



## TRUE NORTH COMMERCIAL REIT ANNOUNCES SECOND QUARTER 2015 RESULTS

*Accretive acquisitions drive improvements in revenue,  
NOI and AFFO payout ratio*

**/NOT FOR DISTRIBUTION IN THE U.S. OR OVER U.S. NEWSWIRES/**

**TORONTO, ON – August 12, 2015** – True North Commercial Real Estate Investment Trust (TSX: TNT.UN) (the “REIT”) today announced its financial results for the second quarter ended June 30, 2015.

### **Second Quarter Highlights**

- Increased industry-leading portfolio occupancy from 98.5% at March 31, 2015 to 99.2% at June 30, 2015;
- Government and credit-rated tenants represented 91.0% of revenue at June 30, 2015;
- Announced strategic recycling of capital through the sale of a non-core retail property for approximately \$17 million at an implied capitalization rate of 5.6% and reinvestment of funds in the acquisition of a four-property office portfolio in Fredericton, NB for approximately \$35 million at a 7.1% implied capitalization rate;
- Revenue from property operations for Q2 2015 totaling \$8.9 million, compared with \$5.3 million in Q2 2014;
- Net Operating Income (“NOI”) for Q2 2015 of \$5.6 million, compared with \$3.3 million in Q2 2014;
- Funds from Operations (“FFO”) of \$0.17 per trust unit of the REIT (“Unit”);
- Adjusted Funds From Operations (“AFFO”) of \$0.16 per Unit, resulting in a Q2 2015 normalized AFFO payout ratio of 92%;
- Reduced indebtedness to gross book value ratio from 59.22% at December 31, 2014 to 58.18% at June 30, 2015;
- Reduced the weighted average fixed interest rate from 3.44% to 3.39%;
- Stable lease expiry profile with 100% of 2015 and 2016 expiries renewed; and
- Paid distributions of \$3,025 (representing \$0.594 per Unit on an annualized basis).

“During the second quarter, the REIT continued to build upon its momentum,” said Daniel Drimmer, the REIT’s President and Chief Executive Officer. “Following the acquisition of 845 Prospect Street in Fredericton, New Brunswick in March, we announced the further expansion of our presence in this core secondary market with the acquisition of four additional properties, and closed the transaction subsequent to quarter-end. Separately, we completed the disposition of Coronation Mall, a non-core retail property located in Duncan, British Columbia and recycled the proceeds to acquire the new properties in Fredericton.”

“Internally, we remain focused on key operating initiatives. In this regard, proactive discussions with tenants surrounding early lease renewals have been successful, and 100% of the 2015 and 2016 expiries have been renewed on similar or better terms to those previously in place. Our ability to negotiate early renewals speaks to the strong relationships we have with our tenant base,” continued Mr. Drimmer.

## Operating Results and Financial Position

	Three months ended		Six months ended	
	June 30		June 30	
	2015	2014	2015	2014
Revenue	\$8,882	\$5,283	\$17,772	\$10,915
NOI	\$5,557	\$3,257	\$10,989	\$6,489
Income and comprehensive income	\$207	\$2,379	\$3,210	\$7,573
FFO	\$3,352	\$1,899	\$6,504	\$3,649
FFO per Unit - basic <sup>(1)</sup>	\$0.17	\$0.15	\$0.32	\$0.30
FFO per Unit - diluted <sup>(1)</sup>	\$0.16	\$0.14	\$0.30	\$0.28
AFFO	\$3,276	\$1,841	\$6,393	\$3,492
AFFO per Unit - basic <sup>(1)</sup>	\$0.16	\$0.15	\$0.31	\$0.28
AFFO per Unit - diluted <sup>(1)</sup>	\$0.15	\$0.14	\$0.30	\$0.27
AFFO payout ratio - basic	92%	100%	95%	104%
AFFO - Normalized <sup>(2)</sup>	\$3,290	\$1,928	\$6,423	\$3,841
AFFO Normalized per Unit - basic <sup>(1)</sup>	\$0.16	\$0.16	\$0.32	\$0.31
AFFO Normalized per Unit - diluted <sup>(1)</sup>	\$0.15	\$0.15	\$0.30	\$0.29
AFFO Normalized payout ratio - basic	92%	95%	94%	95%
Units outstanding for FFO, AFFO and AFFO Normalized per Unit:				
Weighted average (000s) - basic <sup>(1)</sup>	20,297	12,394	20,351	12,368
Add: Unexercised unit options	1,154	720	1,135	720
Weighted average (000s) - diluted <sup>(1)</sup>	21,451	13,114	21,486	13,088
<b>Notes:</b>				
(1) For purposes of calculating FFO and AFFO per Unit, Class B LP Units are included as Units outstanding on both a basic and diluted basis. Diluted amounts assume the conversion of any unexercised Unit Options.				
(2) AFFO Normalized is adjusted for non-recurring items such as due diligence acquisition costs related to property acquisitions the REIT is no longer pursuing and rental income recognized as purchase price adjustments under IFRS.				

Occupancy for the portfolio increased to 99.2% as at June 30, 2015, reflecting the strength of the REIT's unique strategy and the execution of its business plan.

Revenue from property operations in the second quarter of 2015 was \$8.9 million compared with \$5.3 million in Q2 2014. NOI in Q2 2015 was \$5.6 million compared with \$3.3 million in the corresponding period of 2014. The year-over-year increases in revenue and NOI are primarily attributable to the REIT's acquisitions. On a same property basis, Q2 2015 property revenue of \$5.3 million was consistent with the level in Q2 2014, and NOI of 3.2 million was 1.6% below the 2014 level, due to lower occupancy at Coronation Mall in British Columbia, which has been divested.

For the second quarter of 2015, basic and diluted FFO were \$0.17 and \$0.16 per Unit respectively. This compares with \$0.15 and \$0.14 per Unit respectively in Q2 2014, and \$0.16 and \$0.15 per Unit respectively in Q1 2015. The REIT's AFFO normalized payout ratio in the second quarter of 2015 was 92%, compared with 95% in Q2 2014 and 96% in Q1 2015. On a year-over-year basis, the improvement in the REIT's AFFO payout ratio is the result of strong growth in revenue, NOI, FFO and AFFO during Q2 2015, which is primarily attributable to the 14 properties acquired in the latter half of 2014. The REIT's AFFO payout ratio has improved from the Q1 2015 level, which reflected elevated general and administrative expenses related to annual compliance and regulatory matters. In addition, certain operating costs such as snow removal and utilities are seasonal in nature and as such are higher in the winter months.

## Liquidity and Capital Resources

As at June 30, 2015, the REIT's indebtedness to gross book value was 58.18%, a level well within the 75% limit set out in the REIT's amended and restated declaration of trust and below the REIT's year-end 2014 ratio of 59.22%. The weighted average interest rate on the REIT's mortgage portfolio was 3.39%, and the weighted average term to maturity was 3.9 years. The REIT has minimal mortgage maturities until 2018, and all interest rates are fixed for the terms of their respective mortgages.

## Tenant Profile

The REIT's portfolio has a stable lease expiry profile and significant progress has been made with 100% of 2015 and 2016 expiries renewed early.

As at June 30, 2015, the weighted-average term to maturity of leases at the REIT's properties was 4.4 years. Government and credit-rated tenants account for 63.7% and 27.3%, respectively, or 91.0% combined, of the REIT's annualized 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 25 commercial properties 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](http://www.sedar.com) or the REIT's website at [www.truenorthreit.com](http://www.truenorthreit.com).

## Non-IFRS measures

The REIT's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). NOI, FFO, AFFO, AFFO normalized, indebtedness, gross book value and indebtedness to gross book value 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 non-IFRS 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, 2015 and available on the REIT's profile at [www.sedar.com](http://www.sedar.com).

## Forward-looking Statements

Certain statements contained in this news 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 position and results of operations 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 the REIT's future outlook and anticipated events or results, including the number and type of securities that may be sold under the short form base shelf prospectus dated December 16, 2013, and may include statements regarding the financial position, business strategy, budgets, projected costs, capital expenditures, financing rates and costs, 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 statements. 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 statements necessarily involve known and unknown risks and uncertainties, that may be general or specific and which give rise to the possibility expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, assumptions may not be correct and 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 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 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, 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, such as: 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 continue to 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 identified or 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 in this news release are dated, and relate only to events or information, as of the date of this news release. Except as specifically required by 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.

For further information please contact:

Daniel Drimmer  
President and Chief Executive Officer  
(416) 234-8444

Tracy Sherren  
Chief Financial Officer  
(416) 234-8444