



**True North Commercial Real Estate Investment Trust
Continues Expansion in the Greater Toronto Area Acquiring an Additional
100,000 square feet and a Concurrent \$9.25 million Private Placement**

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TORONTO, July 5, 2016 – True North Commercial Real Estate Investment Trust (the "REIT") (TSX: TNT.UN) is pleased to announce it has agreed to acquire an office property located at 6865 Century Avenue, Mississauga, Ontario (the "Century Property"). The acquisition of the Century Property is expected to be accretive to Funds from Operations ("FFO") and Adjusted Funds from Operations ("AFFO") per trust unit of the REIT ("Unit"). The REIT has also entered into a non-binding letter of intent to acquire another Mississauga office property (the "Mississauga Property") and intends to complete a \$9.25 million Private Placement (as defined and discussed below) to fund the cash portion of the two transactions.

Century Property

The purchase price for the Century Property is \$13.4 million, subject to customary adjustments and closing costs, which represents an implied capitalization rate of 7.6%, and is expected to be satisfied with first mortgage financing in the aggregate amount of approximately \$9.380 million, with an estimated 2.66% interest rate for a five year term. The balance of the purchase price for the Century Property is expected to be satisfied by the Private Placement. Upon completion of the acquisition of the Century Property, the REIT's aggregate portfolio gross revenue from government and credit-rated tenants is anticipated to remain stable at 88%, occupancy is expected to increase to 97.7% and average remaining lease term will increase to 4.3 years.

The property is a two-story office building situated on 2.66 acres with a total of approximately 64,000 rentable square feet and 226 surface parking stalls with direct exposure from Highway 401 and is well situated with excellent access to Highways 401 and 403. The building has been well-maintained including upgrades to the exterior façade, windows, paving, elevator, washrooms and building HVAC systems. With an average lease term of 5.1 years remaining, the property is 100% occupied with two credit-rated tenants accounting for 75% of the Century Property's revenue.

Mississauga Property

The REIT has entered into a non-binding letter of intent to acquire the Mississauga Property, a 40,000 square foot office property located in Mississauga, Ontario. The Mississauga Property is 100% occupied with excellent access to Highways 401, 427 and 409. The acquisition of the Mississauga Property is subject to the REIT entering into a formal acquisition agreement and completing standard due diligence.

"The acquisition of the Century Property, together with the potential addition of the Mississauga Property, allows us to increase the REIT's presence in the attractive Greater Toronto Area ," said Daniel Drimmer, the REIT's President and Chief Executive Officer. "With the funds raised through the Private Placement, the REIT will continue to execute on our core strategy of acquiring high quality buildings, predominately tenanted with credited-rated organizations."

Private Placement

To satisfy the cash portion of the purchase price for the Century Property and the Mississauga Property (upon completion of standard due diligence and execution of an acquisition agreement), the REIT intends to complete a private placement (the "**Private Placement**"), which includes: (i) a private placement (the "**Brokered Tranche**") of a 1,538,461 Units at a price of \$5.85 per Unit, with three agents, led by and including CIBC Capital Markets, for aggregate gross proceeds of \$9.0 million; and (ii) a non-brokered private placement ("**Non-Brokered Tranche**") of 42,735 Units at a price of \$5.85 per Unit, with D.D. Acquisitions Partnership, an entity controlled by Daniel Drimmer, the REIT's President, Chief Executive Officer and Chairman of the Board, for aggregate proceeds of approximately \$250,000. The issue price per Unit of \$5.85 was the closing price of the Units on the TSX on July 4, 2016.

The REIT intends to close the Private Placement concurrently with the closing of the acquisition of the Century Property, on or about July 22, 2016. Closing of the acquisition of the Mississauga Property will be confirmed when the REIT enters into a formal acquisition agreement and completes standard due diligence. Completion of the Private Placement, as well as the acquisition of the Century Property and the Mississauga Property are conditional upon the satisfaction of customary conditions, including approval of the TSX.

Subscription agreements will be entered into in connection with both the Brokered Tranche and the Non-Brokered Tranche and are expected to contain customary provisions for transactions of a similar nature, including representations, warranties and covenants of the parties. The Units issued pursuant to the Private Placement will be subject to applicable hold periods under Canadian securities laws.

The Brokered Tranche

In connection with the Brokered Tranche of the Private Placement, the REIT intends to issue 1,538,461 Units through three agents, led by and including CIBC Capital Markets, with subscribers to be comprised of a combination of institutional and retail investors. The REIT has agreed to pay a total of \$227,500 in fees to the agents in connection with the completion of the Brokered Tranche of the Private Placement.

The Non-Brokered Tranche

Daniel Drimmer, the REIT's President, Chief Executive Officer and Chairman of the Board, through D.D. Acquisitions Partnership, an entity controlled by Mr. Drimmer, intends to subscribe for 42,735 Units at a price of \$5.85 per Unit on a non-brokered private placement basis. No commission or other fees will be paid in connection with the Non-Brokered Tranche of the Private Placement.

The Non-Brokered Tranche of the Private Placement constitutes a "related party transaction" under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). Pursuant to Section 5.5(a) and 5.7(1)(a) of MI 61-101, the REIT is exempt from obtaining a formal valuation and minority approval of the REIT's unitholders because the fair market value of Mr. Drimmer's participation in the Non-Brokered Tranche of the Private Placement will be below 25% of the REIT's market capitalization for purposes of MI 61-101. The Non-Brokered Tranche of the Private Placement was approved unanimously by the Board of Trustees of the REIT (other than Daniel Drimmer, who declared his interest and recused himself from voting) in accordance with the REIT's second amended and restated declaration of trust made as of May 22, 2014, as amended.

Following the completion of the Private Placement, Mr. Drimmer is expected to hold an approximate 17.66% effective interest in the REIT (based on the number of issued and outstanding Units and class B limited partnership units ("**Class B LP Units**") of True North Commercial Limited Partnership, a limited partnership controlled by the REIT, as at July 22, 2016 and including the Units issued in connection with the Private Placement, but excluding Mr. Drimmer's options to purchase Units) through his ownership of, or control or direction over Units and Class B LP Units, and the accompanying special voting units of the

REIT, which provide a holder of Class B LP Units with equivalent voting rights in respect of the Class B LP Units that the REIT provides to holders of Units.

This press release is not an offer of securities for sale in the United States. The securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration. This press release shall not constitute an offer to sell or solicitation of an offer to buy nor shall there be any sale of the above described securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

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 25 commercial properties consisting of approximately 1.4 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. Additional information concerning the REIT is available at www.sedar.com or the REIT's website at www.truenorthreit.com.

Non-IFRS measures

FFO and AFFO 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 and AFFO 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 (“MD&A”) for the period ended March 31, 2016 and Annual Information Form (“AIF”) for the year ended December 31, 2015 and 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 including the successful completion of the acquisition of the Century Property and the Mississauga Property, and the financial performance of the REIT resulting from the acquisition of the Century Property and the Mississauga Property, 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 Private Placement, the acquisition of the Century Property, the Mississauga Property and the use of proceeds in the event that the acquisition of the Mississauga Property is not completed, as well as 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, including those relating to the acquisition of the Century Property and the Mississauga Property, 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 AIF 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, expected future developments and the financial performance of the REIT resulting from the acquisition of the Century Property and the Mississauga Property, as well as other considerations believed to be appropriate in the circumstances, including the following: the ability of the REIT to complete the acquisition of the Century Property and the Mississauga Property and secure acceptable mortgage financing and complete the Private Placement, 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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