

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**

November 7, 2019.

**3. News Release**

A news release was issued on November 7, 2019, through the facilities of Globe Newswire and subsequently filed on SEDAR at [www.sedar.com](http://www.sedar.com).

**4. Summary of Material Change**

On November 7, 2019, 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**”) to sell on a bought deal basis, 10,120,000 trust units (the “**Units**”) of the REIT at a price of \$6.92 per Unit for gross proceeds to the REIT of approximately \$70 million (the “**Offering**”). The terms of the Offering will be described in a prospectus supplement to be filed with Canadian securities regulatory authorities (the “**Prospectus Supplement**”). An entity controlled by Daniel Drimmer, the President and Chief Executive Officer of the REIT, is expected to purchase approximately \$3.5 million of Units, as a part of the Offering.

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 1,518,000 Units to cover over-allotments, if any. The Offering is expected to close on or about November 18, 2019 and is subject to certain conditions including, but not limited to, the approval of the Toronto Stock Exchange (the “**TSX**”) and other regulatory approvals.

The REIT intends to deploy the net proceeds from the Offering to fund the cash portion of the potential acquisition of two high-quality Class “A” office properties (the “**Potential Acquisition Properties**”) from two arm’s length vendors located in the Greater Toronto Area, Ontario and for general trust purposes.

**5. Full Description of Material Change**

On November 7, 2019, the REIT announced that it had entered into an agreement with the Underwriters to sell on a bought deal basis, 10,120,000 Units at a price of \$6.92 per Unit for gross proceeds to the REIT of approximately \$70 million.

The Offering is being made under the REIT’s short form base shelf prospectus dated June 1, 2018. The terms of the Offering will be described in the Prospectus Supplement.

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 1,518,000 Units to cover over-allotments, if any. The Offering is expected to close on or about November 18, 2019 and is subject to certain conditions including, but not limited to, the approval of the TSX and other regulatory approvals.

The REIT intends to deploy the net proceeds from the Offering to fund the cash portion of the potential acquisition of the Potential Acquisition Properties from two arm’s length vendors located in the Greater Toronto Area, Ontario and for general trust purposes. The Potential Acquisition Properties are expected to be accretive to the REIT’s FFO and AFFO per Unit.

The Potential Acquisition Properties are comprised of an aggregate of 621,300 leasable square feet with a combined occupancy of 98.6%, a weighted average remaining lease term of 5.8 years and 46.8% of revenue generated from government and credit-rated tenants. Upon the successful closing of the acquisition of the Potential Acquisition Properties, the REIT’s portfolio will have 4.8 million leasable square feet, be 97% occupied, have a weighted average lease term of 4.7 years and have 76.7% of its revenue be generated by government and/or credit-rated tenants.

Key metrics of the Potential Acquisition Properties are as follows:

| Location | Square Feet    | Weighted Average Lease Term (Years) | Occupancy    | Credit-Rated |
|----------|----------------|-------------------------------------|--------------|--------------|
| GTA, ON  | 368,800        | 4.8                                 | 98%          | 57.5%        |
| GTA, ON  | 252,500        | 7.2                                 | 100%         | 31.0%        |
|          | <b>621,300</b> | <b>5.8</b>                          | <b>98.6%</b> | <b>46.8%</b> |

The REIT is currently conducting due diligence in respect of the Potential Acquisition Properties and there can be no assurance either or both of the Potential Acquisition Properties will close. The Offering is not conditional on the closing of either of the Potential Acquisition Properties, and in the event either or both of the acquisitions do not close, the net proceeds are expected to be used to fund future acquisitions.

An entity controlled by Daniel Drimmer, the President and Chief Executive Officer of the REIT is expected to purchase approximately \$3.5 million of Units, as a part of the Offering. Accordingly, as a related party, Daniel Drimmer is expected to acquire approximately 505,780 Units. Full details of this purchase will be available on the System for Electronic Disclosure by Insiders (SEDI), available at: [www.sedi.ca](http://www.sedi.ca). All of the independent trustees of the REIT, acting in good faith, have determined that the fair market value of the securities being issued and the consideration paid are reasonable. The participation by Daniel Drimmer in this transaction is exempt from the valuation and minority shareholder approval requirements of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”), as neither the fair market value of the subject matter nor the consideration to be paid exceeds 25% of the REIT’s market capitalization, as determined pursuant to MI 61-101.

This material change report, including details with respect to the participation of Daniel Drimmer, as a related party, has been filed less than 21 days before the anticipated closing date of the Offering. The REIT considers this reasonable and necessary in the circumstances due to the fact that there are less than 21 days between the

announcement and anticipated closing of the Offering, the REIT wishes to complete the Offering in a timely manner and it is consistent with market practice for financings of this nature.

**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**

November 8, 2019.

**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), the use of net proceeds from the Offering, including the acquisition of either or both of the Potential Acquisition Properties as well as the completion of future acquisitions or investments by 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, 2018, 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), all regulatory approvals in connection with the Offering are received on a timely basis, the REIT will acquire either or both of the Potential Acquisition Properties, 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 Group Holdings Inc. 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.