

FORM 51-102F3

MATERIAL CHANGE REPORT

UNDER NATIONAL INSTRUMENT 51-102

1. **Name and Address of Company**

True North Commercial Real Estate Investment Trust (the “REIT”)  
3280 Bloor Street West  
Centre Tower, Suite 1400  
Toronto, ON M8X 2X3

2. **Date of Material Change**

October 11, 2017 and October 12, 2017.

3. **News Release**

Two news releases were issued on October 11, 2017 and October 12, 2017, respectively, through the facilities of Marketwired and subsequently filed on SEDAR at [www.sedar.com](http://www.sedar.com).

4. **Summary of Material Change**

On October 11, 2017, the REIT announced that it had entered into an agreement with a syndicate of underwriters led by CIBC Capital Markets and Raymond James Ltd. (collectively, the “**Underwriters**”) for a public offering (the “**Offering**”). On October 12, 2017, due to strong demand, the REIT and the Underwriters agreed to increase the size of the previously announced Offering to 5,575,000 trust units of the REIT (the “**Units**”) at a price of \$6.28 per Unit for gross proceeds to the REIT of approximately \$35 million. The terms of the Offering will be described in a prospectus supplement to be filed with Canadian securities regulatory authorities.

The REIT has also granted the Underwriters an option (the “**Over-Allotment Option**”), exercisable for a period of 30 days following the closing of the Offering, to purchase up to an additional 836,250 Units to cover over-allotments, if any. The Offering is expected to close on or about October 20, 2017 and is subject to certain conditions including, but not limited to, the approval of the Toronto Stock Exchange (the “**TSX**”) and other regulatory approvals.

In addition, the REIT announced on October 11, 2017 that it had agreed to acquire the following five properties:

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 Class “A” office property located at 1595 16th 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 located at 36 and 38 Solutions Drive, Halifax, Nova Scotia (the “**Halifax Property**”); and
5. a 60,600 square foot Class “A” 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 aggregate purchase price for the Acquisition Properties is expected to be approximately \$106.1 million, subject to customary adjustments and exclusive of closing costs, and is expected to be satisfied by a combination of the following: (i) approximately \$28.5 million from the REIT’s bought deal offering of trust units completed on July 11, 2017 (the “**July 2017 Offering**”); (ii) approximately \$15.0 million from the Offering; (iii) first mortgage financing on the Cambridge Property and the Ottawa Property, in the aggregate amount of approximately \$21.9 million; and (iv) approximately \$47.6 million from a bridge facility (the “**Bridge Facility**”) on the Victoria Property, the GTA Property and the Halifax Property.

## **5. Full Description of Material Change**

### *October 2017 Offering of Trust Units*

On October 11, 2017, the REIT announced that it had entered into an agreement with the Underwriters in respect of the Offering. On October 12, 2017, due to strong demand, the REIT and the Underwriters agreed to increase the size of the previously announced Offering to 5,575,000 Units at a price of \$6.28 per Unit for gross proceeds to the REIT of approximately \$35 million.

The Offering is being made under the REIT’s short form base shelf prospectus dated April 27, 2016. The terms of the Offering will be described in a prospectus supplement to be filed with Canadian securities regulatory authorities.

The REIT has also granted the Underwriters the Over-Allotment Option, exercisable for a period of 30 days following the closing of the Offering, to purchase up to an additional 836,250 Units to cover over-allotments, if any. The Offering is expected to close on or about October 20, 2017 and is subject to certain conditions including, but not limited to, the approval of the TSX and other regulatory approvals.

The REIT intends to use the net proceeds from the Offering to partially fund the purchase price of the Acquisition Properties, to fund future acquisitions and for general trust purposes. The Offering is not conditional on the closing of the acquisitions of any Acquisition Properties, and if the acquisitions of any of the Acquisition Properties do not close, the net proceeds will then be used to fund other potential future acquisitions and for general trust purposes.

In the REIT’s news release dated October 11, 2017, it was announced that the REIT had entered into an agreement with the Underwriters to sell on a bought deal basis, 4,000,000 Units at a price of \$6.28 per Unit for gross proceeds to the REIT of approximately \$25 million. The REIT also granted the Underwriters an option, exercisable for a period of 30 days following the closing of the Offering, to purchase up to an additional 600,000 Units to cover over-allotments, if any. Updated versions of these figures, as summarized above, were disclosed in the REIT’s news release dated October 12, 2017 to reflect an increase in the size of the Offering, due to strong demand.

*Acquisition of Properties*

The REIT announced on October 11, 2017 that it had agreed to acquire the Acquisition Properties.

The total purchase price for the Acquisition Properties represents a combined implied capitalization rate of approximately 6.9%. Upon completion of the acquisitions, the REIT's occupancy is expected to remain stable at 97.1%, the REIT's aggregate portfolio gross revenue from government and credit-rated tenants is anticipated to be 84.7%, and average remaining lease term of the REIT will be 4.3 years.

The REIT has waived diligence conditions with respect to the Acquisition Properties, except the Halifax Property. The acquisition by the REIT however remains conditional upon the satisfaction of certain customary closing conditions pursuant to applicable purchase and sale agreements.

The aggregate purchase price for the Acquisition Properties is expected to be approximately \$106.1 million, subject to customary adjustments and exclusive of closing costs. The acquisition will be satisfied by a combination of the following: (i) approximately \$28.5 million from the July 2017 Offering; (ii) approximately \$15.0 million from the Offering; (iii) first mortgage financing on the Cambridge Property and the Ottawa Property, in the aggregate amount of approximately \$21.9 million; and (iv) approximately \$47.6 million from the Bridge Facility.

*Description of the Acquisition Properties*

<b><i>Acquisition Property</i></b>	<b><i>Expected Closing Date</i></b>	<b><i>Rentable Sq. Ft.</i></b>	<b><i>Occupancy</i></b>	<b><i>Average Remaining Lease Term</i></b>
Victoria Property	November 8, 2017	34,400	100%	2.3 years
Cambridge Property	October 19, 2017	60,600	100%	6.4 years
GTA Property	November 2, 2017	120,200	99%	3.6 years
Ottawa Property	November 2, 2017	148,500	85%	4.0 years
Halifax Property	Acquisition is conditional on completion of satisfactory due diligence, expected to be completed in the near term	129,200	95.0%	4.6 years

**6. Reliance on Subsection 7.1(2) of National Instrument 51-102**

Not applicable.

**7. Omitted Information**

Not applicable.

**8. Executive Officer**

Tracy Sherren, Chief Financial Officer  
Tel: (416) 234-8444

**9. Date of Report**

October 12, 2017.

**Forward-looking Statements**

Certain statements contained in this material change report constitute forward-looking information within the meaning of Canadian securities laws. Forward-looking statements are provided for the purposes of assisting the reader in understanding the REIT's financial performance, financial position and cash flows as at and for the periods ended on certain dates and to present information about management's current expectations and plans relating to the future and readers are cautioned such statements may not be appropriate for other purposes. Forward-looking information may relate to future results, performance, achievements, events, prospects or opportunities for the REIT or the real estate industry and may include statements regarding the completion and closing dates of the Offering (including the Underwriters' exercise of the Over-Allotment Option) and the acquisition of the Acquisition Properties, the use of proceeds from the Offering, the repayment and re-borrowing of indebtedness by the REIT, the completion of the future acquisitions or investments by the REIT, as well as the financial position, business strategy, budgets, projected costs, capital expenditures, financial results, taxes, plans and objectives of or involving the REIT. In some cases, forward-looking information can be identified by such terms as "may", "might", "will", "could", "should", "would", "occur", "expect", "plan", "anticipate", "believe", "intend", "seek", "aim", "estimate", "target", "goal", "project", "predict", "forecast", "potential", "continue", "likely", "schedule" or the negative thereof or other similar expressions concerning matters that are not historical facts.

Forward-looking statements necessarily involve known and unknown risks and uncertainties, which may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, assumptions may not be correct and objectives, strategic goals and priorities may not be achieved. A variety of factors, many of which are beyond the REIT's control, affect the operations, performance and results of the REIT and its business, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. These factors include, but are not limited to, risks related to the trust units and risks related to the REIT's Annual Information Form for the year ended December 31, 2016, annual MD&A at "Risks and Uncertainties" and the risks discussed in the REIT's materials filed with Canadian securities regulatory authorities from time to time on [www.sedar.com](http://www.sedar.com). The reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements as there can be no assurance actual results will be consistent with such forward-looking statements.

Information contained in forward-looking statements is based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including management's perceptions of historical trends, current conditions and expected future developments, as well as other considerations that are believed to be appropriate in the circumstances, including the following: the completion of the Offering (including the Underwriters' exercise of the Over-Allotment Option) and the acquisition of the Acquisition Properties, all regulatory approvals in connection with the Offering are received on a timely basis, the Canadian economy will remain stable over the next 12 months; inflation will remain relatively low; interest rates will remain stable; conditions within the real estate market, including competition for acquisitions, will be consistent with the current climate; the Canadian capital markets will continue to provide the REIT with access to equity and/or debt at reasonable rates when required; Starlight Investments Ltd. will continue its involvement as asset manager of the REIT in accordance with its current asset management agreement; and the risks identified or referenced above, collectively, will not have a material impact on the REIT. While management considers these assumptions to be reasonable based on currently available information, they may prove to be incorrect.

The forward-looking statements made in this material change report are dated and relate only to events or information as of the date of this material change report. Except as specifically 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.