TRUE NORTH APARTMENT REIT ANNOUNCES 2014 SECOND QUARTER RESULTS

Quarter Highlighted by 47% Increase in Portfolio to 8,826 residential suites

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TORONTO, ONTARIO - July 31, 2014 - True North Apartment Real Estate Investment Trust (TSX: TN.UN) (the "REIT") today announced its results of operations and financial condition for the three months ended June 30, 2014 (the "second quarter").

SECOND QUARTER HIGHLIGHTS

- Net Operating Income ("NOI") of $7.8 million, a 4.9% increase from the second quarter of 2013, primarily reflecting the contribution from properties acquired since June 30, 2013, as well as rental revenue growth across the portfolio.
- Average Monthly Rent ("AMR") increased to $797, a 6.4% increase from $749 at June 30, 2013 and 4.6% above the March 31, 2014 level of $762.
- Same Property AMR growth of 2.1% including growth of 4.7% in the strong Greater Toronto Area market, reflecting the initial success of the REIT's high-end residential suite renovation program in this attractive market.
- Portfolio occupancy stable at 96.5%, with occupancy at the Montréal complex increasing to 95.2% from 91.7% at March 31, 2014, reflecting ongoing improvements following implementation of key property management initiatives.
- Basic and diluted funds from operations ("FFO") of $0.18 per trust unit ("Unit"), compared with $0.18 per Unit in the second quarter of 2013.
- Basic and diluted adjusted funds from operations ("AFFO") of $0.15 per Unit, compared with $0.17 per Unit in the second quarter of 2013.
- The impact of colder-than-average seasonal temperatures on utility costs and one-time costs related to the recently completed acquisition impacted FFO and AFFO per Unit by $0.01.
- Acquired a portfolio of 29 properties comprising an aggregate of 2,824 residential suites located in Alberta and Ontario for $286 million.
- In order to finance the cash portion of the acquisition purchase price, the REIT completed a public offering of $23 million aggregate principal amount of 5.75% convertible unsecured subordinated debentures ("2019 Debentures").
- Amended its revolving credit facility (the "Credit Facility") to allow the REIT to borrow up to $45 million (previously $25 million).

"In the second quarter of 2014, the REIT's portfolio demonstrated year-over-year improvements in AMR, revenue and NOI," stated Leslie Veiner, Chief Executive Officer of the REIT. "This performance was achieved despite abnormally high heating costs brought about by colder-than-average weather conditions during the quarter."

"We are pleased with the progress to date in improving a number of key metrics," added Mr. Veiner. "Looking forward to the balance of the year, we expect operating costs to return to more seasonal levels and our growth drivers to continue to improve the REIT's cash flow. We anticipate that improved occupancy levels at the Montréal complex will be reflected in the REIT's NOI, and we will also benefit from the impact of seasonal residential suite turnover on AMR across the REIT's geographical markets. In the longer term, we expect that the success of our programs to add residential suites and to reposition residential suites with high-end renovations, coupled with ongoing energy saving initiatives, will continue to generate cash flow growth and improved operating margins."

"In addition, the closing of our recent transaction has provided the REIT with properties that both enhance the quality of our portfolio and enable the REIT to realize synergies through the increased scale of our asset base. The transaction also highlights the benefit of the REIT's strategic relationship with Starlight Investments Ltd., whose significant pipeline of properties provides us with a competitive advantage in adding quality assets over time," concluded Mr. Veiner.

Operating Results

Property revenues for the three and six months ended June 30, 2014 were $14.1 million and $27.7 million, respectively, an increase of $0.9 million, or 6.7%, and $4.0 million, or 16.9% when compared to $13.2 million and $23.7 million, respectively, for the three and six months ended June 30, 2013. This increase is primarily due to the impact of acquisitions, net of two dispositions, completed during 2013 and the six months ended June 30, 2014. Rental revenue growth across the portfolio was partially offset by the impact of lower year-over-year occupancy at the Montréal complex, although occupancy at this complex improved sharply to 95.2% at the end of the second quarter. Quarterly revenue increased 3.7% from March 31, 2014 on a sequential basis, reflecting the impact of the recent acquisitions and rental rate increases on a higher number of residential suite turnovers during the spring leasing season.

NOI for the three and six months ended June 30, 2014 was $7.8 million and $14.2 million, respectively, an increase of $0.4 million, or 4.9%, and $1.6 million, or 12.6% when compared to respective 2013 levels. The NOI margin for the second quarter declined from 55.9% to 55.0%, primarily due to a lower NOI margin in Québec, the result of higher heating costs and lower year-over-year occupancy at the Montréal complex. Excluding the Montréal complex, same property NOI increased 3.7% for the three months ended June 30, 2014 when compared with the previous year. On a sequential basis, NOI increased by 20.6% in the quarter, reflecting the positive impact of acquisitions, rental revenue growth across the portfolio and lower utility expenses.

As at June 30, 2014, AMR was $797, an improvement of $48, or 6.4%, when compared to $749 at June 30, 2013. The year-over-year increase in AMR was primarily driven by the impact of the properties acquired since June 30, 2013. Second quarter AMR increased 4.6% from $762 at March 31, 2014. Growth in AMR remained strongest in the GTA where rent growth is being driven by residential suite renovations and capital upgrades, coupled with strong market demand.

As at June 30, 2014, portfolio occupancy was 96.5%, 0.1% lower than the 96.6% level at June 30, 2013 and higher than the 95.9% occupancy at March 31, 2014. The year-over-year decrease in occupancy is primarily attributable to the decrease from 96.2% to 95.2% at the Montréal complex over the same period. Sequential occupancy growth in the second quarter was driven by improvements in Québec and New Brunswick. The improvement in occupancy in Québec is the result of continued improvements at the Montréal complex where occupancy increased from 91.7% to 95.2% during the second quarter. The REIT expects this improvement to be reflected in NOI in the second half of 2014.

(In thousands of dollars)	Three months ended June 30, 2014	Three months ended June 30, 2013	% Change	Six months ended June 30, 2014	Six months ended June 30, 2013	% Change
Revenue	$ 14,102	$ 13,218	6.7%	$ 27,695	$ 23,688	16.9%
Expenses:						
Operating costs	4,705	4,287	9.8%	10,217	8,348	22.4%
Property taxes	1,640	1,536	6.8%	3,291	2,741	20.1%
	6,345	5,823	9.0%	13,508	11,089	21.8%
NOI	$ 7,757	$ 7,395	4.9%	$ 14,187	$ 12,599	12.6%
NOI margin	55.0%	55.9%		51.2%	53.2%	

	As at June 30, 2014	As at December 31, 2013	As at June 30, 2013
Operational Information			
Number of properties	83	54	54
Total suites	8,826	5,996	5,830
Occupancy %	96.5%	95.4%	96.6%
AMR (in actual dollars)	$797	$760	$749

For the second quarter ended June 30, 2014, basic and diluted FFO was $0.18 per Unit. Basic and diluted AFFO in the second quarter of 2014 was $0.15 per Unit. The impact of colder-than-average seasonal temperatures on utility costs, additional interest expense on the 2019 Debentures which were issued prior to completing the acquisition, and one-time trustee fees for the special committee established in connection with the acquisition, resulted in a $0.01 reduction to FFO and AFFO per Unit. The FFO payout ratios for the second quarter and six months were 99% and 114%, respectively. Excluding non-cash distributions made under the REIT's distribution reinvestment plan ("DRIP"), the effective FFO payout ratios were 80% and 92% respectively. The AFFO payout ratios for the second quarter and six months were 114% and 130%, respectively, and 92% and 105%, respectively when excluding non-cash distributions made under the REIT's DRIP.

(In thousands of dollars)	Three months ended June 30, 2014	Three months ended June 30, 2013	Six months ended June 30, 2014	Six months ended June 30, 2013
Summary of Financial Information				
Interest coverage ratio	2.70 x	3.13 x	2.60 x	2.90 x
Indebtedness coverage ratio	1.60 x	1.83 x	1.51 x	1.72 x
Revenue	$14,102	$13,218	$27,695	$23,688
NOI	$7,757	$7,395	$14,187	$12,599
Net income and comprehensive income	$4,014	$28,014	$7,507	$46,649
FFO - basic	$4,199	$4,262	$7,211	$6,969
FFO - diluted	$4,252	$4,262	$7,264	$6,969
FFO per Unit - basic and diluted	$0.18	$0.18	$0.31	$0.33
AFFO - basic	$3,634	$3,909	$6,334	$6,259
AFFO - diluted	$3,687	$3,909	$6,387	$6,259
AFFO per Unit - basic and diluted	$0.15	$0.17	$0.27	$0.30
Distributions per Unit - basic	$0.175	$0.175	$0.35	$0.35
FFO payout ratio	99%	98%	114%	107%
AFFO payout ratio	114%	102%	130%	115%
Weighted average Units outstanding:				
Basic - (000s)	23,744	22,821	23,477	20,641
Add: unexercised unit options (000s)	156	275	176	275
Add: 2019 Debentures	397	-	199	-
Diluted - (000s)	24,297	23,096	23,852	20,916

Financial Position

At the conclusion of the second quarter of 2014, the REIT's debt to gross book value was 62.9% (inclusive of the 2019 Debentures) and its interest coverage ratio was 2.70 times. Both metrics fall within the REIT's stated targets. The weighted average interest rate on the REIT's portfolio was 3.25%, and the weighted average term to maturity was 4.02 years. CMHC-insured debt accounted for approximately 40% of the REIT's overall mortgage portfolio.

During the second quarter, the REIT renewed and amended its Credit Facility with a Canadian chartered bank, which allows the REIT to borrow up to $45 million (previously $25 million).

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.

For complete financial statements and management's discussion and analysis for the period, and any other information relating to the REIT, please visit either www.sedar.com or the REIT's website, www.truenorthreit.com.

Non-IFRS measures

The REIT's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). NOI, AMR, FFO, AFFO, "Same Property" operating results, indebtedness to gross book value ratio, gross book value, indebtedness, and interest coverage ratio as well as other measures discussed elsewhere in this news release, do not have a standardized definition prescribed by IFRS and are, therefore, unlikely to be comparable to similar measures presented by other reporting issuers. The REIT uses these measures to better assess the REIT's underlying performance and financial position 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 period ended June 30, 2014 and available on the REIT's profile on SEDAR 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 information is 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 that 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 REIT's financial position; business strategy; budgets; litigation; projected costs; capital expenditures; financial results; occupancy levels; average monthly rents; taxes; the REIT's intention with respect to, and ability to execute, its internal and external growth strategies; the REIT's distribution policy and the distributions to be paid to holders of Units; the distributions to be paid to holders of class B LP units; the REIT's debt strategy; plans and policies regarding capital expenditures; the REIT's payout ratio; the REIT's use of its normal course issuer bid; and the ability of the REIT to qualify as a "mutual fund trust", as defined in the *Income Tax Act* (Canada), and as a "real estate investment trust", as defined in the SIFT Rules. Particularly, statements regarding future geographic diversification, determinations of investment property fair values, per residential suite repair and maintenance expenditures, the REIT's ability to meet its obligations and the REIT's use of CMHC insured debt 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", "goal", "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, that 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 risks discussed in the REIT's materials filed with Canadian securities regulatory authorities from time to time. 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.

Information contained in 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: the Canadian economy will remain stable over the next twelve months; inflation will remain relatively low; interest rates will remain 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; and that 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 information included in this press release relate only to events or information as of the date hereof. Except as specifically required by applicable Canadian 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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