



**TRUE NORTH COMMERCIAL REIT  
ANNOUNCES SECOND QUARTER 2014 RESULTS**

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**TORONTO, ON – AUGUST 6, 2014** – True North Commercial Real Estate Investment Trust (TSX: TNT.UN) (the “REIT”) today announced its financial results for the three and six months ended June 30, 2014.

“In the second quarter of 2014, the REIT generated financial results consistent with the preceding quarter and improved over those generated during the corresponding period in 2013,” stated Daniel Drimmer, the REIT’s Chief Executive Officer.

With respect to other recent initiatives, Mr. Drimmer noted that construction commenced on a 2,600 square foot development at the REIT’s Coronation Mall property in Duncan, BC during the quarter. The stand-alone building is fully-leased to Burger King for a fifteen year term with operations expected to commence in the fourth quarter of 2014. In addition, subsequent to quarter-end, the REIT acquired an industrial property located at 63 Innovation Drive in Hamilton, Ontario and an office property located at 295 Belliveau Avenue in Shediac, New Brunswick for an aggregate purchase price of \$10.5 million. The two properties were acquired at a combined implied capitalization rate of approximately 7.9% and are expected to be immediately accretive to the REIT’s adjusted funds from operations (“AFFO”).

**Financial Highlights**

- Revenue from property operations for Q2 2014 totaling \$5.3 million, compared with \$4.8 million in Q2 2013;
- Net Operating Income (“NOI”) for Q2 2014 of \$3.3 million, compared with \$3.0 million in Q2 2013;
- AFFO of \$0.15 per unit and normalized AFFO of \$0.16 per unit for Q2 2014, compared with \$0.13 per unit and \$0.15 per unit respectively in Q2 2013;
- Q2 2014 normalized AFFO payout ratio of 95% compared with 97% in Q2 2013;
- Indebtedness to gross book value ratio reduced to 57.49%;
- Maintained an occupancy rate of 98.5%, with 87.4% of revenue derived from government and credit-rated tenants;
- Weighted average fixed interest rate of 3.53%, with negligible debt maturities until 2018; and
- Distributions for the second quarter of \$1.8 million, compared to \$1.7 million during Q2 2013.

## Operating Results and Financial Position

	June 30, December 31,			
	2014	2013		
<b>Summary of Financial Information</b>				
GBV <sup>(1)</sup>	\$193,942	\$184,890		
Indebtedness <sup>(2)</sup>	\$111,494	\$109,818		
Indebtedness to GBV <sup>(3)</sup>	57.49%	59.40%		
Weighted average mortgage fixed interest rate	3.53%	3.53%		
Weighted average mortgage term to maturity	3.72 years	4.21 years		
	Three months ending June 30,		Six months ending June 30,	
	2014	2013	2014	2013
Revenue	\$5,283	\$4,774	\$10,915	\$7,260
NOI	\$3,257	\$2,988	\$6,489	\$4,671
Income and comprehensive income	\$2,379	\$20,871	\$7,573	\$17,445
FFO	\$1,899	\$1,518	\$3,649	\$2,500
FFO per Unit - basic <sup>(4)</sup>	\$0.15	\$0.14	\$0.30	\$0.26
FFO per Unit - diluted <sup>(4)</sup>	\$0.14	\$0.13	\$0.28	\$0.25
AFFO	\$1,841	\$1,416	\$3,492	\$1,832
AFFO per Unit - basic <sup>(4)</sup>	\$0.15	\$0.13	\$0.28	\$0.19
AFFO per Unit - diluted <sup>(4)</sup>	\$0.14	\$0.12	\$0.27	\$0.18
AFFO payout ratio - basic	100%	118%	104%	152%
AFFO - Normalized <sup>(5)</sup>	\$1,928	\$1,709	\$3,841	\$2,718
AFFO Normalized per Unit - basic <sup>(4)</sup>	\$0.16	\$0.15	\$0.31	\$0.29
AFFO Normalized per Unit - diluted <sup>(4)</sup>	\$0.15	\$0.14	\$0.29	\$0.27
AFFO Normalized payout ratio - basic	95%	97%	95%	102%
Units outstanding for FFO, AFFO and AFFO Normalized per Unit:				
Weighted average (000s) - basic <sup>(4)</sup>	12,394	11,237	12,368	9,434
Add: Unexercised Unit Options and Warrants	720	771	720	686
Weighted average (000s) - diluted <sup>(4)</sup>	13,114	12,008	13,088	10,120
<b>Notes:</b>				
(1) "Gross Book Value" is defined in the amended and restated Declaration of Trust made as of May 22, 2014 (the "DOT") and includes deferred financing costs of \$962 as at June 30, 2014, and \$883 as at December 31, 2013. This excludes the derivative instrument of \$459 as at December 31, 2013.				
(2) "Indebtedness" is defined in the DOT and excludes unamortized financing costs of \$690 as at June 30, 2014, and \$729 as at December 31, 2013.				
(3) Defined as the ratio of Indebtedness to Gross Book Value.				
(4) For purposes of calculating FFO and AFFO per trust unit of the REIT ("Unit"), class B LP units of True North Commercial Limited Partnership are included as Units outstanding on both a basic and diluted basis. Diluted amounts assume the conversion of the unexercised Unit options and warrants.				
(5) 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 international financial reporting standards ("IFRS").				

Revenue from property operations for Q2 2014 was \$5.3 million, compared with \$4.8 million in Q2 2013. NOI for the Q2 2014 was \$3.3 million, compared with \$3.0 million in the corresponding period of 2013. Increases were due to the addition of the King Street property acquired in November 2013. On a same property basis, Q2 2014 property revenue of \$4.7 million and NOI of \$2.9 million were fractionally below the corresponding 2013 levels, reflecting the departure of a small tenant at the Coronation Mall property.

For the second quarter, basic and diluted Funds from Operations ("FFO") were \$0.15 per unit and \$0.14 per unit respectively. This compares with \$0.14 per unit and \$0.13 per unit respectively in Q2 2013, and

\$0.14 per unit and \$0.13 per unit respectively in Q1 2014. After normalizing for non-recurring costs, basic and diluted AFFO was \$0.16 per unit and \$0.15 per unit respectively in Q2 2014. This compares with \$0.15 per unit and \$0.14 per unit respectively in Q2 2013, and \$0.16 per unit and \$0.15 per unit respectively in Q1 2014. The REIT's normalized AFFO payout ratio was 95% in Q2 2014, compared with 97% in Q2 2013 and 94% in Q1 2014.

Occupancy for the portfolio as at June 30, 2014 was 98.5%, a decrease of approximately 1% compared with March 31, 2014.

### **Liquidity and Capital Resources**

As at June 30, 2014, the REIT's indebtedness to gross book value was 57.49%, a level well within the 75% limit set out in the DOT. The weighted average interest rate on the REIT's mortgage portfolio was 3.53%, and the weighted average term to maturity was 3.72 years. The REIT has negligible mortgage maturities until 2018, and all interest rates are fixed for the terms of their respective mortgages.

### **Tenant Profile**

As at June 30, 2014, the weighted-average term to maturity of leases at the REIT's properties was 4.1 years and the REIT has minimal near term lease expirations. Only 3.4% of the portfolio's gross leasable area will mature by the end of 2016, with the majority in 2018 and thereafter.

Government and credit rated tenants account for 70.4% and 17.0%, respectively, or 87.4% combined, of the REIT's annualized gross revenue.

Management believes the lease maturity and tenant profile provides the REIT with significant visibility regarding future 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 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 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 consolidated financial statements are prepared in accordance with IFRS. NOI, FFO, AFFO, AFFO Normalized, Gross Book Value and Indebtedness 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 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 June 30, 2014 and available on the REIT's profile at [www.sedar.com](http://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 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 REIT's base shelf prospectus, 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", 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 including the risks discussed in the REIT's Annual Information Form 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, including management's perceptions of historical trends, current conditions 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 press release are dated, and relate only to events or information, as of the date of this press 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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