



TRUE NORTH COMMERCIAL REIT ANNOUNCES STRATEGIC RECYCLING OF ASSETS

Non-core retail property sold and funds deployed in acquisition of accretive office portfolio in Fredericton; 89% of REIT revenue to be generated by government/credit-rated tenants

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TORONTO, ON – June 30, 2015 – True North Commercial Real Estate Investment Trust (TSX: TNT.UN) (the “REIT”) today announced that it has entered into a purchase agreement to acquire (the “**Acquisition**”) a portfolio consisting of four office buildings in Fredericton, New Brunswick (the “**New Brunswick Office Portfolio**”) for approximately \$35 million, representing an implied capitalization rate of 7.1%. The REIT has also sold its non-core Coronation Mall retail property (“**Coronation Mall**”) in Duncan, British Columbia for gross proceeds of approximately \$17 million, representing an implied capitalization rate of 5.6%.

The Acquisition is expected to be immediately accretive to Funds from Operations (“**FFO**”) and Adjusted Funds from Operations (“**AFFO**”) per trust unit of the REIT (“**Unit**”). Following closing, the REIT will significantly increase its geographic footprint in New Brunswick, owning a total of eight office properties, six of which are located in Fredericton. This positions the REIT with an outstanding opportunity to take advantage of economies of scale in the province.

Following the Acquisition and divestiture of Coronation Mall, the size of the REIT’s portfolio is expected to increase by 20%. Consistent with the REIT’s unique value proposition, occupancy is expected to be 98% with an average remaining lease term of 4.2 years. Government and credit-rated tenants remain a strategic priority and will generate approximately 89% of gross revenue. The REIT’s debt to gross-book-value ratio will be approximately 59.3%.

“We are very pleased to expand the REIT’s presence in the attractive secondary market of Fredericton with this accretive four property acquisition,” said Daniel Drimmer, the REIT’s Chief Executive Officer. “In accordance with our strategic plan, this office portfolio is primarily leased to government or credit-rated tenants and will generate secure cash flow, supporting unitholder distributions. As a small, retail property, Coronation Mall was not a core portfolio asset and the disposition of the property has enabled us to re-deploy the net proceeds in a manner consistent with our strategic plan.”

The purchase price is expected to be satisfied by a combination of the following funding sources: (i) approximately \$5 million in cash from the proceeds of the sale of Coronation Mall; (ii) approximately \$300,000 in cash from the proceeds of a non-brokered private placement of

45,454 Units at a price of \$6.60 per Unit to D.D. Acquisitions Partnership, an entity controlled by Daniel Drimmer, the REIT's President, Chief Executive Officer and Chairman of the Board, and an affiliate of Starlight Investments Ltd., the asset manager of the REIT (the "**Private Placement**"); (iii) the issuance to the vendor of the New Brunswick Office Portfolio of 909,090 class B limited partnership units of True North Commercial Limited Partnership ("**Class B LP Units**") at \$6.60 per Class B LP Unit representing, in aggregate, approximately \$6.0 million; and (iv) approximately \$24.5 million aggregate principal amount of new mortgage financing with a five-year term and an expected fixed rate of approximately 2.99%.

The purchase agreement in connection with the Acquisition contains customary representations and warranties for a transaction of this nature. Subject to customary closing adjustments and the satisfaction or waiver of conditions precedent, the Acquisition is scheduled to close on or about July 15, 2015. There is no assurance that the Acquisition will be successfully completed and, if so completed, will be completed on the basis of terms described in this news release.

The New Brunswick Office Portfolio

The New Brunswick Office Portfolio comprises four standalone office buildings totaling approximately 233,000 rentable square feet. Three of the four properties share a common parking lot and are within one kilometer of the REIT's property located at 551 King Street. Based on gross revenue, government and credit rated tenants account for 82% of the New Brunswick Office Portfolio.

470 York Street is a four-level office building completely renovated in 2009. The property is located approximately six blocks from downtown Fredericton with an approximate gross leasable area of 59,000 square feet and is 93% occupied. Major tenant at this property is the Province of New Brunswick.

495 Prospect Street is a three-level office building located in the uptown business district, a primary retail and highway commercial district for the City of Fredericton and surrounding communities. Originally constructed in 1985 with expansions in 1986 and 1989, the property has approximately 425 onsite paved parking spaces. The building has a gross leasable area of approximately 85,000 square feet and is 93% occupied. Major tenants at this property are Aditya Birla Minacs Worldwide and Accenture.

414-422 York Street is a three-level office building that was completely retrofitted in the mid-1970's to provide for office accommodations. The building was further retrofitted in 1995 and 1996. The property is located approximately six blocks from downtown Fredericton with an approximate gross leasable area of 33,000 square feet and is 79% occupied. Major tenant at this property is NB Power.

500 Beaverbrook Court is a five-level office building located in the midtown district of Fredericton. Originally constructed in 1979 and retrofitted in 1994 through 1996, the building is situated on a 1.93 acre site with an approximate gross leasable area of 56,000 square feet, has approximately 160 onsite paved parking spaces and is 100% occupied. Major tenants at this property are the Federal Government of Canada and the Province of New Brunswick.

Coronation Mall

The REIT has agreed to divest of its Coronation Mall property for gross proceeds of approximately \$17 million, which represents an implied capitalization rate of 5.6%. Originally acquired in connection with the REIT's qualifying transaction in December, 2012 for approximately \$14.6 million dollars, Coronation Mall is a retail shopping centre comprised of three buildings with approximately 51,600 square feet. The REIT recently enhanced the property with the construction of a 2,600 square foot stand-alone building, which has been fully-leased to Burger King. This addition significantly improved the property, increasing its attractiveness to third party purchasers.

The Private Placement

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 45,454 Units at a price of \$6.60 per Unit on a non-brokered private placement basis in connection with the Acquisition. No commission or other fees will be paid in connection with the Private Placement. The proceeds from the Private Placement are expected to be utilized by the REIT to finance a portion of the cash component of the purchase price for the Acquisition.

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 minority approval of the REIT's unitholders because the fair market value of Mr. Drimmer's participation in the Private Placement will be below 25% of the REIT's market capitalization for purposes of MI 61-101. The Private Placement was approved unanimously by the Board of Trustees of the REIT (other than Mr. Drimmer, who declared his interest in the Private Placement and was recused from voting) in accordance with the REIT's amended and restated declaration of trust.

As of June 30, 2015, there were 16,965,106 Units and 3,422,247 Class B LP Units outstanding. As of the date of this news release, Mr. Drimmer (together with his affiliates) holds an approximate 19.56% effective interest in the REIT through the ownership of, or direction or control over, 2,907,491 Units, 828,123 Class B LP Units, 828,123 special voting units of the REIT (the "**Special Voting Units**") which were issued in conjunction with the Class B LP Units to provide voting rights with respect to the REIT to the holders of the Class B LP Units, and 252,084 options to acquire Units. Following his subscription for Units pursuant to the Private Placement and the closing of the Acquisition, it is expected that Mr. Drimmer (together with his affiliates) will hold an approximate 18.90% effective interest in the REIT through his ownership of, or control or direction over, Units, Class B LP Units, Special Voting Units and options to acquire Units.

Completion of the Private Placement is expected to close on or about July 15, 2015 and is conditional upon the satisfaction of customary conditions, including approval of the Toronto Stock Exchange.

About True North Commercial REIT

The REIT is an unincorporated, open-ended real estate investment trust established under the laws of the Province of Ontario. The REIT is focused on acquiring and operating commercial rental properties across Canada and such other jurisdictions where opportunities exist.

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

Non-IFRS Financial Measures

The REIT's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). FFO per Unit, AFFO per Unit and debt 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 March 31, 2015 and available on the REIT's profile at 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 that such statements may not be appropriate for other purposes. Forward-looking information may relate to the REIT's future outlook and anticipated events, including the completion of the Acquisition, the Private Placement, or other financial or operating results and may include statements regarding the financial position, business strategy, budgets, financing rates and costs, the capitalization rate attributable to the Acquisition, 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 that 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. 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 that 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, including the completion of the Acquisition, the Private

Placement, 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 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.

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