



TRUE NORTH COMMERCIAL REIT MAINTAINS CONSISTENT GROWTH IN 2016 SECOND QUARTER

Year-over-year increases in NOI and AFFO including same-property performance

TORONTO, ON – August 3, 2016 – True North Commercial Real Estate Investment Trust (TSX: TNT.UN) (the “REIT”) today announced continued growth and strong financial results for the quarter ended June 30, 2016.

“The REIT’s financial results in the second quarter of 2016 underline the quality of our assets and management’s focus on optimizing the portfolio,” said Daniel Drimmer, the REIT’s President and Chief Executive Officer. “In particular, we are very pleased to report ongoing growth in same-property revenues and NOI, reflecting our ability to generate increased rent from existing assets. As we continue to renew leases with tenants, we expect to continue our revenue growth trend.”

“We are also continuing to generate growth from strategic acquisitions that compliment our unique portfolio,” added Mr. Drimmer. “Subsequent to quarter-end, we acquired a well-located, 63,800 square foot building in Mississauga, Ontario for \$13.4 million. The building is 100% leased for over five years, with two credit-rated tenants accounting for 75% of the property’s revenue. We continue to see similar opportunities to expand our portfolio, and our proven ability to complete transactions makes the REIT a preferred buyer.”

Second Quarter Financial Highlights

- Industry-leading portfolio occupancy of 97.7%, with government and credit-rated tenants representing 89% of revenue
- Increased revenue from property operations by 8.7% to \$9.7 million, compared to Q2 2015
- Increased net operating income (“NOI”) by 6.9% to \$5.9 million compared to Q2 2015
- Increased same property NOI by 2.0% to \$5.4 million compared to Q2 2015
- Increased funds from operations (“FFO”) by 9.5% to \$3.7 million and adjusted funds from operations (“AFFO”) by 9.4% to \$3.6 million compared to Q2 2015
- Basic FFO per Unit remained stable at \$0.17, while diluted FFO per Unit increased to \$0.17 from \$0.16 in Q2 2015
- Basic AFFO per Unit increased from \$0.16 to \$0.17, while diluted AFFO per Unit was \$0.16, consistent with Q2 2015
- Basic AFFO payout ratio improved to 90% from 92% and diluted AFFO payout ratio improved to 90% from 93%
- REIT’s indebtedness (“Indebtedness”) to gross book value (“GBV”) ratio of 59.40% at June 30, 2016 remained stable compared to 59.45% at March 31, 2016
- Paid distributions of \$3.2 million

Business Highlights

- On April 27, 2016, the REIT filed a short form base shelf prospectus with Canadian securities regulatory authorities, pursuant to which the REIT may issue a wide range of securities for a total of up to \$200 million for a period of 25 months
- On July 20, 2016, the REIT closed a private placement of 1,580,855 trust units of the REIT at a price of \$5.85 per Unit for aggregate proceeds of \$9.25 million which was partially used to satisfy the cash portion of the purchase of 6865 Century Avenue, a 63,800 square foot office property located in Mississauga, Ontario
- On July 28, 2016, the REIT announced its intention to acquire a 40,000 square foot office property located at 5900 Explorer Drive, Mississauga, Ontario for a purchase price of \$10.5 million. The purchase price is expected to be satisfied by a combination of \$7.350 million first mortgage financing and cash proceeds from the private placement

Operating Results

	Three months ended		Six months ended	
	June 30		June 30	
	2016	2015	2016	2015
Revenue	\$9,653	\$8,882	\$19,529	\$17,772
NOI	\$5,940	\$5,557	\$11,806	\$10,989
Income and comprehensive income	\$1,095	\$207	\$495	\$3,210
FFO	\$3,671	\$3,352	\$7,091	\$6,504
FFO per Unit - basic	\$0.17	\$0.17	\$0.33	\$0.32
FFO per Unit - diluted	\$0.17	\$0.16	\$0.33	\$0.32
AFFO	\$3,585	\$3,276	\$6,907	\$6,393
AFFO per Unit - basic	\$0.17	\$0.16	\$0.32	\$0.31
AFFO per Unit - diluted	\$0.16	\$0.16	\$0.32	\$0.31
AFFO payout ratio - basic	90%	92%	93%	95%
AFFO payout ratio - diluted	90%	93%	93%	95%
Units outstanding for FFO and AFFO per Unit:				
Weighted average (000s) - basic	21,709	20,297	21,646	20,351
Add: Unexercised unit options	62	131	70	131
Weighted average (000s) - diluted	21,771	20,428	21,716	20,482

Occupancy for the portfolio as at June 30, 2016 was 97.7%, which continues to lead the peer group of publicly-traded office real estate investment trusts.

Revenue increased 8.7% to \$9.7 million, compared with \$8.9 million in Q2 2015. NOI increased 6.9% to \$5.9 million from \$5.6 million reported for the corresponding period in 2015. The increases in revenue and NOI were primarily attributable to acquisitions made by the REIT in 2015.

On a same property basis, Q2 2016 revenue increased 1.7% to \$8.7 million as a result of increased recoverable expenses and rental rates at certain properties, which was partially offset by a minor vacancy at one of the properties. In Q2 2016, NOI increased 2.0%, attributable to an increase in revenue and a decrease in property operating costs that more than offset an increase in property taxes.

Basic FFO per Unit remained stable at \$0.17, while diluted FFO per Unit increased to \$0.17 from \$0.16 in Q2 2015. Basic AFFO per Unit was \$0.17 compared with \$0.16 in Q2 2015, and diluted AFFO per Unit was \$0.16, consistent with the amount reported in Q2 2015.

The REIT's basic AFFO payout ratio in Q2 2016 improved to 90% from 92% in Q2 2015, while the REIT's diluted AFFO payout ratio improved to 90% from 93% in the corresponding period last year.

Liquidity and Capital Resources

As at June 30, 2016, the REIT's Indebtedness to GBV ratio improved to 59.40%, 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 3.35%, and the weighted average term to maturity was 3.08 years. The REIT has minimal mortgage maturities until 2018, and all interest rates are fixed for the terms of their respective mortgages.

Tenant Profile

As at June 30, 2016, the weighted-average term to maturity of leases at the REIT's properties was 3.60 years. Government and credit-rated tenants account for 63% and 26.0%, respectively, or 89% combined, of the REIT's expected annualized 2016 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 26 commercial properties consisting of approximately 1.5 million square feet in secondary markets across Canada. The REIT is focused on growing its portfolio principally through acquisitions across Canada and such other jurisdictions where opportunities exist.

For complete financial statements and management's discussion and analysis for the period, and any other information relating to the REIT, please visit 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, 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, 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 period ended June 30, 2016 ("MD&A") which is 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 concerning matters that are not historical facts.

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's Annual Information Form for the year ended December 31, 2015 and MD&A at "Risks and Uncertainties". 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 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 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 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 Investments Ltd. 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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