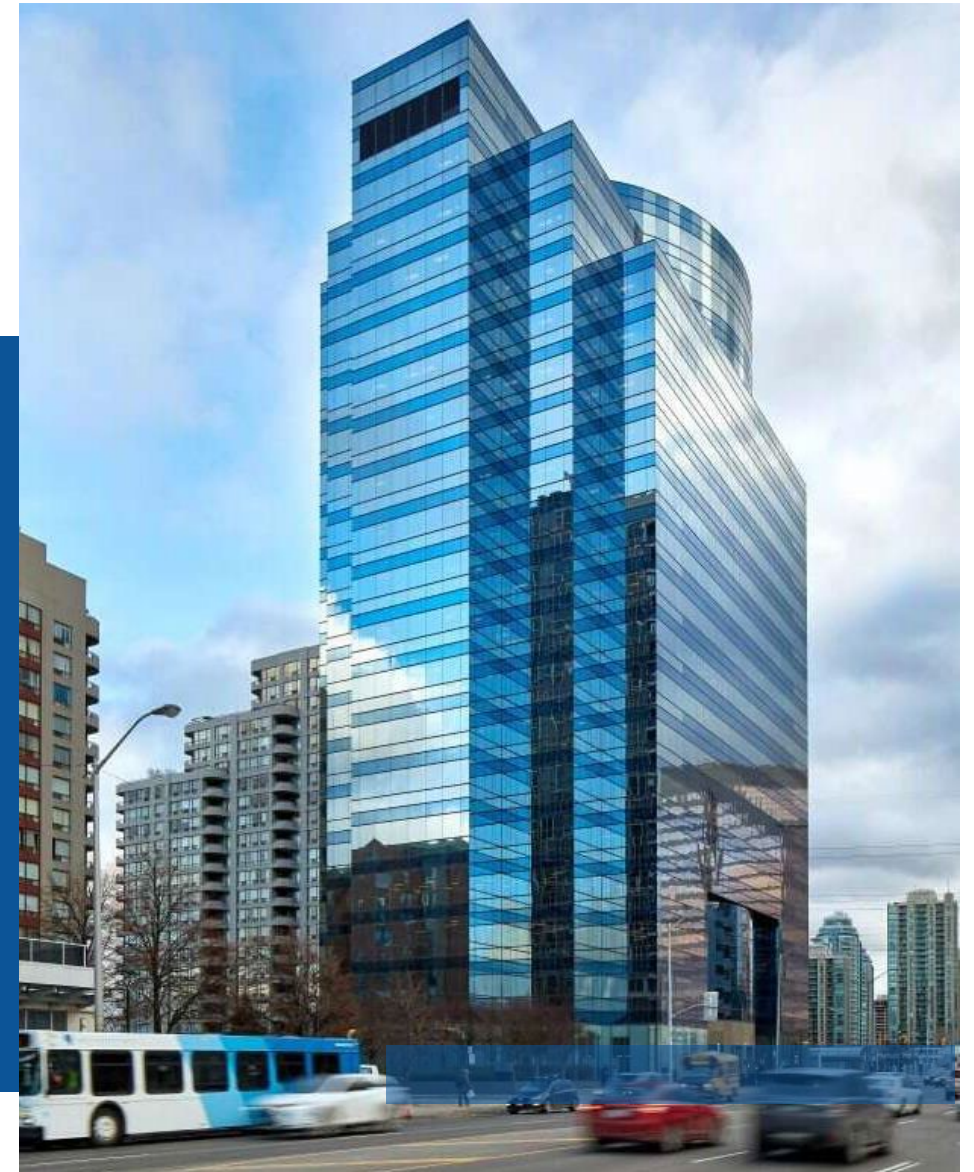
RETURN OF  
CAPITAL

**99.5%**

RENT  
COLLECTION

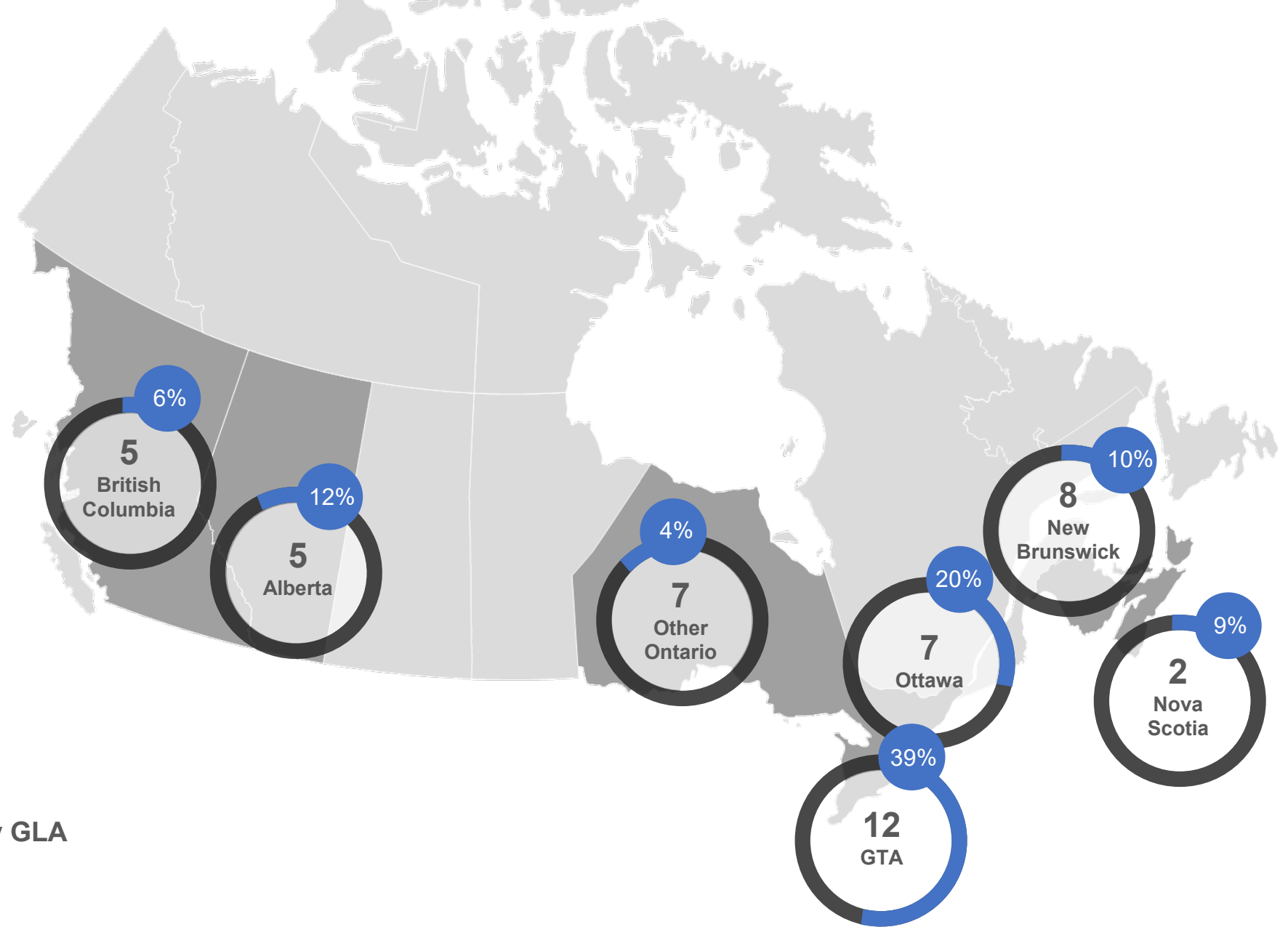
As at March 31, 2023

\* Excluding properties held for sale



5775 Yonge Street, Toronto, ON

# Well-Diversified Portfolio



**% Portfolio Breakdown by GLA**  
As at March 31, 2023



# Strengthening our Portfolio

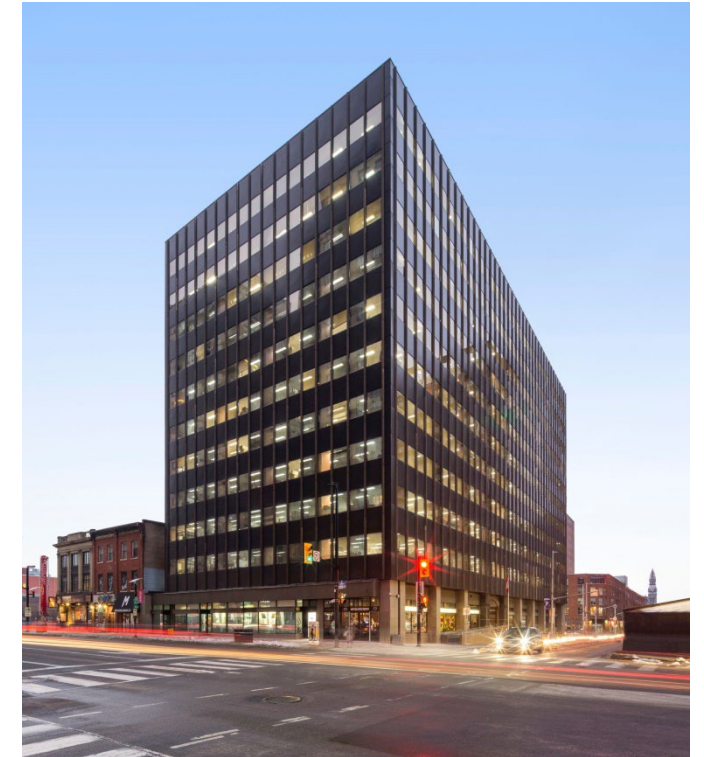
## Prime downtown Ottawa location

- 174,000 square feet / \$40.5 million purchase price
- Significant operating synergies

## 98% occupied:

- Majority Federal Government of Canada
- 6.4 year lease term

## LEED Platinum certified



400 Cumberland Street, Ottawa, ON



# High Quality Tenant Base

**80% of revenue from government & credit-rated tenants**

38% government tenants

42% credit-rated tenants

**68% of revenue from Top 20 tenants**

Stable base of large, well-capitalized tenants

**4.5 year weighted avg. lease term**  
(excl properties held for sale)

Canada

Alberta  
GOVERNMENT

Ontario

New Brunswick  
C A N A D A

BRITISH COLUMBIA

ADP

TD

Insurance



THE J.M. SMUCKER CO.

GM

LUMENTUM

Stantec

intact  
INSURANCE

# Focused Disciplined Growth



2018



2019



2020



2021



2022

\$251.6 M properties acquired

\$97.8 M equity raised

2 non-core properties sold

Pure-play office REIT

\$420.3 M properties acquired

\$161.1 M equity raised

1 non-core property sold

99% rents collected

31% increase in revenues

34% increase in AFFO

2 non-core properties sold

99.5% rents collected

2 non-core properties sold

\$22M property acquired

99.5% rents collected

\$40.5M property acquired



# Leveraging Strong Partner - Starlight Investments

## Leading Private North American Real Estate Investor and Operator

With more than 27 years of investment and asset management experience, Starlight is one of Canada's most active real estate investors, leading \$50B in direct real estate transactions

## History of Creating Value Through Ownership and Management of High-Quality Assets

Manages Multi-Family and Commercial properties in Canada, the U.S. and U.K. on behalf of publicly listed vehicles and Institutional and Family Office investors

## Focused Global Real Assets Securities Investment Platform

Over 15 years of publicly listed investment management experience, overseeing \$18B+ in assets

**\$25B  
AUM**

**25%  
Gross IRR**

**\$50B+  
Transaction  
Value**

## Low Transaction Risk and Strong Pipeline of Exclusive Acquisition Opportunities

Starlight transacts with speed and efficiency due to disciplined yet entrepreneurial decision making

## Operational Experience

An active approach to asset management with an extensive network of brokers and property managers has led to a proven history of deploying capital to reposition assets and enhancing value

## Alignment of Interest

Co-invest a significant amount of equity in every deal to ensure meaningful alignment of interests with LPs

*Note: All dollar values in CAD, unless otherwise noted. Gross IRR is on a realized basis as of December 2022.*



# Our Commitment to ESG



## ENVIRONMENTAL

Increase energy, water and waste efficiency and sustainable practices at our properties to **lower carbon emissions**

Engage with tenants to improve collaboration

Pursue **green building certifications**

Improve **energy efficiency** through building equipment upgrades, BAS, in-suite features (e.g. LED lighting)

Implement **green leases**



## SOCIAL

Focus on tenant and employee health and **well-being**

Prioritize **tenant safety and comfort** across the portfolio

Promote fair employment and contractor practices through **diversity and inclusion**

Continuously **improve community impact** and support volunteerism

**Preserve biodiversity** and give back to the community

Conduct **annual** tenant surveys to receive feedback and improve practices



## GOVERNANCE

Experienced and diverse board of trustees

Ethical business conduct and whistleblower policies

Strict regulatory compliance such as the enforcement of Blackout Periods

Governance, Compensation and Nominating Committee oversight

Annual election of trustees, no slate ballot

Independent trustees are not over boarded

Annual board, committee and trustee assessment procedures

# Significant Progress on ESG Programs



BOMA BEST CERTIFIED



BOMA BEST BRONZE



BOMA BEST SILVER



BOMA BEST GOLD



BOMA BEST PLATINUM

***BOMA BEST*** certifications for 13 properties achieved or in progress



***Energy Star Portfolio Manager*** underway benchmarking energy & water performance



## 2022 Results

99.5% of 2022 contractual rent collected

612,600 sq ft leased or renewed

- **5.8 year** WALT
- **3.5%** increase over expiring rates

Year ended December 31,  
(\$000 except per Unit amounts)

**2022**

Properties	<b>47</b>
Occupancy	<b>93%</b>
Revenue	<b>\$143,575</b>
Adjusted Funds from Operations (AFFO)	<b>\$55,982</b>
AFFO per Unit (Basic)	<b>\$0.60</b>
Same property NOI	<b>+5.6%</b>



# Q1 2023 Highlights

675 Cochrane Drive, Markham ON

Three Months ended March 31,  
(\$000 except per Unit amounts)

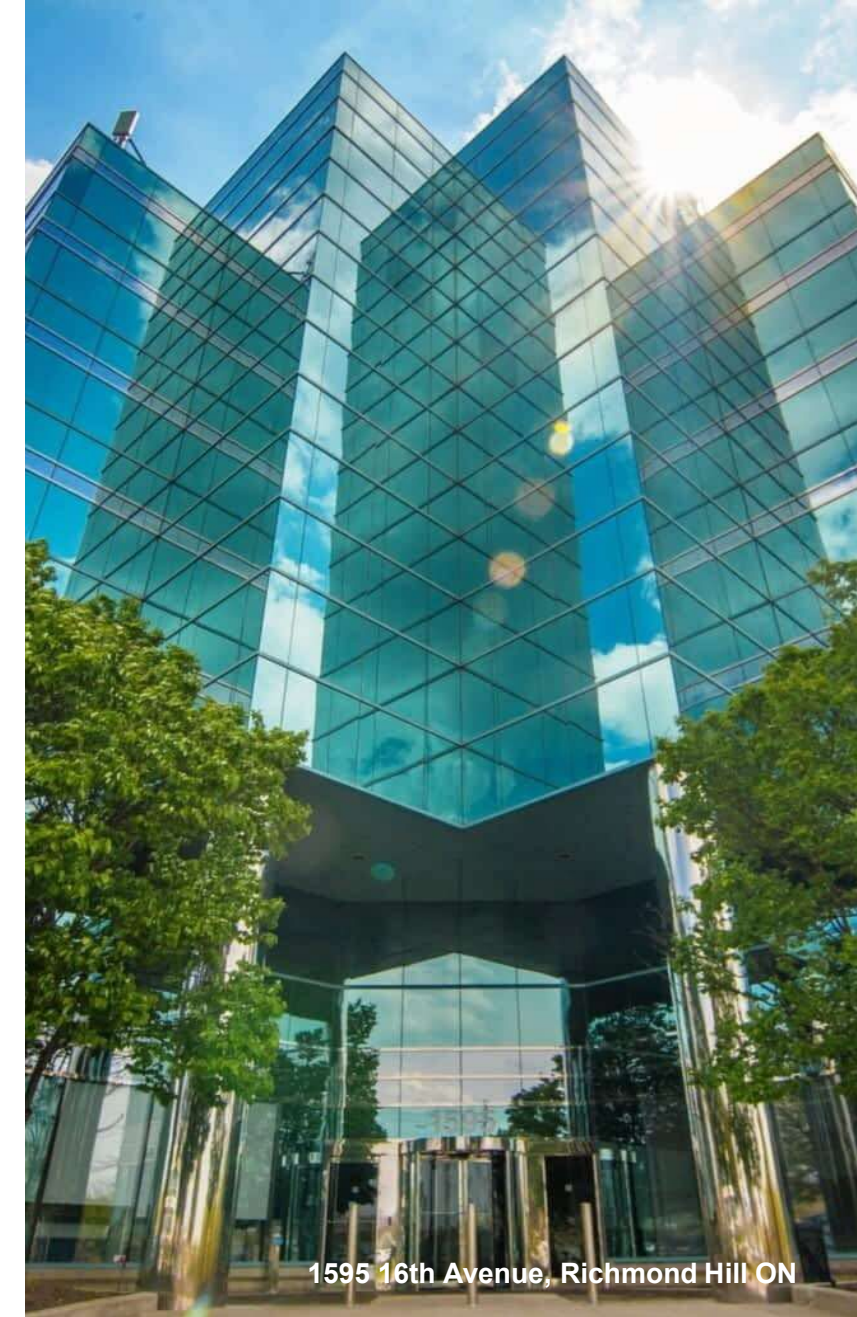
**2023**

Properties	<b>46</b>
Occupancy	<b>91%</b>
Revenue	<b>\$33,858</b>
Adjusted Funds from Operations (AFFO)	<b>\$10,581</b>
AFFO per Unit (Basic)	<b>\$0.11</b>

# Conservative Financial Position

As at March 31,	2023
Total assets (\$000)	1,437,297
Leverage ratio	59.8%
Weighted avg. interest rate	3.63%
Weighted avg. mortgage term	3.14 yrs
Interest coverage ratio	2.80 x

**\$58M cash & undrawn credit facility**



1595 16th Avenue, Richmond Hill ON

# Positive Leasing Activity Continues

- Reinforcing strong tenant relations
- Proven, experienced leasing team

YTD 2023:

418,350 sq ft leased or renewed

- 4.3 year WALT
- 12% increase over expiring rates
- 70% Government & credit-rated tenants





# Looking Forward



## **Stable contractual cash flow**

80% of rents from government & credit-rated tenants



## **Non-core capital recycling program continues**

Deploying proceeds into higher yield properties with longer lease terms



## **Focusing on larger urban markets**

Generating operating synergies to enhance cash flows



## **Leveraging relationship with Starlight**

Overhead synergies, strong industry relationships



400 Cumberland Street, Ottawa, ON

## Q & A

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