



## TRUE NORTH APARTMENT REIT ANNOUNCES STRATEGIC TRANSACTIONS TO UNLOCK VALUE AND RECYCLE CAPITAL INTO GTA PROPERTIES WITH REPOSITIONING POTENTIAL

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TORONTO, May 25, 2015 /CNW/ - True North Apartment Real Estate Investment Trust (the “REIT”) (TSX: TN.UN; TN.DB) is pleased to announce that it has agreed to acquire 150 and 160 Market Street in Hamilton, Ontario (the “**Market Street Properties**”) for a total purchase price of approximately \$25.4 million. Concurrently, the REIT has entered into two separate transactions to sell 380 Gibb Street in Oshawa, Ontario (the “**Gibb Property**”) and 2292 Weston Road in Toronto, Ontario (the “**Weston Road Property**”) (collectively, the “**Disposition Properties**”), for approximately \$19.3 million and \$10.2 million, respectively. The acquisition of the Market Street Properties and the sale of the Disposition Properties are collectively referred to as the “**Transactions**”.

The sale of the Disposition Properties to separate purchasers is expected to be completed at a combined capitalization rate of approximately 4.7% and result in an aggregate gain in excess of \$5 million over the REIT’s combined purchase price for the properties. This strong return on investment is primarily attributable to the success of the REIT’s value enhancing capital initiatives including its high-end suite renovation program. The net proceeds from the Disposition Properties will be partially used to acquire the Market Street Properties that are adjacent to 155 Market Street, a property currently owned by the REIT, enhancing the REIT’s footprint in the Hamilton sub-market of the Greater Toronto Area. Management believes that the acquisition of the Market Street Properties presents an opportunity to achieve meaningful net operating income (“**NOI**”) growth through the REIT’s proven high-end suite renovation program. In addition, the Transactions are expected to provide the REIT with enhanced financial flexibility through the generation of net proceeds of approximately \$6.7 million, which will be partially deployed in purchasing units of the REIT under its normal course issuer bid.

“We are very pleased to increase the REIT’s presence in the Hamilton market where vacancy rates are at their lowest level in the past ten years and rental rate growth has exceeded the Ontario average over the past three years,” stated Leslie Veiner, the REIT’s President and Chief Executive Officer. “We are equally pleased with the value realized for the two properties being sold, which demonstrates the success of the REIT’s high-end suite renovation program. These transactions will allow the REIT to redeploy capital into assets that present greater opportunities for future income growth; while maintaining our presence in the GTA market.”

### **The Market Street Properties**

The Market Street Properties are comprised of two, well maintained, high-rise, concrete towers with a combined 278 residential suites that have recently undergone significant balcony and lobby upgrades. The purchase price of approximately \$25.4 million, representing a combined capitalization rate of 5.2%, is expected to be satisfied through approximately \$12.1 million in cash, the issuance of 460,978 class B limited partnership units of subsidiaries of the REIT (“**Class B LP Units**”), which are economically equivalent to, and exchangeable for, the REIT’s trust units, at a price of \$9.00 per Class B LP Unit, with the balance funded through new mortgage financing for a five year term at a rate of approximately 2.1%.

The acquisition of the Market Street Properties may be considered to be a “related party transaction” as a result of an earlier transaction being viewed as a “connected transaction” pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”). In the event that the acquisition of the Market Street Properties were to be determined to be a related party transaction, it would nonetheless be exempt from the formal valuation and minority approval requirements under MI 61-101 pursuant to Section 5.5(a) and 5.7(1)(a) due to the fair market value of the acquisition being below 25% of the REIT’s market capitalization. The acquisition of the Market Street Properties was approved in accordance with the REIT’s amended and restated declaration of trust and under the rules of the Toronto Stock Exchange.

### **The Disposition Properties**

Concurrent with the acquisition of the Market Street Properties, the REIT has agreed sell the Gibb Property for approximately \$19.3 million and in a separate transaction, the REIT also agreed to dispose of the Weston Road Property for approximately \$10.2 million. The purchaser of the Gibb Property has agreed to assume the existing mortgage of approximately \$10.1 million.

Completion of the Transactions is expected to occur on or about June 1, 2015 and are conditional upon the satisfaction of customary conditions, including approval of the Toronto Stock Exchange.

### **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 focuses on a long-term strategy to generate stable cash distributions on a tax-efficient basis for unitholders. The REIT intends to actively look for opportunities to expand its asset base and increase its distributable cash flow through acquisitions of additional multi-suite residential rental properties across Canada, the United States, and other jurisdictions where opportunities may arise.

Additional information concerning the REIT is available at [www.sedar.com](http://www.sedar.com) or the REIT’s website at [www.truenorthreit.com](http://www.truenorthreit.com).

### **Non-IFRS Measures**

NOI is not a measure defined under International Financial Reporting Standards (“IFRS”) as prescribed by the International Accounting Standards Board, does not have a standardized meaning prescribed by IFRS and should not be compared to or construed as an alternative to measures of financial performance calculated in accordance with IFRS. NOI as computed by the REIT may not be comparable to similar measures presented by other issuers. The REIT uses this measure to better assess the REIT’s underlying performance and provides this measure so that investors may do the same. Details on non-IFRS measures are set out in the REIT’s most recent management’s discussion and analysis and annual information form for the year ended December 31, 2014 and available on the REIT’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Forward-looking Information**

Certain statements contained in this press release constitute forward-looking information within the meaning of Canadian securities laws. Forward-looking information is provided for the purposes of presenting information about management’s current expectations and plans relating to the future and readers are cautioned that such information may not be appropriate for other purposes. Forward-looking information relates to the REIT’s future outlook and anticipated events, including statements regarding the Transactions, statements regarding synergy and opportunities for NOI growth resulting from the acquisition of the Market Street Properties and may also include statements regarding the financial position, business strategy, budgets, litigation, projected costs, capital expenditures, financial results, taxes and plans and objectives of or involving the REIT. Particularly, statements regarding future results, performance, achievements, prospects or opportunities for the REIT or the real estate industry are forward-looking information. In some cases, forward-looking information can be identified by terms such as “may”, “might”, “will”, “could”, “should”, “would”, “occur”, “expect”, “plan”, “anticipate”, “believe”,

"intend", "seek", "aim", "estimate", "target", "project", "predict", "forecast", "potential", "continue", "likely", "schedule", or the negative thereof or other similar expressions concerning matters that are not historical facts.

Forward-looking information necessarily involves 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, that assumptions may not be correct and that objectives, strategic goals and priorities will 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, the synergies, strategies, opportunities and growth resulting from the Transactions, and the risks discussed in the REIT's materials filed with Canadian securities regulatory authorities from time to time on [www.sedar.com](http://www.sedar.com). The reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking information as there can be no assurance that actual results will be consistent with such forward-looking information.

Forward-looking information is based upon certain material assumptions that were 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 that are believed to be appropriate in the circumstances, including the following: that the Transactions will benefit the REIT; that the acquisition of the Market Street Properties will result in synergies and NOI growth; that the Canadian economy will remain stable over the next 12 months; that inflation will remain relatively low; that interest rates will remain stable; that conditions within the real estate market, including competition for acquisitions, will be consistent with the current climate; that the Canadian capital markets will continue to provide the REIT with access to equity and/or debt at reasonable rates when required; and that Starlight Investments Ltd. will continue its involvement as asset manager of the REIT in accordance with its current asset management agreement. While management considers these assumptions to be reasonable based on currently available information, they may prove to be incorrect.

The forward-looking information in this press release is dated, and relates only to events or information, as of the date of this press release. Except as specifically required by law, the REIT undertakes no obligation to update or revise publicly any forward-looking information, 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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