

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This prospectus supplement (the “**Prospectus Supplement**”) together with the short form base shelf prospectus dated April 27, 2016 to which it relates, as amended or supplemented (the “**Base Shelf Prospectus**”), and each document incorporated by reference into the Base Shelf Prospectus for purposes of the distribution of the securities to which this Prospectus Supplement pertains (collectively, the “**Prospectus**”), constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

The securities to be issued hereunder have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or any state securities laws. The securities to be issued hereunder are being sold only outside the United States to non-U.S. Persons (as defined under Regulation S under the U.S. Securities Act) and, subject to certain exceptions, may not be offered, sold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons. See “Plan of Distribution”.

Information has been incorporated by reference in the accompanying Base Shelf Prospectus from documents filed with securities regulatory authorities in Canada. Copies of the documents incorporated by reference may be obtained on request without charge from the corporate secretary of True North Commercial Real Estate Investment Trust at 3280 Bloor Street West, Suite 1400, Centre Tower, Toronto, Ontario, M8X 2X3, telephone (416) 234-8444, and are also available electronically at [www.sedar.com](http://www.sedar.com).

**PROSPECTUS SUPPLEMENT**  
**(to the Short Form Base Shelf Prospectus dated April 27, 2016)**

**New Issue**

**October 13, 2017**



**\$35,011,000**

**5,575,000 Trust Units**

The Prospectus qualifies for distribution (the “**Offering**”) 5,575,000 trust units (“**Trust Units**”) of True North Commercial Real Estate Investment Trust (the “**REIT**”), at a price of \$6.28 per Trust Unit (the “**Offering Price**”). The REIT is an unincorporated, open-ended real estate investment trust established under, and governed by, the laws of the Province of Ontario. The REIT was formed to indirectly acquire commercial rental properties across Canada, and in such other jurisdictions where opportunities exist, subject to the terms set out in the second amended and restated declaration of trust of the REIT made as of May 22, 2014, as it may be further amended, supplemented or amended and restated from time to time (the “**Declaration of Trust**”).

The REIT currently owns 33 commercial properties located in Alberta, British Columbia, Ontario and New Brunswick. As at the date of this Prospectus Supplement, the properties are comprised of approximately 97% office and 3% industrial space, representing an aggregate of approximately 2.2 million rentable square feet.

The outstanding Trust Units are listed and posted for trading on the Toronto Stock Exchange (the “**TSX**”) under the symbol “TNT.UN”. The REIT has applied to the TSX for approval of the listing of the Trust Units to be distributed pursuant to the Prospectus. Listing will be subject to the REIT fulfilling all of the listing requirements of the TSX. On October 10, 2017, the last trading day prior to the announcement of the Offering, the closing price per Trust Unit on the TSX was \$6.48, and the market capitalization of the REIT was approximately \$225 million.

The REIT pays cash distributions on a monthly basis to unitholders of the REIT (“**Unitholders**”) of record. The current monthly cash distribution is \$0.0495 per Trust Unit. Provided closing of the Offering occurs on or prior to October 31, 2017, the first distribution that purchasers of Trust Units under the Offering would be eligible to receive would be in respect of the month of October 2017, payable on November 15, 2017 to Unitholders of record as of October 31, 2017.

**Price: \$6.28 per Trust Unit**

	<u>Price to Public</u>	<u>Underwriters’ Fee<sup>(1)</sup></u>	<u>Net Proceeds to the REIT<sup>(2)</sup></u>
Per Trust Unit .....	\$6.28	\$0.3140	\$5.9660
Total Offering <sup>(3)</sup> .....	\$35,011,000	\$1,750,550	\$33,260,450

- (1) Pursuant to the underwriting agreement dated October 13, 2017 entered into among the REIT and the Underwriters (as defined below) in respect of the Offering (the “**Underwriting Agreement**”), the REIT has agreed to pay the Underwriters a fee of \$0.3140 per Trust Unit (representing 5% of the gross proceeds of the Offering), for an aggregate fee payable by the REIT of \$1,750,550.
- (2) Before deducting the REIT’s expenses of the Offering, estimated at \$225,000, that, together with the Underwriters’ fee, will be paid from the proceeds of the Offering.
- (3) The REIT has granted to the Underwriters an option (the “**Over-Allotment Option**”), exercisable in whole or in part and at any time not later than the 30th day following the closing of the Offering, to purchase up to an additional 836,250 Trust Units on the same terms as set forth above solely to cover over-allocations, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total “Price to the Public”, “Underwriters’ Fee” and “Net Proceeds to the REIT” will be \$40,262,650.00, \$2,013,132.50 and \$38,249,517.50, respectively. The Prospectus also qualifies the grant of the Over-Allotment Option and the distribution of Trust Units issuable upon the exercise of the Over-Allotment Option. A purchaser who acquires Trust Units forming part of the Underwriters’ over-allocation position acquires such Trust Units under the Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See “Plan of Distribution”.

<u>Underwriters’ Position</u>	<u>Maximum Number of Securities Available</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Over-Allotment Option	Option to purchase up to 836,250 Trust Units	Not later than the 30th day following the closing of the Offering	\$6.28 per Trust Unit

CIBC World Markets Inc. and Raymond James Ltd. (collectively, the “**Lead Underwriters**”) and National Bank Financial Inc., Scotia Capital Inc., BMO Nesbitt Burns Inc., TD Securities Inc., Canaccord Genuity Corp., Desjardins Securities Inc., GMP Securities L.P. and Industrial Alliance Securities Inc. (collectively with the Lead Underwriters, the “**Underwriters**”), as principals, conditionally offer the Trust Units qualified for distribution under the Prospectus, subject to prior sale, if, as and when issued by the REIT and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “Plan of Distribution” and subject to the approval of certain legal matters on behalf of the REIT by Miller Thomson LLP and on behalf of the Underwriters by Blake, Cassels & Graydon LLP. The Offering Price has been determined by negotiation between the REIT and the Underwriters with reference to the market price of the Trust Units and other factors.

In connection with the Offering, the REIT has been advised by the Underwriters that, subject to applicable laws, the Underwriters may over-allocate or effect transactions which stabilize or maintain the market price of the Trust Units. Such transactions, if commenced, may be discontinued at any time. **The Underwriters may decrease the price at which the Trust Units are distributed pursuant to the Prospectus to a price that is lower than the Offering Price. See “Plan of Distribution”.**

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The closing is expected to take place on or about October 20,

2017 or such later date as the REIT and the Underwriters may agree (the “**Closing Date**”), but in any event not later than, October 31, 2017. The Trust Units will be represented in the form of one or more Trust Unit certificates registered in the name of CDS Clearing and Depository Services Inc. (“**CDS**”) or its nominee and held by, or on behalf of, CDS, as depository of the Trust Unit certificates for the participants of CDS, on the Closing Date. A purchaser of Trust Units distributed pursuant to the Prospectus will receive only a customer confirmation from the registered dealer through which the Trust Units are purchased.

The REIT is not a trust company and is not registered under applicable legislation governing trust companies as it does not carry on or intend to carry on the business of a trust company. The Trust Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that statute or any other legislation.

A return on a purchaser’s investment in the REIT is not comparable to the return on an investment in a fixed income security. The recovery of the initial investment in the REIT by an investor is at risk, and the anticipated return on an investment is based on many performance assumptions. Although the REIT intends to make distributions of available cash to holders of Trust Units in accordance with its distribution policy, these cash distributions are not guaranteed and may be reduced or suspended. The ability of the REIT to make distributions and the actual amount distributed will depend on numerous factors, including the anticipated financial performance of the REIT’s properties, debt covenants and other contractual obligations, working capital requirements and future capital requirements, all of which are subject to a number of risks. In addition, the market value of the REIT’s securities may decline if the REIT is unable to meet its cash distribution targets in the future, and that decline may be significant. It is important for a person making an investment in the REIT to consider the particular risk factors that may affect the REIT, and therefore the stability of distributions to holders of Trust Units. **A prospective purchaser should therefore review the Prospectus in its entirety and carefully consider the risk factors described under “Risk Factors” herein and “Risk Factors” in the Base Shelf Prospectus before purchasing Trust Units.**

The after-tax return to an investor subject to Canadian federal income tax from an investment in any Trust Units will depend, in part, on the composition for income tax purposes of distributions paid by the REIT on the Trust Units, portions of which may be fully or partially taxable or may constitute tax deferred returns of capital (i.e., returns that initially are non-taxable but which reduce the adjusted cost base of Trust Units to a holder who holds such Trust Units as capital property and may increase such holder’s liability for tax arising upon disposition of such Trust Units in the future). The composition may change over time, thus affecting a holder’s after-tax return. Prospective purchasers of Trust Units should consult their own tax advisors with respect to the Canadian income tax considerations in their circumstances. See “Certain Canadian Federal Income Tax Considerations”.

**National Bank Financial Inc. (“National Bank”) and CIBC World Markets Inc. (“CIBC”) are affiliates of Canadian chartered banks that provide mortgage financing with respect to several of the REIT’s properties; and an affiliate of National Bank acts as lender under the REIT’s revolving credit facilities. In addition, an affiliate of CIBC has agreed to act as a lender under the Bridge Facility (as defined below under “Recent Developments”), which is being used to partially satisfy the purchase prices of the Bridge Facility Properties (as defined below under “Recent Developments”). Consequently, the REIT may be considered a “connected issuer” to each of National Bank and CIBC under applicable Canadian securities legislation. See “Relationship Between the REIT and Certain Underwriters” for further information.**

The principal, registered and head office of the REIT is located at 3280 Bloor Street West, Suite 1400, Centre Tower, Toronto, Ontario, M8X 2X3.

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Capitalized terms used in this Prospectus Supplement that are not defined herein have the meanings ascribed to such terms in the Base Shelf Prospectus. References to dollars or “\$” are to Canadian currency. Unless otherwise indicated, the disclosure in this Prospectus Supplement assumes that the Over-Allotment Option will not be exercised.

Unless the context otherwise requires, all references in this Prospectus Supplement to the “REIT” refer to the REIT and its subsidiary entities, including True North Commercial Limited Partnership, on a consolidated basis and, in the case of references to matters undertaken by a predecessor in interest to the REIT or its subsidiary entities, including each such predecessor in interest, unless the context otherwise requires.

Notwithstanding the foregoing, for the purposes of the opinions given under the heading “Certain Canadian Federal Income Tax Considerations” and the opinion given under the heading “Eligibility for Investment”, a reference to the “REIT” is a reference to True North Commercial Real Estate Investment Trust only and is not a reference to any of its subsidiary entities or predecessors in interest.

References to “management” in this Prospectus Supplement include the persons acting in the capacity of the REIT’s President, Chief Executive Officer and Chief Financial Officer, who are employed by Starlight Group Property Holdings Inc. (“**Starlight**”), the asset manager of the REIT and a company controlled by Daniel Drimmer, the REIT’s President, Chief Executive Officer and Chairman of the Board. Any statements in this Prospectus Supplement made by or on behalf of management are made in such persons’ capacities as officers of the REIT and not in their personal capacities.

## FORWARD-LOOKING STATEMENTS

Certain statements contained in this Prospectus Supplement constitute forward-looking information within the meaning of applicable securities laws. Forward-looking information may relate to the REIT’s future outlook and anticipated events or results, performance achievements, events, prospects or opportunities for the REIT or the real estate industry and may include statements regarding the financial position, business strategy, budgets, projected costs, capital expenditures, financial results, taxes, 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 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. Some of the specific forward looking statements in this Prospectus Supplement include, but are not limited to, statements regarding the Offering (including the exercise of the Over-Allotment Option), the use of the net proceeds to be

received by the REIT therefrom, the REIT's acquisitions of the Acquisition Properties (as defined below), the refinancing of the Bridge Facility Properties and the repayment of the outstanding amount borrowed under the Bridge Facility, highlighted metrics of the REIT and the REIT's arrangements with Starlight.

The REIT has based these forward-looking statements on factors and assumptions about future events and financial trends it believes may affect its financial condition, results of operations, business strategy and financial needs, including that the Canadian economy will remain stable over the next 12 months, inflation will remain relatively low, interest rates will remain stable, conditions within the commercial 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, the current level of economic uncertainty that affects real estate market conditions will continue, there will be no material changes in the REIT's operating cost structure and the current tax regime, and Starlight will continue its involvement as asset manager of the REIT in accordance with its current asset management agreement dated as of December 14, 2012 between Starlight and the REIT (the "**Asset Management Agreement**").

Although the forward-looking statements contained in this Prospectus Supplement are based upon assumptions management of the REIT believes are reasonable based on information currently available, there can be no assurance actual results will be consistent with these forward-looking statements. Forward-looking statements necessarily involve known and unknown risks and uncertainties, many of which are beyond the REIT's control, may cause the REIT's or the industry's actual results, performance, achievements, prospects and opportunities in future periods to differ materially from those expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things, risks related to: the commercial real estate industry; the Offering; the Acquisition Properties; the REIT's ability to secure mortgage financing on terms equal or more favourable to those of the Bridge Facility to repay the Bridge Facility; the availability of acquisitions; the REIT and its business; the REIT's relationship with Starlight; capital markets and additional funding requirements; fluctuating interest rates and general economic conditions; legislative and regulatory developments; changes in accounting standards; and competition, as well as other factors discussed under the heading "Risk Factors" herein, in the Base Shelf Prospectus, and other documents filed by the REIT on SEDAR at [www.sedar.com](http://www.sedar.com).

**The forward-looking statements made in this Prospectus Supplement relate only to events or information as of the date on which the statements are made. Except as required by applicable 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.**

#### **ELIGIBILITY FOR INVESTMENT**

In the opinion of Miller Thomson LLP, counsel to the REIT, and Blake, Cassels & Graydon LLP, counsel to the Underwriters, based on the current provisions of the *Income Tax Act* (Canada) and the regulations thereunder, as amended (the "**Tax Act**"), and all specific proposals to amend the Tax Act which have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**"), provided that the REIT qualifies as a "mutual fund trust" on the date hereof (as defined in the Tax Act), or the Trust Units are listed on a "designated stock exchange" within the meaning of the Tax Act (which currently includes the TSX) on the date hereof, the Trust Units offered hereby would be, if issued on the date hereof, qualified investments under the Tax Act for trusts governed by a tax-free savings account ("**TFSA**"), registered retirement savings plan ("**RRSP**"), registered retirement income fund ("**RRIF**"), deferred profit sharing plan, registered education savings plan ("**RESP**"), or registered disability savings plan ("**RDSP**"), each within the meaning of the Tax Act (collectively, the "**Plans**").

Notwithstanding that Trust Units may be qualified investments for a trust governed by a TFSA, RRSP or RRIF, a holder of a TFSA or an annuitant of an RRSP or RRIF, as the case may be, will be subject to a penalty tax if the Trust Units are a "prohibited investment" (as defined in the Tax Act) for the TFSA, RRSP or RRIF, as the case may be. The Trust Units will not be a prohibited investment for a TFSA, RRSP or RRIF unless the holder of the TFSA or the annuitant of the RRSP or RRIF, as applicable, does not deal at arm's length with the REIT for the purposes of the Tax Act or has a "significant interest", as defined in the Tax Act, in the REIT. In addition, Trust Units will not be a "prohibited investment" for a trust governed by a TFSA, RRSP or RRIF if the Trust Units are "excluded property", as defined in the Tax Act, for such plans.

On March 22, 2017, the Minister of Finance (Canada) announced Tax Proposals to extend the prohibited investment rules, and corresponding provisions, to holders of RDSPs and subscribers of RESPs. These Tax Proposals are reflected in draft legislation released on September 8, 2017, and are intended to apply after March 22, 2017.

Prospective purchasers who intend to hold Trust Units in trusts governed by such Plans should consult with their own tax advisors regarding the application of the “prohibited investment” rules having regard to their particular circumstances.

Subsidiary Notes received as a result of an *in specie* redemption of Trust Units by the REIT would not be qualified investments for Plans, which could give rise to adverse consequences to the Plan or the annuitant, beneficiary, subscriber or holder thereunder. Accordingly, Plans that own Trust Units should consult with their own tax advisors before deciding to exercise the redemption rights attached to the Trust Units.

For purposes of this “Eligibility for Investment” section, a reference to the REIT is to True North Commercial Real Estate Investment Trust only, and is not a reference to any subsidiary entity.

### **DOCUMENTS INCORPORATED BY REFERENCE**

This Prospectus Supplement is deemed to be incorporated by reference into the Base Shelf Prospectus solely for the purpose of the Offering.

As of the date hereof, the following documents, filed with the various securities commissions or similar authorities in each of the provinces and territories of Canada, are specifically incorporated by reference into the Base Shelf Prospectus for purposes of the Offering, and form an integral part of the Prospectus:

1. the annual information form dated March 8, 2017 for the year ended December 31, 2016 (the “**AIF**”);
2. the audited consolidated financial statements of the REIT for the years ended December 31, 2016 and December 31, 2015, respectively, together with the auditor’s report thereon and the notes thereto;
3. the management’s discussion and analysis for the consolidated financial statements of the REIT for the year ended December 31, 2016 (the “**MD&A**”);
4. the management information circular dated May 2, 2017 in connection with the annual meeting of Unitholders held on June 13, 2017;
5. the material change report of the REIT dated June 30, 2017 in respect of the announcement of an offering of 4,800,000 Trust Units at a price of \$6.25 per Trust Unit for gross proceeds to the REIT of \$30.0 million, with the granting of an over-allotment option to the underwriters to purchase up to an additional 720,000 Trust Units (the “**July 2017 Offering**”);
6. the condensed consolidated interim financial statements of the REIT for the three and six months ended June 30, 2017 and 2016;
7. the management’s discussion and analysis of consolidated financial results of the REIT for the three and six months ended June 30, 2017 and 2016;
8. the term sheet dated October 11, 2017 (the “**Initial Term Sheet**”) in respect of the Offering;
9. the term sheet dated October 12, 2017 (the “**Revised Term Sheet**” and collectively with the Initial Term Sheet, the “**Term Sheet**”) in respect of the upsizing of the Offering; and
10. the material change report of the REIT dated October 12, 2017 in respect of the announcement of the Offering and the upsizing thereof.

All material change reports (excluding confidential material change reports), annual information forms, annual financial statements and the auditors’ report thereon and related management’s discussion and analysis, interim financial statements and related management’s discussion and analysis, information circulars, business acquisition reports, any news release issued by the REIT that specifically states it is to be incorporated by reference and any other documents as may be required to be incorporated by reference into the Base Shelf Prospectus for purposes of

the Offering under applicable Canadian securities laws which are filed by the REIT with a securities commission or any similar authority in Canada after the date of this Prospectus Supplement and prior to termination of the distribution of the Trust Units pursuant to the Prospectus, shall be deemed to be incorporated by reference into the Base Shelf Prospectus for purposes of the Offering.

**Notwithstanding anything herein to the contrary, any statement contained in this Prospectus Supplement or in a document incorporated or deemed to be incorporated by reference in the Base Shelf Prospectus shall be deemed to be modified or superseded, for purposes of the Offering, to the extent that a statement contained herein or in any other currently or subsequently filed document that is later dated and incorporated or deemed to be incorporated by reference in the Base Shelf Prospectus modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall thereafter neither constitute, nor be deemed to constitute, a part of the Prospectus, except as so modified or superseded.**

### MARKETING MATERIALS

The Term Sheet is not part of this Prospectus Supplement or the Base Shelf Prospectus to the extent that the contents of the Term Sheet have been modified or superseded by a statement contained in this Prospectus Supplement or any amendment thereto. Any template version of “marketing materials” (as defined in National Instrument 41-101 - *General Prospectus Requirements*) filed with the securities commissions or similar authority in each of the provinces and territories of Canada in connection with the Offering after the date of this Prospectus Supplement and before the termination of the distribution under the Offering (including any amendments to, or an amended version of, the Term Sheet) is deemed to be incorporated into this Prospectus Supplement and in the Base Shelf Prospectus.

### RECENT DEVELOPMENTS

On July 11, 2017, the REIT completed the July 2017 Offering, pursuant to which the REIT issued 4,800,000 Trust Units at a price of \$6.25 per Trust Unit for gross proceeds to the REIT of \$30.0 million. A syndicate of underwriters led by the Lead Underwriters participated in the July 2017 Offering. On July 18, 2017, the REIT issued an additional 344,000 Trust Units at a price of \$6.25 per Trust Unit pursuant to the underwriters’ exercise of their over-allotment option, for additional gross proceeds to the REIT of \$2.15 million.

On October 11, 2017, the REIT announced it had agreed to indirectly acquire, in five separate transactions, each of the following five office properties from separate arm’s length third parties:

1. a 34,400 square foot office property located at 810 Blanshard Street, Victoria, British Columbia (the “**Victoria Property**”);
2. a 120,200 square foot office property located at 1595 16<sup>th</sup> Avenue, Richmond Hill, Ontario (the “**GTA Property**”);
3. a 148,500 square foot office property located at 301 and 303 Moodie Drive, Ottawa, Ontario (the “**Ottawa Property**”);
4. a 129,200 square foot office property (commonly known as Ravine Centre I and Ravine Centre II) located at 36 and 38 Solutions Drive, Halifax, Nova Scotia (the “**Halifax Property**”); and
5. a 60,600 square foot office property located at 231 Shearson Crescent, Cambridge, Ontario (the “**Cambridge Property**” and collectively with the Victoria Property, the GTA Property, the Ottawa Property and the Halifax Property, the “**Acquisition Properties**”).

The REIT has waived diligence conditions with respect to the Acquisition Properties, except the Halifax Property. However, the acquisitions by the REIT remain conditional upon the satisfaction of certain customary closing

conditions pursuant to applicable purchase and sale agreements. Pursuant to the terms of the Asset Management Agreement, Starlight will be paid an acquisition fee of \$911,600 (exclusive of applicable tax) in connection with the acquisitions.

The Acquisition Properties, which are currently expected to be acquired by the REIT on different dates through separate transactions, will be acquired for an aggregate purchase price of approximately \$106.1 million, subject to customary adjustments and exclusive of closing costs. The aggregate purchase price for the Acquisition Properties is expected to be satisfied by a combination of: (i) approximately \$28.5 million from the July 2017 Offering; (ii) approximately \$15.0 million from the Offering; (iii) first mortgage financing on the Ottawa Property and the Cambridge Property, in the aggregate amount of approximately \$21.9 million; and (iv) approximately \$47.6 million from a bridge loan (the “**Bridge Facility**”) that has been made available through a non-revolving facility provided by an affiliate of CIBC on the Victoria Property, the GTA Property and the Halifax Property (collectively, the “**Bridge Facility Properties**”).

Proceeds from the Bridge Facility, which is for up to \$47.6 million, may only be used to satisfy the debt portion of the REIT’s acquisitions of the Bridge Facility Properties. The REIT expects to repay the Bridge Facility with permanent mortgage financing arranged on the Bridge Facility Properties on a property-by-property basis. The Bridge Facility is subject to customary funding conditions.

### USE OF PROCEEDS

The estimated net proceeds to the REIT from its sale of the Trust Units pursuant to the Offering, after deducting the Underwriters’ fee of \$1,750,550 and the estimated expenses of the Offering of \$225,000, but before giving effect to any exercise of the Over-Allotment Option, will be approximately \$33,035,450. The REIT intends to use the net proceeds of the Offering to partially fund the purchase price of the Acquisition Properties, to fund future acquisitions and for general trust purposes. See “Risk Factors – Risk of the Acquisitions of the Acquisition Properties Not Being Completed”.

If the Over-Allotment Option is exercised, the REIT anticipates using the net proceeds from the issuance of Trust Units pursuant to the exercise of the Over-Allotment Option to fund future acquisitions and for general trust purposes. To the extent the Over-Allotment Option is exercised prior to closing of the Offering, the REIT may use the net proceeds from the issuance of Trust Units pursuant to the exercise of the Over-Allotment Option to partially fund the cash purchase price for the Acquisition Properties and reduce the amount required to be drawn on the Bridge Facility.

The REIT’s management and board of trustees will be responsible for the supervision of any unallocated proceeds from the Offering. Until the closing of the acquisitions of the Acquisition Properties, or any such other acquisitions are identified, negotiated and completed, the net proceeds from the Offering will be added to the REIT’s working capital.

## CONSOLIDATED CAPITALIZATION OF THE REIT

The following table sets out the consolidated capitalization of the REIT as at June 30, 2017 and the *pro forma* consolidated capitalization of the REIT as at June 30, 2017 after giving effect to the July 2017 Offering, the acquisitions of the Acquisition Properties and the Offering. The table should be read in conjunction with the REIT's financial statements and notes thereto included or incorporated by reference in the Base Shelf Prospectus for purposes of the Offering.

	As at June 30, 2017	As at June 30, 2017
	(unaudited) (\$ amounts expressed in millions)	(unaudited – <i>pro forma</i> after giving effect to the July 2017 Offering, the acquisitions of the Acquisition Properties and the Offering) (\$ amounts expressed in millions)
<b>Indebtedness</b>		
Mortgages (excludes unamortized financing costs and unamortized mark to market adjustments).....	\$ 282.1	\$ 351.5
Credit Facilities (excludes unamortized financing costs) .....	\$ 6.0	\$ -
Class B LP Unit Capital.....	\$ 26.6	\$ 26.6
<b>Unitholders' Equity</b>		
Trust Unit Capital .....	\$ 176.2	\$ 239.5
Special Voting Unit Capital.....	\$ -	\$ -
<b>Total Capitalization</b> .....	<u>\$ 490.9</u>	<u>\$ 617.6</u>
<b>Total Trust Units Issued and Outstanding</b> .....	29,473,921	40,192,921
<b>Total Special Voting Units Issued and Outstanding</b> .....	<u>4,306,337</u>	<u>\$ 4,306,337</u>

## PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, the REIT has agreed to sell and the Underwriters have severally agreed to purchase on the Closing Date, an aggregate of 5,575,000 Trust Units at a price of \$6.28 per Trust Unit, payable in cash to the REIT against delivery of such Trust Units. The closing of the Offering is expected to take place on October 20, 2017, or such later date as the REIT and the Underwriters may agree, but in any event not later than October 31, 2017. The obligations of the Underwriters under the Underwriting Agreement are conditional and may be terminated at their discretion upon the occurrence of certain stated events, including, among others (and subject to certain qualifications and limitations): (i) any inquiry, action, suit, investigation or other proceeding being instituted, announced or threatened or any order is issued by any governmental authority or otherwise, or a change of law, or interpretation or administration thereof, which in the reasonable opinion of the Underwriters operates to prevent or restrict the trading in the Trust Units or the distribution of the Trust Units or which could be expected to have a material adverse effect on the market price or value of the Trust Units; (ii) there shall occur or be discovered to have occurred by an Underwriter or be publicly announced by the REIT any material change in the business, financial condition, assets, liabilities, results of operations or prospects of the REIT and its subsidiaries or any change in any material fact contained or referred to in the Prospectus, or there shall exist any material fact which is, or may be, of such a nature as to render the Prospectus, untrue, false or misleading in a material respect or result in a misrepresentation, which in the reasonable opinion of the Underwriters could be expected to have a material adverse effect on the market price or value of the Trust Units; (iii) there should develop, occur or come into effect or existence any event, action, state, condition or occurrence of national or international consequence, acts of hostilities or escalation thereof or other calamity or crisis which, in the reasonable opinion of the Underwriters, materially adversely affects or involves, or may materially adversely affect or involve, the financial markets in Canada, or the business, operations or affairs of the REIT and its subsidiaries, or the market price or value of the Trust Units; and (iv) any change or proposed change in the federal income tax laws of Canada, the regulations thereunder or the interpretation or administration thereof which, in any such case, in the reasonable opinion of the Underwriters, after

consultation with the REIT, could reasonably be expected to have a material adverse effect on the market price or value of the Trust Units. The Underwriters are, however, severally obligated to take up and pay for all of the Trust Units that they have agreed to purchase if any of the Trust Units are purchased under the Underwriting Agreement.

The terms of the Offering and the Offering Price have been determined by negotiation among the REIT and the Underwriters with reference to the market price of the Trust Units and other factors.

Pursuant to the Underwriting Agreement, the REIT has agreed to pay the Underwriters a fee of \$0.3140 per Trust Unit, for an aggregate fee payable by the REIT of \$1,750,550, payable at the close of the Offering in consideration for their services in connection with the Offering.

The REIT has granted to the Underwriters the Over-Allotment Option, exercisable in whole or in part and at any time not later than the 30th day following the closing of the Offering, to purchase up to an additional 836,250 Trust Units on the same terms as set forth above solely to cover over-allocations, if any, and for market stabilization purposes. The Prospectus also qualifies the grant of the Over-Allotment Option and the Trust Units issuable upon the exercise of the Over-Allotment Option. A purchaser who acquires Trust Units forming part of the Underwriters' over-allocation position acquires such Trust Units under the Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. If the Over-Allotment Option is exercised in full, the aggregate Underwriters' fee payable by the REIT will be \$2,013,132.50.

The REIT has agreed not to issue or sell, or negotiate or enter into any agreement to issue or sell (or announce any intention to do so), Trust Units or any securities convertible or exchangeable for Trust Units, other than: (i) Trust Units issued pursuant to the REIT's non-executive trustee unit issuance plan, with effect from June 18, 2013, and amended and restated as of January 1, 2014 (the "**Trustee Unit Issuance Plan**"), on December 29, 2017; (ii) for incentive or bonus compensation purposes, including pursuant to the REIT's unit option plan, or as fees paid to directors or trustees of a REIT Entity; (iii) pursuant to the REIT's distribution reinvestment plan or other obligation existing on the date hereof; (iv) pursuant to rights issued under the Rights Plan (as defined in the AIF); (v) pursuant to the Over-Allotment Option; (vi) Trust Units issued to other third parties in connection with property acquisitions; or (vii) pursuant to other existing commitments of the REIT and each of the corporations and partnerships directly or indirectly controlled by the REIT, for a period of 90 days subsequent to the closing of the Offering, without the prior consent of the Lead Underwriters, on behalf of the Underwriters, which consent may not be unreasonably withheld or delayed.

It is also a condition of closing of the Offering that the Trustees and officers of the REIT agree not to sell, or negotiate or enter into any agreement to sell (or announce any intention to do so), any Trust Units or securities exchangeable or convertible into Trust Units prior to the closing of the Offering and for a period of 90 days from the closing date of the Offering without the prior written consent of the Lead Underwriters, such consent not to be unreasonably withheld or delayed.

The Underwriters propose to offer the Trust Units initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Trust Units at the Offering Price, the price at which the Trust Units are distributed pursuant to the Prospectus may be decreased and may be further changed from time to time to an amount not greater than the Offering Price. However, in no event will the REIT receive less than the net proceeds of \$5.9660 per Trust Unit. The effective compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Trust Units distributed pursuant to the Prospectus is less than the Offering Price.

Subject to certain qualifications and limitations, the REIT has agreed to indemnify the Underwriters and their directors, officers, employees, shareholders, partners and agents against certain liabilities, including, without restriction, civil liabilities under Canadian securities legislation, and to contribute to any payments the Underwriters may be required to make in respect thereof.

In connection with the Offering, the Underwriters may over-allocate or effect transactions which stabilize or maintain the market price of the Trust Units at levels other than those which otherwise might prevail on the open market, including: stabilizing transactions; short sales (i.e., the sale by the Underwriters of a greater number of Trust Units than they are required to purchase in the Offering); and purchases to cover positions created by short sales; and syndicate covering transactions. Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Trust Units while the Offering is in progress. The

Underwriters must close out any short position by purchasing Trust Units in the open market. A short position is more likely to be created if the Underwriters are concerned that there may be downward pressure on the price of the Trust Units in the open market that could adversely affect investors who purchase in the Offering.

In addition, in accordance with rules and policy statements of certain Canadian securities regulators, the Underwriters may not, at any time during the period of distribution, bid for or purchase Trust Units. The foregoing restriction is, however, subject to exceptions where the bid or purchase is not made for the purpose of creating actual or apparent active trading in, or raising the price of, the Trust Units. These exceptions include a bid or purchase permitted under the by-laws and rules of applicable regulatory authorities and the TSX, including the Universal Market Integrity Rules for Canadian Marketplaces, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution.

As a result of these activities, the price of the Trust Units may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time. The Underwriters may carry out these transactions on any stock exchange on which the Trust Units are listed, in the over-the-counter market, or otherwise.

The Trust Units to be distributed pursuant to the Prospectus will be represented in the form of one or more Trust Unit certificates registered in the name of CDS or its nominee and held by, or on behalf of, CDS, as depository of the Trust Unit certificates for the participants of CDS, on the Closing Date. A purchaser of Trust Units distributed pursuant to the Prospectus will receive only a customer confirmation from the registered dealer through which the Trust Units are purchased.

The REIT has applied to the TSX for approval of the listing of the Trust Units to be distributed pursuant to the Prospectus. The Trust Units have not been and will not be registered under the U.S. Securities Act or the securities laws of any state in the United States and may not be offered or sold in the United States or to U.S. Persons (as defined in Regulation S under the U.S. Securities Act) except pursuant to an exemption from the registration requirements of those laws. The Underwriters have agreed that they will not offer or sell the Trust Units within the United States.

#### **RELATIONSHIP BETWEEN THE REIT AND CERTAIN UNDERWRITERS**

In connection with the Offering, under applicable Canadian securities legislation, the REIT may be considered a “connected issuer” to each of National Bank and CIBC, which are two of the Underwriters.

An affiliate of National Bank provides the following:

- (a) a \$6 million floating rate revolving credit facility to the REIT expiring on November 1, 2018 (the “**\$6 Million Credit Facility**”);
- (b) a \$14 million floating rate revolving credit facility to the REIT expiring on November 1, 2018 (collectively with the \$6 Million Credit Facility, the “**Credit Facilities**”); and
- (c) mortgage financings (the “**National Bank Mortgages**”) with respect to properties located at 340 Laurier Avenue West, Ottawa, Ontario (the “**Laurier Property**”); 500 Beaverbrook Court, Fredericton, New Brunswick; 495 Prospect Street, Fredericton, New Brunswick; 845 Prospect Street, Fredericton, New Brunswick; 414-422 York Street, Fredericton, New Brunswick; and 440-470 York Street, Fredericton, New Brunswick.

The Credit Facilities have been used to facilitate operations and projects of the REIT from time to time, and will continue to be used to fund operations, projects and future acquisitions in accordance with the REIT’s ongoing acquisition program.

The aggregate amount of indebtedness owed to an affiliate of National Bank as at October 13, 2017 was \$69.4 million. The REIT is in compliance with all terms of the agreements relating to the Credit Facilities and the National Bank Mortgages, and there have been no waivers of breaches relating to such agreements. The Credit Facilities are secured by the Laurier Property and a property located at 410 King George Highway, Miramichi, New Brunswick

(the “**Miramichi Property**”), and the mortgage with respect to the Laurier Property is secured by a first priority charge over the Laurier Property. The aggregate value of the Laurier Property and the Miramichi Property has increased (as at June 30, 2017) by \$7.5 million from the date when the properties were first acquired.

An affiliate of CIBC provides: (i) mortgage financing (the “**Carlingview Mortgage**”) to the REIT with respect to a property located at 400 Carlingview Drive, Toronto, Ontario (the “**Carlingview Property**”); and (ii) the Bridge Facility on the Bridge Facility Properties. The REIT intends to repay the Bridge Facility with mortgage financing secured by the Bridge Facility Properties. See “Use of Proceeds”. The aggregate amount of indebtedness owed to the affiliate of CIBC as at October 13, 2017 was \$2.7 million. As at the date of this Prospectus Supplement, no indebtedness is owed pursuant to the Bridge Facility. The REIT is in compliance with all terms of the agreements relating to the Carlingview Mortgage and the Bridge Facility, and there have been no waivers of breaches relating to such agreements. The Carlingview Mortgage is secured by the Carlingview Property. The Bridge Facility will be secured by the Bridge Facility Properties. The aggregate value of the Carlingview Property has increased (as at June 30, 2017) by \$0.9 million from the date when the property was first acquired.

The terms, structuring and pricing of the Offering were determined solely by negotiation among the REIT and the Underwriters. The lending affiliates of National Bank and CIBC did not have any role in those determinations or decisions. In connection with the Offering, National Bank and CIBC and certain of their respective affiliates will receive a portion of the proceeds payable to the Underwriters for their fees and expenses, but will not receive any other benefits in connection with the Offering. See “Use of Proceeds”.

#### **PRIOR SALES**

On November 8, 2016, the REIT completed a bought deal offering, which involved the sale of 4,531,000 Trust Units at a price of \$6.35 per Trust Unit to the Underwriters, including 591,000 Trust Units issued on exercise of the over-allotment option, for aggregate gross proceeds to the REIT of approximately \$28.77 million.

On December 30, 2016, the REIT issued 4,098 Trust Units to its Trustees at a price of \$6.0828 per Trust Unit pursuant to the Trustee Unit Issuance Plan.

On March 10, 2017, 62,500 options of the REIT were exercised to acquire 62,500 Trust Units at a price of \$1.60 per Trust Unit.

On March 31, 2017, the REIT issued 3,355 Trust Units to its Trustees at a price of \$6.1281 per Trust Unit pursuant to the Trustee Unit Issuance Plan.

On June 30, 2017, the REIT issued 3,718 Trust Units to its Trustees at a price of \$6.3476 per Trust Unit pursuant to the Trustee Unit Issuance Plan.

On July 11, 2017, the REIT completed the July 2017 Offering, which involved the sale of 4,800,000 Trust Units at a price of \$6.25 per Trust Unit to the Underwriters for gross proceeds to the REIT of \$30.0 million.

On July 18, 2017 the REIT issued an additional 344,000 Trust Units at a price of \$6.25 per Trust Unit pursuant to the exercise by the underwriters of the over-allotment option in connection with the July 2017 Offering, for additional gross proceeds to the REIT of \$2.15 million.

On September 29, 2017, the REIT issued 3,488 Trust Units to its Trustees at a price of \$6.4475 per Trust Unit pursuant to the Trustee Unit Issuance Plan.

## TRADING PRICE AND VOLUME

The following table sets out the high and low trading prices and trading volumes of the REIT's outstanding Trust Units on the TSX (as reported by TSX InfoSuite Streamer) for the periods indicated. The Trust Units are listed on the TSX under the symbol "TNT.UN".

Trust Units (TSX)

Month	High (\$)	Low (\$)	Volume
October 1-12, 2017	6.54	6.26	1,505,253
September 2017	6.49	6.27	1,169,989
August 2017	6.35	6.14	1,049,910
July 2017	6.27	6.07	1,904,071
June 2017	6.53	6.17	1,434,967
May 2017	6.27	6.13	1,012,665
April 2017	6.30	6.06	880,945
March 2017	6.24	5.94	1,422,858
February 2017	6.30	6.04	1,515,172
January 2017	6.30	6.10	1,395,887
December 2016	6.29	5.98	1,632,446
November 2016	6.67	6.10	2,318,737
October 2016	6.73	6.30	1,397,157

Source: TSX InfoSuite<sup>TM</sup>

## CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Miller Thomson LLP, counsel to the REIT, and Blake, Cassels & Graydon LLP, counsel to the Underwriters, the following summary, as of the date hereof, fairly presents the principal Canadian federal income tax considerations generally applicable under the Tax Act to the acquisition, holding and disposition of Trust Units by a Unitholder who acquires as beneficial owner Trust Units pursuant to the Prospectus. This summary is applicable to a Unitholder who, for purposes of the Tax Act and at all relevant times, is resident or is deemed to be resident in Canada, deals at arm's length with the REIT and each of the Underwriters and is not affiliated with the REIT or any of the Underwriters and holds the Trust Units as capital property (a "**Holder**"). Generally, Trust Units will be considered to be capital property to a Holder provided that the Holder does not hold the Trust Units in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Holders who might not otherwise be considered to hold their Trust Units as capital property may, in certain circumstances, be entitled to make the irrevocable election permitted by subsection 39(4) of the Tax Act to have such Trust Units, and all other "Canadian securities" (as defined in the Tax Act) owned by them in the taxation year of the election and any subsequent taxation year, deemed to be capital property. Such Holders should consult their own tax advisors regarding whether such election is desirable and available in their particular circumstances.

This summary is not applicable to a Holder (i) that is a "financial institution" for purposes of the "mark-to-market rules", (ii) that is a "specified financial institution", (iii) an interest in which is a "tax shelter investment", (iv) that has elected to report its Canadian tax results in a currency other than Canadian currency, (v) that has entered or will enter into a "derivative forward agreement" with respect to any Trust Units, as each of those terms is defined in the Tax Act, or (vi) that is a partnership.

This summary does not address the deductibility of interest by a Holder who has borrowed money to acquire Trust Units.

This summary is based upon the facts set out in the Prospectus, the provisions of the Tax Act in force at the date hereof, representations as to factual matters made in a certificate signed by an officer of the REIT and provided to counsel (the "**Officer's Certificate**") and counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency (the "**CRA**") made publicly available prior to the date hereof. This summary takes into account the Tax Proposals. This summary assumes that the Tax Proposals will be enacted

as proposed but no assurances can be given that the Tax Proposals will be enacted in their current form or at all. This summary does not otherwise take into account or anticipate any changes in law or in the administrative policies and assessing practices of the CRA, whether by legislative, governmental or judicial decision or action, and does not take into account other federal or any provincial, territorial or foreign tax legislation or considerations, which may differ significantly from those discussed in this Prospectus Supplement. Modification or amendment of the Tax Act or the Tax Proposals could significantly alter the tax status of the REIT or the tax consequences of acquiring, holding, or disposing of Trust Units to be issued pursuant to the Offering.

This summary does not take into account the consultation paper released on July 18, 2017 by the Minister of Finance (Canada) seeking input on possible approaches to address certain perceived tax advantages of investing passively through a private corporation (the “**July 2017 Tax Proposals**”). Prospective Holders that are private corporations should consult their own tax advisors with respect to the implications of the July 2017 Tax Proposals as they relate to the acquisition, holding and disposition of Trust Units.

This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Trust Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Trust Units will vary depending on the Holder’s particular circumstances, including the province(s) in which the Holder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be nor should it be construed to be legal or tax advice or representations to any prospective purchaser of Trust Units. Prospective purchasers should consult their own tax advisors for advice with respect to the tax consequences to them of an investment in Trust Units based on their particular circumstances.

For the purposes of this summary, a reference to the “REIT” is a reference to True North Commercial Real Estate Investment Trust only and is not a reference to any subsidiary entity, including True North LP.

#### **Status of the REIT**

##### *Mutual Fund Trust*

This summary assumes that the REIT qualifies and will continue to qualify at all times as a “mutual fund trust” within the meaning of the Tax Act. Among other things, in order to so qualify, the REIT must comply on a continuous basis with certain requirements respecting the ownership and dispersal of the Trust Units. In addition, the REIT may not at any time reasonably be considered to be established or maintained primarily for the benefit of non-resident persons. The Declaration of Trust, however, contains a limitation on non-resident ownership of the Trust Units intended to ensure that the REIT will not be deemed not to be a mutual fund trust due to the ownership of the Trust Units by non-residents of Canada. Currently, there are no means of rectifying a loss of mutual fund status if this requirement is not met. If the REIT were not to qualify as a mutual fund trust at all times, the income tax consequences described herein would, in some respects, be materially and adversely different.

#### **SIFT Rules**

The Tax Act contains rules (the “**SIFT Rules**”) which apply to “SIFT trusts” and “SIFT partnerships” (each as defined in the Tax Act). A trust resident in Canada will generally be a SIFT trust if “investments” in the trust are listed or traded on a stock exchange or other public market and the trust holds one or more “non-portfolio properties” (as defined in the Tax Act). If the REIT were to become subject to the SIFT Rules, the REIT would generally be taxed in a manner similar to corporations on income from business carried on in Canada by the REIT, and on income (other than taxable dividends) or capital gains from non-portfolio properties, at a combined federal/provincial tax rate similar to that applicable to a corporation. Allocations or distributions of income and capital gains that are subject to the SIFT Rules will be taxed as a dividend from a taxable Canadian corporation in the hands of the beneficiaries or partners of the SIFT trust or SIFT partnership and will be deemed to be an “eligible dividend” eligible for the enhanced gross-up and dividend tax credit rules available to individuals resident in Canada and for purposes of computing a Canadian resident corporation’s “general rate income pool” or “low rate income pool”, as the case may be (each as defined in the Tax Act). “Private corporations” (as defined in the Tax Act) and certain other corporations controlled directly or indirectly by or for the benefit of an individual or related group of individuals may be liable to pay a refundable tax under Part IV of the Tax Act on dividends received or deemed to be received to the extent that such dividends are deductible in computing taxable income. Distributions paid by a SIFT trust as a return of capital will generally not attract tax under the SIFT Rules.

### *REIT Exception*

A trust that qualifies as a “real estate investment trust” (as defined in the Tax Act) for the year (the “**REIT Exception**”) is excluded from the definition of a SIFT trust in the Tax Act and is therefore not subject to the SIFT Rules. The following five criteria must be met in order for a trust that is throughout the taxation year resident in Canada to qualify for the REIT Exception in a particular taxation year:

- (a) at each time in the taxation year, the total fair market value at that time of all “non-portfolio properties” that are “qualified REIT properties” held by the trust must be at least 90% of the total fair market value at that time of all non-portfolio properties held by the trust;
- (b) not less than 90% of the trust’s “gross REIT revenue” for the taxation year must be from one or more of the following: “rent from real or immovable properties”, interest, dispositions of “real or immovable properties” that are capital properties, dividends, royalties and dispositions of “eligible resale properties”;
- (c) not less than 75% of the trust’s gross REIT revenue for the taxation year must be from one or more of the following: rent from real or immovable properties, interest from mortgages, or hypothecs, on real or immovable properties, and dispositions of real or immovable properties that are capital properties;
- (d) at no time in the taxation year can the total fair market value of properties held by the trust comprised of real or immovable properties that are capital properties, eligible resale properties, cash, deposits (within the meaning of the Canada Deposit Insurance Corporation Act or with a branch in Canada of a bank or a credit union), indebtedness of Canadian corporations represented by banker’s acceptances, and debt issued or guaranteed by the Canadian government or issued by a province, municipal government or certain other qualifying public institutions be less than 75% of the “equity value” of the trust at that time; and
- (e) “investments” in the trust must be, at any time in the taxation year, listed or traded on a stock exchange or other public market (all as defined in the Tax Act).

The SIFT Rules contain a look-through rule under which a trust could, generally, qualify for the REIT Exception where it holds its real properties indirectly through intermediate entities, provided that each such entity, assuming it were a trust, would satisfy conditions (a) to (d) of the REIT Exception set out above.

### *Application to the REIT*

The REIT Exception is applied on an annual basis. Accordingly, even if the REIT does not qualify for the REIT Exception in a particular year, it may be able to do so in a subsequent year. The REIT Exception in the SIFT Rules contains a number of technical tests and the determination as to whether the REIT qualifies for the REIT Exception in any particular taxation year can only be made at the end of that taxation year. Based on representations as to certain factual matters made in the Officer’s Certificate, management of the REIT has advised counsel that it expects the REIT as currently structured qualifies and will continue to qualify for the REIT Exception throughout 2017 and each subsequent year and that True North LP qualifies and will continue to qualify as an “excluded subsidiary entity” (as defined in the Tax Act). However, there is no assurance that subsequent investments or activities undertaken by the REIT will not result in the REIT failing to qualify for the REIT Exception and there is no assurance that True North LP will qualify as an excluded subsidiary entity. Counsel will not review the REIT’s compliance with the conditions for the REIT Exception. If the REIT or True North LP is subject to the tax imposed by the SIFT Rules, certain of the income tax considerations described below would, in some respects, be materially and adversely different.

To the extent that they are applicable to the REIT, the SIFT Rules may, depending on the nature of distributions from the REIT, including as to what portion of its distributions is income and what portion is returns of capital, have a material adverse effect on the after-tax returns of certain Holders. Generally, distributions that are characterized as returns of capital are not taxable to Holders but serve to reduce the adjusted cost base of a Holder’s Trust Units.

The likely effect of the SIFT Rules on the market for Trust Units, and on the REIT’s ability to finance future acquisitions through the issue of Trust Units or other securities, is unclear. In the event that the SIFT Rules apply to the REIT or True North LP, they may adversely affect the marketability of the Trust Units, the amount of cash available for distributions and the after-tax returns of Holders.

The remainder of this summary is subject to the SIFT Rules discussed above but assumes that the REIT is at all times eligible for the REIT Exception, and that True North LP is at all times an “excluded subsidiary entity”, as discussed below under “Taxation of True North LP”.

### **Taxation of the REIT**

The taxation year of the REIT is the calendar year. In each taxation year, the REIT will be subject to tax under Part I of the Tax Act on its income for the year, including net realized taxable capital gains for that year and its allocated share of income from True North LP for its fiscal period ending on or before the year-end of the REIT, less the portion thereof that the REIT deducts in respect of the amounts paid or payable, or deemed to be paid or payable, in the year to Holders. An amount will be considered to be payable by the REIT to a Holder in a taxation year if it is paid to the Holder in the year or if the Holder is entitled in that year to enforce payment of the amount.

The REIT will generally not be subject to tax on any amounts received as distributions from True North LP. Generally, distributions to the REIT by True North LP in excess of the REIT’s allocated share of the income of True North LP for a fiscal year will result in a reduction of the adjusted cost base of the REIT’s partnership interest in True North LP by the amount of such excess. If, as a result, the REIT’s adjusted cost base of its partnership interest in True North LP at the end of a fiscal year of True North LP would otherwise be a negative amount, the REIT would be deemed to realize a capital gain in such amount for its taxation year in which such fiscal year of True North LP ends and the REIT’s adjusted cost base of such partnership interest in True North LP would then be nil.

In computing its income for purposes of the Tax Act, the REIT may deduct reasonable administrative costs and expenses incurred by it for the purpose of earning income from business or property, generally including interest on borrowed funds. The REIT may also deduct from its income for the year a portion of any reasonable expenses incurred by the REIT in the course of an issuance of Trust Units. The portion of the issue expenses deductible by the REIT in a taxation year is 20% of the total issue expenses, pro-rated where the REIT’s taxation year is less than 365 days. Any losses incurred by the REIT (including losses allocated to the REIT by True North LP and capable of being deducted by the REIT) may not be allocated by the REIT to Holders, but may generally be carried forward and deducted in computing the taxable income of the REIT in future years in accordance with the detailed rules and limitations in the Tax Act.

The REIT will be entitled for each taxation year to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized taxable capital gains by an amount determined under the Tax Act based on the redemption of Trust Units during the year (the “**Capital Gains Refund**”). In certain circumstances, the Capital Gains Refund in a particular taxation year may not completely offset the REIT’s tax liability for such taxation year. The Declaration of Trust provides that all or a portion of the income or capital gains realized by the REIT arising on or in connection with an *in specie* redemption of Trust Units may, at the discretion of the Trustees, be paid or made payable to, and as applicable designated as a taxable capital gain of, the redeeming Holders. Any amount of income (including a taxable capital gain so designated) paid or payable must be included in the income of the redeeming Holders and will be deductible by the REIT.

Pursuant to the REIT’s distribution policy, the Trustees currently intend to make distributions in each year to Holders in an amount sufficient to ensure that the REIT will generally not be liable for non-refundable tax under Part I of the Tax Act in any year (after taking into account any losses or capital losses that may be carried forward from prior years). See “Declaration of Trust and Description of Voting Units — Distribution Policy” in the AIF. Income of the REIT which is unavailable for cash distributions will be distributed to Holders in the form of additional Trust Units. Income of the REIT payable to Holders, whether in cash, additional Trust Units or otherwise, will generally be deductible by the REIT in computing its income.

### **Taxation of True North LP**

True North LP is expected to qualify as an “excluded subsidiary entity” at all relevant times and, as a result, will not be subject to tax under the Tax Act (including under the SIFT Rules). If True North LP does not qualify as an “excluded subsidiary entity”, the income tax consequences described herein would in some respects be materially and adversely different.

Generally, each partner of True North LP, including the REIT, is required to include (or deduct) in computing the partner’s income, the partner’s share of the income (or loss) of True North LP for True North LP’s fiscal year ending

in, or coincidentally with, the partner's taxation year, whether or not any such income is distributed by True North LP to the partner in the taxation year. If True North LP were to incur losses for purposes of the Tax Act, the REIT's ability to deduct such losses may be limited by certain rules in the Tax Act. For this purpose, the income or loss of True North LP will be computed for each fiscal year as if True North LP were a separate person resident in Canada. In computing the income or loss of True North LP, deductions may generally be claimed in respect of available capital cost allowance, its administrative and other expenses (including interest in respect of debt of True North LP) incurred for the purpose of earning income from business or property to the extent permitted under the Tax Act. The income or loss of True North LP for a fiscal year will be allocated to the partners of True North LP, including the REIT, on the basis of their respective share of such income or loss as provided in the limited partnership agreement governing True North LP, subject to the detailed rules in the Tax Act. Generally, distributions to partners in excess of the income of True North LP for a fiscal year will result in a reduction of the adjusted cost base of the partner's units in True North LP by the amount of such excess. If, as a result, the REIT's adjusted cost base of its interest in True North LP at the end of a fiscal period of True North LP would otherwise be a negative amount, the REIT will be deemed to realize a capital gain in such amount for that year, and the REIT's adjusted cost base of such interest in True North LP will then be nil.

## **Taxation of Holders**

### *Distributions*

A Holder generally will be required to include in income for a particular taxation year the portion of the net income of the REIT determined for purposes of the Tax Act for the taxation year ending on or before the particular taxation year-end of the Holder, including net realized taxable capital gains, that is paid or payable, or deemed to be paid or payable, to the Holder in the particular taxation year (and that the REIT deducts in computing its income), whether such portion is received in cash, additional Trust Units or otherwise. Any loss of the REIT for purposes of the Tax Act cannot be allocated by the REIT to, or treated as a loss of, a Holder.

The non-taxable portion of any net realized capital gains of the REIT, the taxable portion of which was designated by the REIT in respect of a Holder, that is paid or payable, or deemed to be paid or payable, to the Holder in a taxation year will not be included in computing the Holder's income for the year. Any other amount in excess of the net income and net taxable capital gains of the REIT that is paid or payable, or deemed to be paid or payable, by the REIT to a Holder in a taxation year will not generally be included in the Holder's income for the year. A Holder will be required to reduce the adjusted cost base of its Trust Units by the portion of any amount (other than the non-taxable portion of net realized capital gains of the REIT for the year, the taxable portion of which was designated by the REIT in respect of the Holder) paid or payable to such Holder that was not included in computing the Holder's income. To the extent that the adjusted cost base of a Trust Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Holder from the disposition of the Trust Unit and will be added to the adjusted cost base of the Trust Unit so that the adjusted cost base will be reset to zero. The composition of distributions paid by the REIT, portions of which may be fully or partially taxable or non-taxable, may change over time, affecting the after-tax return to Holders.

Provided that the appropriate designations are made by the REIT, such portion of net taxable capital gains of the REIT as is paid or payable to a Holder will effectively retain its character and be treated as such in the hands of the Holder for purposes of the Tax Act. See "Taxation of Holders – Capital Gains and Losses".

The net assets of the REIT at any time reflect any income and gains of the REIT that have accrued or have been realized but have not been made payable at that time. A Holder who acquires Trust Units may become taxable on the Holder's share of such accrued or realized income and gains of the REIT at the time of acquisition notwithstanding that such amounts may have been reflected in the price paid by the Holder for the Trust Units.

### *Dispositions of Trust Units*

On a disposition or deemed disposition of a Trust Unit (including a redemption), a Holder generally will realize a capital gain (or capital loss) equal to the amount by which the Holder's proceeds of disposition exceed (or are exceeded by) the aggregate of the adjusted cost base of the Trust Unit and any reasonable costs of disposition. Proceeds of disposition will not include an amount designated as payable by the REIT to a redeeming Holder out of capital gains and/or income of the REIT as described below.

For the purpose of determining the adjusted cost base to a Holder, when a Trust Unit is acquired, the cost of the newly acquired Trust Unit will be averaged with the adjusted cost base of all of the Trust Units owned by the Holder as capital property immediately before that acquisition. The adjusted cost base of a Trust Unit to a Holder will include all amounts paid by the Holder for the Trust Unit, with certain adjustments. The adjusted cost base of Trust Units may be reduced by distributions made by the REIT to a Holder as described above. The cost to a Holder of Trust Units received on a distribution by the REIT will be equal to the amount of such distribution that is satisfied by the issuance of such Trust Units.

A redemption of Trust Units in consideration for cash will be a disposition of such Trust Units for proceeds of disposition equal to such cash. A redemption of Trust Units in consideration for assets of the REIT, such as Subsidiary Notes, will be a disposition of such Trust Units for proceeds of disposition generally equal to the aggregate of the fair market value of such assets, less any income or capital gain realized by the REIT on the disposition of such assets and any other income or capital gain realized by the REIT in connection with the redemption of those Trust Units to the extent that such income or capital gain is designated to the redeeming Holder. Holders exercising the right of redemption consequently will realize a capital gain (or sustain a capital loss), depending upon whether the proceeds of disposition received exceed (or are exceeded by), the adjusted cost base of the Trust Units redeemed and any reasonable costs of disposition. Where income or a capital gain realized by the REIT in connection with the distribution of property *in specie* on the redemption of Trust Units has been designated by the REIT to a redeeming Holder, the Holder will be required to include in income such income or the taxable portion of the capital gain so designated. The cost of any property distributed *in specie* by the REIT to a Holder upon redemption of Trust Units will be equal to the fair market value of that property at the time of the distribution. Thereafter the Holder will be required to include in income interest or other income derived from the property, in accordance with the provisions of the Tax Act.

The consolidation of Trust Units of the REIT following a distribution of Trust Units will not be considered to result in a disposition of Trust Units by Holders. The aggregate adjusted cost base to a Holder of all of the Holder's Trust Units will not change as a result of a consolidation of Trust Units; however, the adjusted cost base per Trust Unit will increase.

#### *Capital Gains and Capital Losses*

One-half of any capital gain (a “**taxable capital gain**”) realized by a Holder on a disposition or deemed disposition of Trust Units and the amount of any net taxable capital gains designated by the REIT in respect of a Holder will be included in the Holder's income as a taxable capital gain. Subject to the provisions of the Tax Act, a Holder is required to deduct one-half of any capital loss (an “**allowable capital loss**”) realized on a disposition or deemed disposition of Trust Units from taxable capital gains realized in the year of disposition. Any excess of allowable capital losses over taxable capital gains of the Holder for the year of disposition may be deducted against net taxable capital gains in the three preceding years or in any subsequent taxation years, subject to and in accordance with the provisions of the Tax Act.

#### *Refundable Tax*

A Holder that is a Canadian-controlled private corporation (as defined in the Tax Act) may be liable to pay an additional refundable tax in respect of certain types of income, including taxable capital gains.

#### *Alternative Minimum Tax*

In general terms, net income of the REIT paid or payable to a Holder who is an individual or a certain type of trust that is designated as net taxable capital gains and capital gains realized on the disposition of Trust Units by such a Holder may increase the Holder's liability for alternative minimum tax.

### **RISK FACTORS**

An investment in the Trust Units is subject to certain risks. Investors should carefully consider the risks described below, in the AIF, the MD&A and other information elsewhere in the Prospectus, including the documents incorporated by reference into the Base Shelf Prospectus for purposes of the Offering, prior to making an investment in the Trust Units. If any of such or other risks occur, the REIT's prospects, financial condition, results of operations and cash flows could be materially adversely impacted. In that case, the trading price of the Trust Units could

decline and investors could lose all or part of their investment. There is no assurance that risk management steps taken will allow the REIT or the investors to avoid future loss due to the occurrence of the below described or other risks that are unforeseen.

### **Dilution**

While the net proceeds of the Offering are expected to be applied towards the uses specified in “Use of Proceeds” in this Prospectus Supplement, to the extent that any of the net proceeds or over-allotment proceeds of the Offering remain uninvested pending their use, the Offering may result in dilution, on a per Trust Unit basis, to the REIT’s net income, FFO, AFFO and other financial measures used by the REIT. Moreover, the dilution risk of any of the net proceeds or over-allotment proceeds of the Offering remaining uninvested pending their use would be more pronounced in the event that an acquisition is not completed.

### **Risk of the Acquisitions of the Acquisition Properties Not Being Completed**

Completion of each of the REIT’s acquisitions of the Acquisition Properties is subject to the satisfaction of a number of closing conditions, including, without limitation, satisfactory completion of the REIT’s due diligence in respect of the Halifax Property. As such, there is no assurance that any of the acquisitions of the Acquisition Properties will be completed or, if completed, will be on terms as disclosed in the Prospectus. If completion of the acquisitions of the Acquisition Properties does not take place as contemplated, the REIT may not realize the benefits described in the Prospectus and could suffer adverse consequences to its unit price, performance or reputation, including loss of investor confidence.

### **Possible Failure to Realize Expected Returns on the Acquisition Properties**

Acquisitions involve risks that could materially and adversely affect the REIT’s business plan, including the failure of the Acquisition Properties to realize the results the REIT expects. While the Trustees, based on analysis provided by management (as well as other information deemed appropriate and sufficient for such purposes), consider the Acquisition Properties not to be dilutive to the REIT’s AFFO, such determination should not be regarded as a guarantee of future performance or results.

### **Taxation Matters**

Management of the REIT believes the REIT currently qualifies as a mutual fund trust and a real estate investment trust for income tax purposes. If the REIT were not to so qualify, the consequences could be material and adverse. The Tax Act contains rules which tax certain publicly traded or listed trusts in a manner similar to corporations and tax certain distributions from such trusts as taxable dividends from a taxable Canadian corporation. Distributions paid by a specified investment flow-through (“SIFT”) trust as returns of capital will generally not be subject to the tax. The SIFT Rules are not applicable to a real estate investment trust that meets prescribed conditions relating to the nature of its assets and revenue. Unless the REIT qualifies for exclusion from the definition of “SIFT trust” in the Tax Act (i.e., REIT Exception), the SIFT Rules could impact the level of cash distributions which would otherwise be made by the REIT and the taxation of such distributions to Unitholders. If the REIT were to no longer qualify for the REIT Exception, it would not be able to flow through its taxable income to Unitholders and the REIT would therefore be subject to tax. The REIT Exception is applied on an annual basis. As such, it will not be possible to determine if the REIT will satisfy the conditions of the REIT Exception for 2017 or any subsequent year until the end of the particular year.

On July 18, 2017, the Minister of Finance (Canada) released for consultation a discussion paper seeking input on possible approaches to address certain perceived tax advantages of investing passively through a private corporation. Although this discussion paper did not include specific amendments to the Tax Act in relation to this particular issue, it outlined potential alternatives for amending the Tax Act’s current system of corporate taxation. Legislative proposals may be released by the Minister of Finance (Canada). There can be no assurance that, following the enactment of any such proposals, securities held by a private corporation (including Trust Units) will not be taxed under the Tax Act in a manner that is less favourable than under the current system.

### **Ability to Secure Debt Financing**

In connection with the acquisition of the Bridge Facility Properties, the REIT intends to draw on the Bridge Facility. It is possible that first mortgage financing (which the REIT currently intends to use to repay the Bridge Facility) will not be available to the REIT thereafter or, if it is available, will not be available on equal or more favourable terms.

### **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

In the ordinary course of business, the REIT and its properties may, from time to time, be subject to various pending and threatened lawsuits in which claims for monetary damages are asserted. Except as disclosed in the Prospectus, including the documents incorporated by reference into the Base Shelf Prospectus for purposes of the Offering, the REIT is not aware of any existing or contemplated legal proceedings to which it or True North LP is or was a party to, or to which any of its currently-owned properties or the Acquisition Properties is or was the subject.

The REIT is not aware of any penalties or sanctions imposed by a court or securities regulatory authority or other regulatory body against the REIT, nor has the REIT entered into any settlement agreements before a court or with a securities regulatory authority.

### **LEGAL MATTERS**

The matters referred to under “Eligibility for Investment” and “Certain Canadian Federal Income Tax Considerations” and certain other legal matters relating to the Offering will be passed upon by Miller Thomson LLP on behalf of the REIT, and Blake, Cassels & Graydon LLP on behalf of the Underwriters.

As at October 13, 2017, the partners and associates of each of Miller Thomson LLP and Blake, Cassels & Graydon LLP beneficially owned, directly or indirectly, less than 1% of the issued and outstanding securities of each class of the REIT or of any associate or affiliate of the REIT.

### **INTEREST OF EXPERTS**

The auditors of the REIT, BDO Canada LLP, have advised they are independent of the REIT in accordance with the rules of professional conduct applicable to auditors in Ontario.

**CERTIFICATE OF THE UNDERWRITERS**

Dated: October 13, 2017

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces and territories of Canada.

**CIBC WORLD MARKETS INC.**

By: (Signed) CHRIS BELL

**RAYMOND JAMES LTD.**

By: (Signed) LUCAS ATKINS

**NATIONAL BANK FINANCIAL INC.**

By: (Signed) ANDREW WALLACE

**SCOTIA CAPITAL INC.**

By: (Signed) CHARLES VINEBERG

**BMO NESBITT BURNS INC.**

By: (Signed) ONORIO LUCCHESI

**TD SECURITIES INC.**

By: (Signed) DEREK DERMOTT

**CANACCORD  
GENUITY CORP.**

By: (Signed) DAN  
SHEREMETO

**DESJARDINS  
SECURITIES INC.**

By: (Signed) MARK  
EDWARDS

**GMP SECURITIES L.P.**

By: (Signed) ANDREW  
KIGUEL

**INDUSTRIAL  
ALLIANCE  
SECURITIES INC.**

By: (Signed) DENNIS  
KUNDE

