True North Commercial REIT (TUERF)

Updated August 17th, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	$6.43	**5 Year Annual Expected Total Return :**	12.4%	**Market Cap:**	$92 M
Fair Value Price:	$9.06	**5 Year Growth Estimate:**	0.0%	**Ex-Dividend Date:**	07/31/2026
% Fair Value:	71%	**5 Year Valuation Multiple Estimate:**	7.1%	**Dividend Payment Date:**	08/17/2026
Dividend Yield:	7.8%	**5 Year Price Target**	$9.06	**Years Of Dividend Growth:**	0
Dividend Risk Score:	F	**Sector:**	Real Estate	**Rating:**	Sell

Overview & Current Events

True North Commercial REIT is a Canadian office REIT that owns and operates a portfolio of single-tenant and select multi-tenant office properties across five provinces. As of June 30th, 2026, the Trust owned 37 office properties totaling about 4.4 million square feet, with core portfolio occupancy of 96% and a weighted average lease term of 4.2 years. Roughly 73% of revenue is generated from government and credit-rated tenants, providing highly contractual and defensive cash flow despite structural challenges in the office sector. The portfolio is concentrated in Ontario, notably the GTA and Ottawa, with additional exposure to Alberta, Atlantic Canada, and British Columbia. The REIT generated 94.8million in rental revenue last year. It trades at a market cap of $86 million and pays dividends on a monthly basis. The REIT reports its financials in CAD. All figures in this report have been converted to USD unless otherwise noted.

On August 13th, 2026, True North Commercial REIT reported Q2 results for the period ended June 30th, 2026. Quarterly revenue from real estate properties slipped 0.9% year over year to $20.1 million, mainly due to lower occupancy at an Ottawa property now held for sale; excluding that asset, revenue increased 5.3%. Net operating income declined 2.3% to $9.7 million, while same-property NOI excluding assets held for sale rose 7.1% on strong leasing activity; excluding termination income and free rent, growth was 5.8%. Core portfolio occupancy finished the quarter at 96% with a 4.2-year weighted average lease term, backed by a tenant base that is 73% government or credit-rated. Q2 2026 FFO per share was $0.37. For FY2026, we expect FFO/share of $1.51.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
FFO	$2.65	$2.79	$2.49	$2.52	$2.67	$2.68	$2.57	$1.90	$1.68	$2.08	***$1.51***	***$1.51***
DPS	$3.42	$3.42	$3.42	$3.42	$3.42	$3.42	$3.42	$1.71	---	$0.50	***$0.50***	***$0.50***
Shares[1]	4.4	6.6	9.7	11.9	15.6	15.9	16.2	16.4	15.2	14.4	***14.1***	***14.0***

True North's FFO per share trajectory has been quite disappointing over the past decade. In 2016 and 2017, the REIT's per-unit FFO was more or less stable. In 2018, FFO per unit was hurt by timing dilution: equity was issued before the proceeds were fully invested, increasing units outstanding without immediate NOI. By 2019, acquisitions lifted NOI and scale, but higher G&A and financing costs from added debt kept per-unit growth relatively muted.

In 2020, the REIT posted 99% contractual rent collection and sustained strong rent collections despite the pandemic, which helped keep cash flow comparatively resilient. In 2021, results were stable, with the key bridge being dispositions earlier in the year offset by an acquisition and modest same-property NOI growth (supported by renewals and some termination payments). In 2022, NOI benefited from same-property NOI uplift plus acquisitions, but was offset by occupancy decline and higher leasing-cost amortization/straight-line rent effects.

The sharp decline in 2023–2024 reflected a mix shift and earnings pressure. In 2023, results were hit by the absence of prior-year termination income, lease expiries and vacancy, dispositions, and higher financing costs. In 2024, revenue and NOI fell again, mainly due to asset sales aimed at stabilizing the leveraged balance sheet. In 2025, the REIT refinanced all

[1] Share count is in millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

debt maturities and resumed monthly distributions, while FFO/share was supported by a one-time $9.1 million lease termination settlement that offset lower occupancy and ongoing non-core asset sales.

Moving forward, we expect no FFO per share growth as high indebtedness, elevated interest expense, ongoing asset dispositions, and limited leasing upside in the office portfolio are likely to offset the stability provided by government-anchored tenants. We also expect no growth in the monthly dividend which the company suspended in 2024 before resuming it in 2025 at a much lower rate.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/FFO	---	---	---	11.5	9.4	12.3	10.9	5.8	4.5	7.0	***4.2***	***6.0***
Avg. Yld.	---	---	---	11.8%	13.7%	10.4%	12.2%	15.5%	---	3.4%	***7.8%***	***5.5%***

True North's P/FFO was hovering in the high-single digits to low-teens up until 2022. However, it got compressed in the mid-single digits in the following years as a result of the company's FFO/share struggling during a high-rate environment. Today, the stock trades at about 4.2x this year's expected FFO/share. We believe a depressed multiple is justified since the balance sheet remains highly leveraged. Still, we believe that a P/FFO of 6x would be more reasonable for the REIT.

Safety, Quality, Competitive Advantage, & Recession Resiliency

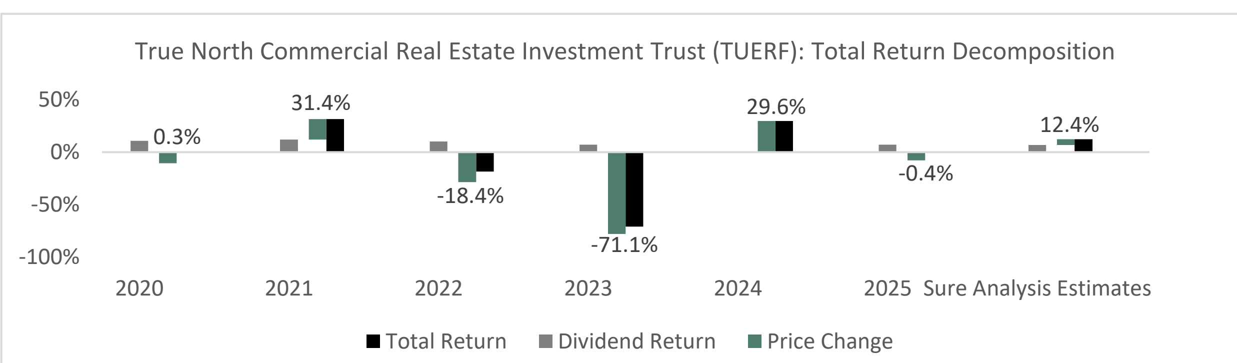
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	129%	123%	137%	136%	128%	128%	133%	90%	---	24%	***33%***	***33%***

True North Commercial REIT benefits from high tenant credit quality, with a portfolio heavily leased to government and government-related tenants, which provides contractual cash flow stability and predictable rent collection even in weak economic environments. The payout ratio also has improved materially and is now a more conservative 33% of expected 2026 FFO, offering some buffer at the distribution level. Still, overall safety remains constrained by high indebtedness, with leverage still elevated at roughly ~63% of gross book value, leaving the Trust highly sensitive to interest rates, refinancing risk, and asset valuations. Combined with structural headwinds in the office sector, limited organic growth, and reliance on dispositions to manage leverage, the REIT remains higher risk despite improved payout discipline and stable tenant quality, particularly in a prolonged downturn or tighter credit environment.

Final Thoughts & Recommendation

True North has stable, government-backed cash flows and an improved payout profile, but high leverage and structural office market risks keep the investment firmly in the higher-risk category. We see the possibility for annualized total returns of 12.4% through 2031, to be driven by the dividend and the possibility of a valuation tailwind. Still, we stress that this return forecast is highly speculative. We rate the stock a sell due to the lack of progressive dividend growth.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	31	43	67	80	104	110	110	98	93	93
Gross Profit	19	27	39	47	62	66	66	53	47	48
Gross Margin	60.3%	61.7%	58.5%	58.3%	60.1%	59.6%	60.0%	53.7%	50.4%	51.6%
SG&A Exp.	-	-	-	-	-	-	-	-	-	-
D&A Exp.	-	-	-	-	-	-	-	-	-	-
Operating Profit	9	16	28	37	57	61	69	55	41	43
Operating Margin	28.3%	37.9%	41.4%	46.0%	55.1%	54.8%	62.6%	56.3%	44.0%	46.2%
Net Profit	(0)	22	38	18	30	41	13	(30)	(15)	(23)
Net Margin	-0.2%	51.3%	57.0%	22.7%	28.5%	36.8%	11.5%	-30.7%	-16.5%	-24.7%
Free Cash Flow	11	15	28	28	46	40	57	31	33	27
Income Tax	-	-	-	-	-	-	-	-	-	-

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	340	538	688	1,061	1,103	1,125	1,070	1,004	862	853
Cash & Equivalents	-	-	-	-	19	4	7	7	9	6
Accounts Receivable	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-		-	-	62	41	41	18
Goodwill & Int. Ass.	-	-	-	-	-	-	-	-	-	-
Total Liabilities	215	340	422		690	698	685	660	573	579
Accounts Payable	-	-	-	-	-	-	-	-	-	-
Long-Term Debt	175	276	352	-	638	649	625	605	513	505
Shareholder's Equity	125	198	266	407	412	428	385	343	289	274
LTD/E Ratio	1.51	1.56	1.46	1.50	1.55	1.52	1.65	1.81	1.85	1.95

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	0.0%	5.0%	6.2%	2.1%	2.7%	3.7%	1.2%	-2.9%	-1.6%	-2.7%
Return on Equity	-0.1%	13.7%	16.5%	5.4%	7.2%	9.7%	3.1%	-8.3%	-4.8%	-8.3%
ROIC	0.0%	5.4%	6.6%	2.2%	2.9%	3.8%	1.2%	-3.0%	-1.7%	-2.9%
Shares Out.	4.4	6.6	9.7	11.9	15.6	15.9	16.2	16.4	15.2	14.4
Revenue/Share	6.16	6.56		6.74	6.66	6.94	6.73	5.96	6.11	6.46
FCF/Share	2.26	2.28		2.33	2.97	2.50	3.49	1.86	2.14	1.88

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.