



**TRUE NORTH COMMERCIAL
REAL ESTATE INVESTMENT TRUST**

NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS

TO BE HELD ON JUNE 18, 2013

AND

MANAGEMENT INFORMATION CIRCULAR

Dated: May 10, 2013



NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS

NOTICE IS HEREBY GIVEN that the Annual and Special Meeting (the “**Meeting**”) of the holders of trust units and special voting units (the “**Unitholders**”) of True North Commercial Real Estate Investment Trust (the “**REIT**”) will be held at Cassels Brock & Blackwell LLP, Suite 2100, Scotia Plaza, 40 King Street West, Toronto, Ontario, M5H 3C2, on June 18, 2013 at the hour of 10:00 a.m. (Toronto time) for the following purposes:

- (i) to receive the audited consolidated annual financial statements of the REIT as at and for the period from July 13, 2012 to December 31, 2012 and the auditors’ report thereon;
- (ii) to elect members of the Board of Trustees of the REIT (the “**Board**”);
- (iii) to re-appoint the auditors of the REIT for the ensuing year and authorize the Board to fix such auditors’ remuneration;
- (iv) to consider, and if deemed advisable, to approve amendments to the REIT’s unit option plan;
- (v) to consider, and if deemed advisable, to approve a non-executive Trustee unit issuance plan; and
- (vi) to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

The accompanying management information circular provides additional information relating to proxies and the matters to be dealt with at the Meeting and forms part of this Notice.

The Board has fixed May 6, 2013 as the record date for determining those Unitholders entitled to receive notice of and vote at the Meeting.

Whether or not you expect to attend the Meeting, please exercise your right to vote. Unitholders who have voted by proxy may still attend the Meeting.

Unitholders should complete, sign, date and return the enclosed form of proxy to the REIT’s transfer agent, Equity Financial Trust Company, in the envelope provided or otherwise by mail to Equity Financial Trust Company, Suite 400, 220 University Avenue, Toronto, Ontario, M5H 4H1, by hand delivery to Equity Financial Trust Company, 220 University Avenue, Toronto, Ontario, M5H 4H1, or by facsimile at (416) 595-9593, or to the head office of the REIT at 401 The West Mall, Suite 1100, Toronto, Ontario, M9C 5J5. In order to be effective, proxies must be received not later than 5:00 p.m. (Toronto time) on June 14, 2013 or, if the Meeting is adjourned or postponed, the second last business day preceding the day of any adjournment or postponement thereof.

Dated at Toronto, Ontario, this 10th day of May, 2013.

BY ORDER OF THE BOARD

(signed) DANIEL DRIMMER
Chairman, President and Chief Executive Officer

CIRCULAR

This management information circular (the “Circular”) is furnished in connection with the solicitation of proxies by and on behalf of the management of True North Commercial Real Estate Investment Trust (the “REIT”) for use at the annual and special meeting (the “Meeting”) of the holders of trust units (“Units”) and special voting units (“Special Voting Units”) of the REIT (collectively, the “Unitholders”) to be held on June 18, 2013 and any adjournment or postponement thereof for the purposes set forth in the accompanying notice of Meeting (the “Notice”). It is expected the solicitation will be primarily by mail, but proxies may also be solicited by telephone, or other personal contact, by representatives of the REIT, without special compensation. The costs of solicitation will be borne by the REIT. The information contained herein is given as at May 1, 2013, except where otherwise indicated.

MEANING OF CERTAIN REFERENCES

References to dollars or “\$” are to Canadian currency. Unless the context otherwise requires, all references hereinafter in this Circular to the “REIT” refer to True North Commercial Real Estate Investment Trust and its subsidiary entities, including those limited partnerships (the “Partnerships”) formed from time to time to own the commercial properties acquired by the REIT, on a consolidated basis.

References to “management” in this Circular include the persons acting in the capacity of the REIT’s President, Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), who are employed by Starlight Investments Ltd. (“Starlight”). Any statements in this Circular 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 Circular 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 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 such as “may”, “might”, “will”, “could”, “should”, “would”, “occur”, “expect”, “plan”, “anticipate”, “believe”, “intend”, “estimate”, “predict”, “potential”, “continue”, “likely”, “schedule”, or the negative thereof or other similar expressions concerning matters that are not historical facts. Some of the specific forward looking statements in this Circular include, but are not limited to, statements regarding the REIT’s intention with respect to the compensation to be received by Trustees and officers of the REIT, and the fees to be paid to Starlight pursuant to the Asset Management Agreement (as defined below).

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 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 provide the REIT with access to equity and/or debt at reasonable rates when required and Starlight will continue its involvement with the REIT.

Although the forward-looking statements contained in this Circular are based upon assumptions management of the REIT believes are reasonable based on information currently available to management, 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 REIT and its business and the REIT’s relationship with Starlight.

The forward-looking statements made in this Circular 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.

REGISTERED UNITHOLDERS

A Unitholder is a registered Unitholder if shown on May 6, 2013 (the “**Record Date**”) on the list of Unitholders kept by Equity Financial Trust Company, as registrar and transfer agent of the REIT. Unit certificates have been issued to registered holders of Units which indicate the Unitholder’s name and the number of Units owned by the Unitholder. Registered Unitholders will receive with this Circular a form of proxy from Equity Financial Trust Company representing the Voting Units held by the registered Unitholder.

Appointment of Proxy

A form of proxy is enclosed and, whether or not you expect to attend the Meeting, please exercise your right to vote. Unitholders who have voted by proxy may still attend the Meeting. Please complete and return the form of proxy in the envelope provided. The form of proxy must be executed by the registered Unitholder or the attorney of such Unitholder, duly authorized in writing. Proxies to be used at the Meeting must be deposited with the REIT’s transfer agent, Equity Financial Trust Company, in the envelope provided or otherwise by mail to Equity Financial Trust Company, Suite 400, 220 University Avenue, Toronto, Ontario, M5H 4H1, by hand delivery to Equity Financial Trust Company, Suite 400, 220 University Avenue, Toronto, Ontario, M5H 4H1, or by facsimile at (416) 595-9593, or the head office of the REIT at 401 The West Mall, Suite 1100, Toronto, Ontario, M9C 5J5, not later than 5:00 p.m. (Toronto time) on June 14, 2013 or, if the Meeting is adjourned or postponed, the second last business day preceding the day of any adjournment or postponement thereof.

The persons named in the enclosed form of proxy are trustees of the REIT (“**Trustees**”) or officers of the REIT. **A Unitholder may appoint a proxyholder (who is not required to be a Unitholder), other than any person designated in the form of proxy, to attend and act on such Unitholder’s behalf at the Meeting, either by inserting such other desired proxyholder’s name in the blank space provided on the form of proxy or by substituting another proper form of proxy.**

Revocation of Proxy

A registered Unitholder who has given a proxy pursuant to this solicitation may revoke it as to any matter on which a vote has not already been cast pursuant to its authority by an instrument in writing executed by the Unitholder or by the attorney of such Unitholder authorized in writing or, if the registered Unitholder is a corporation, by a duly authorized officer or attorney thereof, and deposited either at the head office of the REIT not later than 5:00 p.m. (Toronto time) on June 14, 2013 or, if the Meeting is adjourned or postponed, the second last business day preceding any adjournment or postponement thereof at which the form of proxy is to be used or with the Chairman of the Meeting on the day of the Meeting or any adjournment or postponement thereof, or in any other manner permitted by law.

NON-REGISTERED UNITHOLDERS

A holder of Units is a non-registered (or beneficial) Unitholder (a “**Non-Registered Holder**”) if the Unitholder’s Units are registered either:

- (i) in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Holder deals with in respect of the Units, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans, tax-free savings accounts (as such terms are used in the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time) and similar plans; or
- (ii) in the name of a clearing agency (such as CDS & Co.) of which the Intermediary is a participant.

Non-Objecting Beneficial Owners

These meeting materials are being sent to both registered and Non-Registered Holders. If you are a Non-Registered Holder, and the REIT or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding securities on your behalf. By choosing to send these materials to you directly, the REIT (and not the Intermediary holding on your behalf) has assumed responsibility for: (i) delivering these materials to you, and (ii) executing your voting instructions. Please return your voting instructions as specified in the request for voting instructions or form of proxy delivered to you.

Appointment of Proxy

In accordance with the requirements of *National Instrument 54-101 — Communication with Beneficial Owners of Securities of a Reporting Issuer*, the REIT has distributed copies of the Notice, this Circular and the form of proxy (collectively, the “**meeting materials**”) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders. Intermediaries must forward the meeting materials to each Non-Registered Holder (unless the Non-Registered Holder has waived the right to receive such materials), and often use a service company (such as Broadridge Financial Solutions Inc., Canada), to permit the Non-Registered Holder to direct the voting of the Units held by the Intermediary on behalf of the Non-Registered Holder. Generally, Non-Registered Holders who have not waived the right to receive meeting materials will either:

- (i) be given a proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Units beneficially owned by the Non-Registered Holder but which is otherwise uncompleted. This form of proxy need not be signed by the Non-Registered Holder. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and deposit it with Equity Financial Trust Company, as described above under “Registered Unitholders”; or
- (ii) more typically, be given a voting instruction form which must be completed and signed by the Non-Registered Holder in accordance with the directions on the voting instruction form. Non-Registered Holders should submit voting instruction forms to Intermediaries in sufficient time to ensure their votes are received from the Intermediaries by the REIT.

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Units they beneficially own. Should a Non-Registered Holder who receives either a proxy or a voting instruction form wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the form of proxy and insert their own (or such other person’s) name in the blank space provided in the form of proxy or, in the case of a voting instruction form, follow the corresponding instructions on the form, to appoint themselves as proxy holders, and deposit the form of proxy or submit the voting instruction form in the appropriate manner noted above. **Non-Registered Holders should carefully follow the instructions on the form of proxy or voting instruction form they receive from their Intermediary in order to vote the Units that are held through that Intermediary.**

Revocation of Proxy

A Non-Registered Holder giving a proxy may revoke the proxy by contacting his or her Intermediary in respect of such proxy and complying with any applicable requirements imposed by such Intermediary. An Intermediary may not be able to revoke a proxy if it receives insufficient notice of revocation.

VOTING OF UNITS

The Units and the Special Voting Units (collectively, the “**Voting Units**”) of the REIT represented by proxies will be voted or withheld from voting in accordance with the instructions of the Unitholder on any ballot that may be called for and, if the Unitholder specifies a choice with respect to any matter to be acted upon at the Meeting, Voting Units represented by properly executed proxies will be voted accordingly.

If no choice is specified by a Unitholder with respect to the appointment of a proxyholder and to any matter to be acted upon at the Meeting, the Voting Units represented by such Unitholder’s proxy or voting instruction form will be voted by the persons named in the enclosed form of proxy (i) FOR the election of the nominees named herein as members of the Board of Trustees of the REIT (the “Board”); (ii) FOR the re-appointment of KPMG LLP as auditors of the REIT and the Trustees to fix such auditors’ remuneration; and (iii) FOR each of the resolutions described in this Circular.

The REIT’s registrar and transfer agent, Equity Financial Trust Company, will serve as independent scrutineer at the Meeting, and will tabulate all votes at the Meeting.

EXERCISE OF DISCRETION BY PROXY

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments to matters identified in the Notice and with respect to such other matters as may properly come before the Meeting or any adjournment or postponement thereof. At the date of this Circular, the Trustees and management of the REIT are not aware of any amendments or other matters to come before the Meeting other than the matters referred to in the Notice. With respect to amendments to matters identified in the Notice or other matters that may properly come before the Meeting or any adjournment or postponement thereof, Voting Units represented by properly executed proxies will be voted by the persons so designated in their discretion.

VOTING AT MEETING AND QUORUM

Unless otherwise required by law or the Amended and Restated Declaration of Trust of the REIT dated as of December 14, 2012 (the “**Declaration of Trust**”), any matter coming before the Meeting or any adjournment or postponement thereof shall be decided by the majority of the votes duly cast in respect of the matter by Unitholders entitled to vote thereon.

The Board has fixed May 6, 2013 as the Record Date for the purpose of determining which Unitholders are entitled to receive the Notice and vote at the Meeting or any adjournment or postponement thereof, either in person or by proxy. No person acquiring Voting Units after that date shall, in respect of such Voting Units, be entitled to receive the Notice and vote at the Meeting or any adjournment or postponement thereof.

As of the Record Date, the REIT had 18,190,625 outstanding Units, each carrying the right to one vote per Unit at the Meeting, and 4,268,750 outstanding Special Voting Units, each carrying the right to one vote per Special Voting Unit at the Meeting. The Units are listed on the TSX Venture Exchange (the “**TSXV**”) under the symbol “TNT.UN”.

The quorum at the Meeting or any adjournment or postponement thereof (other than an adjournment for lack of quorum) shall be individuals present in person or represented by proxy, not being less than two in number, representing in the aggregate not less than 10% of the total number of outstanding Voting Units on the Record Date.

PRINCIPAL HOLDERS OF VOTING UNITS

To the knowledge of the Trustees and management of the REIT, as of the Record Date, no person or company beneficially owned, or controlled or directed, directly or indirectly, Voting Units carrying 10% or more of the votes attached to the outstanding Voting Units of the REIT, other than entities directly or indirectly beneficially owned or controlled by Mr. Daniel Drimmer (“**DD Entities**”), which owned, in aggregate, 2,807,067 Units and 1,656,250 Special Voting Units, representing approximately 19.87% of the outstanding Voting Units (or 15.43% of the outstanding Units and 38.80% of the outstanding Special Voting Units, respectively) as of May 1, 2013. The REIT understands Mr. Daniel Drimmer, the chairman of the Board (the “**Chairman**”), President and CEO of the REIT, exercises voting control over all Voting Units owned by the DD Entities. Management understands the Units registered in the name of CDS & Co. are beneficially owned through various Intermediaries on behalf of their clients and other parties. The names of the beneficial owners of such Units are not known to the REIT. Except as set out above, the REIT and executive officers of the REIT have no knowledge of any person or company that beneficially owns, or controls or directs, directly or indirectly, 10% or more of the outstanding Units.

MATTERS TO BE ACTED UPON AT THE MEETING

Financial Statements

The audited consolidated annual financial statements of the REIT as at and for the financial period from July 13, 2012 to December 31, 2012, together with the auditors’ report thereon, were mailed to Unitholders with this Circular and will be presented to Unitholders at the Meeting.

Election of Trustees

The Declaration of Trust provides the REIT must have a minimum of three and a maximum of ten Trustees. The Declaration of Trust further provides that Starlight has the right to appoint certain Trustees (the “**Starlight Appointed Trustees**”) based on the size of the Board. Presently, the number of Trustees is set at six and Starlight is entitled to appoint two of the six Trustees. However, Starlight has determined to not exercise such appointment rights in respect of Trustees to be elected at the Meeting, although it may exercise such appointment rights in the future. The persons noted below have been nominated by management for election as Trustees at the Meeting (the “**Nominees**”). In addition, five of the six Nominees

proposed for election as Trustees by the Unitholders at the Meeting will be considered “**Independent Trustees**” (being a Trustee who is “independent” within the meaning of National Instrument 58-101 — *Disclosure of Corporate Governance Practices*).

The Board has adopted a policy that entitles each Unitholder to vote for each Nominee on an individual basis rather than for a fixed slate of Nominees. Each Nominee should be elected by the vote of a majority of the Voting Units represented in person or by proxy at the Meeting voted in respect of that Nominee. If any Nominee receives, from the Voting Units voted at the Meeting in person or by proxy, a greater number of votes “withheld” than votes “for” his election as a Trustee, the Trustee will be required to tender his resignation to the Chairman of the Governance, Compensation and Nominating (“GC&N”) Committee for consideration promptly following the Meeting, to take effect upon acceptance by the Board. The GC&N Committee will consider the resignation and provide a recommendation to the Board as to whether or not to accept such resignation. The Board will, in turn, consider the recommendation of the GC&N Committee, among other things, and make a final decision concerning the acceptance of such resignation within 90 days of the Meeting and a news release will be issued by the REIT announcing the decision. A Trustee who tenders his resignation will not participate in any deliberations pertaining to such resignation.

The foregoing process applies only in circumstances involving an “uncontested” election of Trustees. If any Trustee fails to tender his resignation as contemplated above, the Board will not re-nominate that Trustee. Subject to any restrictions in the Declaration of Trust, where the Board accepts the resignation of a Trustee, the Board may exercise its discretion with respect to the resulting vacancy and may, without limitation, leave the resultant vacancy unfilled until the next annual meeting of Unitholders, fill the vacancy through the appointment of a new Trustee whom the Board considers to merit the confidence of the Unitholders, or call a special meeting of Unitholders to elect a new nominee to fill the vacant position.

The Nominees are to be elected by the Unitholders at each annual meeting of Unitholders to hold office for a term expiring at the close of the next annual meeting of Unitholders, or until a successor is appointed. The six Nominees named below are proposed for election as Trustees of the REIT by the Unitholders at the Meeting. Each such Nominee is currently a Trustee and has demonstrated the eligibility and willingness to serve as a Trustee. If, prior to the Meeting, any of the listed nominees becomes unable or unwilling to serve, Voting Units represented by properly executed proxies will be voted by the persons so designated in their discretion for a properly qualified substitute.

It is the intention of the persons named in the enclosed form of proxy for use at the Meeting (unless such authority is withheld) to vote FOR the election of Daniel Drimmer, Jeff Baryshnik, William Biggar, Roland Cardy, Alon Ossip and Sandy Poklar as Trustees.

The following table sets forth certain information regarding each Nominee proposed for election as a Trustee by the Unitholders:



Daniel Drimmer
Ontario, Canada

Trustee since December 14, 2012

Age: 40

Daniel Drimmer, a resident of Toronto, Ontario, is the founder, President and Chief Executive Officer of Starlight, a Canadian asset management company with a portfolio of 27,000 residential rental suites and an additional 1,000,000 square feet in commercial properties across Canada and the United States. Mr. Drimmer is also a trustee and the Chief Executive Officer of True North Apartment Real Estate Investment Trust. Prior to the formation of Starlight, Mr. Drimmer established TransGlobe Investment Management Ltd., TransGlobe Property Management Services Ltd. and TransGlobe Apartment Real Estate Investment Trust (“**TGA Trust**” and, collectively, “**TransGlobe**”), and was TransGlobe’s President from November 1996 to August 2011. Under Mr. Drimmer’s guidance, TransGlobe expanded its original portfolio of seven properties to a portfolio exceeding 25,000 residential suites (including those owned by TGA Trust, as at September 1, 2011), and approximately one million square feet of gross leasable area of commercial space. Mr. Drimmer also became TGA Trust’s Chairman and was a director from May 2010 to August 2011. Mr. Drimmer obtained a Bachelor of Arts degree from the University of Western Ontario, and a Master of Business Administration degree and a Masters’ degree in Contemporary European Policy Making from European University in Geneva, Switzerland.

Primary Areas of Expertise: Real Estate Asset Management

Summary of attendance of Trustee for meetings held during 2012			Number of each class of voting securities of the REIT and its subsidiaries beneficially owned, or controlled or directed, directly or indirectly	
Board meetings attended/held ⁽²⁾	Committee ⁽¹⁾	Committee meetings attended/held ⁽²⁾	Voting Units (#)	Options
0/0	Investment	0/0	Special Voting Units: 1,656,250 Units: 2,807,067	512,500



Jeff Baryshnik
Ontario, Canada

Trustee since December 14, 2012

Age: 34

Jeff Baryshnik, a resident of Toronto, Ontario, is the President and Chief Investment Officer of Baryshnik Capital Management Inc. (“**BCMI**”), which he founded in 2009. He also owns and repositions real estate in the Southeast United States. Prior to founding BCMI, he was a Vice President at Deephaven Capital Management, LLC in the Value/Special Situations group. Previously, Mr. Baryshnik worked at Magnetar Capital LLC and Citadel LLC. Mr. Baryshnik received a Master of Business Administration from New York University’s Stern School of Business with specializations in Finance & Economics and holds a Bachelor of Business Administration (Honours) from the Richard Ivey School of Business at the University of Western Ontario. Mr. Baryshnik holds the Canadian Investment Manager (CIM) designation and is a Fellow of the Canadian Securities Institute (FCSI).

Jeff Baryshnik is an Independent Trustee.

Primary Areas of Expertise: Real Estate Investment

Summary of attendance of Trustee for meetings held during 2012			Number of each class of voting securities of the REIT and its subsidiaries beneficially owned, or controlled or directed, directly or indirectly	
Board meetings attended/held ⁽²⁾	Committee ⁽¹⁾	Committee meetings attended/held ⁽²⁾	Voting Units (#)	Options
0/0	Investment	0/0	Units: 26,738	70,000



William Biggar
Ontario, Canada

Trustee since December 14, 2012

Age: 60

William Biggar, a resident of Toronto, Ontario, is a Corporate Director who has previously held senior executive positions in the real estate, mining and investment industries. From 2008 to 2012, Mr. Biggar was President and Chief Executive Officer of North American Palladium Ltd. (a mining company listed on the Toronto Stock Exchange (“TSX”). Mr. Biggar’s real estate expertise includes acting as president and Chief Executive Officer of Granite Real Estate Investment Trust (a TSX- and NYSE- listed issuer, and formerly MI Developments Limited) and Executive Vice President and Chief Financial Officer of Cambridge Shopping Centres Limited. Mr. Biggar has served on the boards of a number of public and private companies, and is currently a trustee of Milestone Apartments Real Estate Investment Trust (a TSX listed issuer). Mr. Biggar holds Chartered Professional Accountant and Chartered Accountant designations, and also a Bachelor of Commerce and Master of Business Administration degrees from the University of Toronto.

William Biggar is an Independent Trustee.

Primary Areas of Expertise: General Management, Real Estate, Financing and Accounting

Summary of attendance of Trustee for meetings held during 2012			Number of each class of voting securities of the REIT and its subsidiaries beneficially owned, or controlled or directed, directly or indirectly	
Board meetings attended/held ⁽²⁾	Committee ⁽¹⁾	Committee meetings attended/held ⁽²⁾	Voting Units (#)	Options
0/0	Audit	0/0	Units: 27,322	70,000
0/0	Investment	0/0		



Roland Cardy
Ontario, Canada

Trustee since December 14, 2012

Age: 61

Roland Cardy, a resident of Toronto, Ontario is the Managing Partner and a director of Gorbay Company Limited a Toronto based private company that owns and operates multi-family properties. Prior to his involvement with Gorbay Company Limited, Mr. Cardy spent over twenty years in the banking industry primarily with the Toronto Dominion Bank where he retired as Vice Chairman of Investment Banking and a director of TD Securities Inc. Mr. Cardy was also Chairman of Primaris Real Estate Investment Trust (an issuer that was previously listed on the TSX), a position he held from 2003-2013. He was also a director of Public Storage Canadian Properties (an issuer that was previously listed on the TSX) from April 2006 to October 2010. Mr. Cardy holds a Bachelor of Arts and a Master of Business Administration from York University. He has also completed the requirements of the Institute of Corporate Directors program.

Roland Cardy is an Independent Trustee.

Primary Areas of Expertise: Finance and Capital Markets

Summary of attendance of Trustee for meetings held during 2012			Number of each class of voting securities of the REIT and its subsidiaries beneficially owned, or controlled or directed, directly or indirectly	
Board meetings attended/held ⁽²⁾	Committee ⁽¹⁾	Committee meetings attended/held ⁽²⁾	Voting Units (#)	Options
0/0	Audit	0/0	Units: 55,700	70,000
0/0	GCIN	0/0		



Alon Ossip
Ontario, Canada
Trustee since December 14, 2012
Age: 49

Alon Ossip, a resident of Toronto, Ontario, is Chief Executive Officer of The Stronach Group, a privately-held consortium that owns, operates and manages a number of leading businesses in a wide range of industries, including thoroughbred racing and gaming real estate, electric vehicle technologies, medical technologies, and agri-business. He is also an Executive Vice President of Magna International Inc. (an issuer listed on the TSX), a position he has held since October 2006, a trustee of True North Apartment Real Estate Investment Trust (an unincorporated, open-ended real estate investment trust listed on the TSXV), and a former director of TGA Trust. Mr. Ossip is formerly a director, officer and founding shareholder of Workbrain Corporation (a TSX-listed public company that was sold to Infor Global Solutions European Finance, S.a.R.L. in 2007), and a partner at Goodman and Carr LLP from February 1998 to October 2006. Mr. Ossip has a Bachelor of Laws from York University (Osgoode Hall) and a Bachelor of Arts from the University of Toronto.

Alon Ossip is an Independent Trustee.

Primary Areas of Expertise: Taxation and Finance

Summary of attendance of Trustee for meetings held during 2012			Number of each class of voting securities of the REIT and its subsidiaries beneficially owned, or controlled or directed, directly or indirectly	
Board meetings attended/held ⁽²⁾	Committee ⁽¹⁾	Committee meetings attended/held ⁽²⁾	Voting Units (#)	Options
0/0	GC&N	0/0	Special Voting Units: 531,250 Units: 78,186	175,000



Sandy Poklar
Ontario, Canada
Trustee since December 14, 2012
Age: 42

Sandy Poklar, a resident of Toronto, Ontario, is the Chief Operating Officer and Managing Director, Capital Markets & Strategic Developments for Firm Capital Corporation and the Chief Financial Officer and Trustee of Firm Capital Property Trust (an issuer listed on the TSXV). Mr. Poklar is also a director of TSX-listed Genesis Land Development Corporation. Prior to joining Firm Capital Corporation, Mr. Poklar was employed at Macquarie Capital Markets Corporation and TD Securities Inc. where he was a Vice President and an Associate in their Real Estate Investment Banking Groups, respectively. In addition, Mr. Poklar was at Canaccord Adams Inc. as a real estate equity research associate analyst. Mr. Poklar is a Chartered Accountant and a graduate of the University of Toronto.

Sandy Poklar is an Independent Trustee.

Primary Areas of Expertise: Accounting, Finance, Taxation

Summary of attendance of Trustee for meetings held during 2012			Number of each class of voting securities of the REIT and its subsidiaries beneficially owned, or controlled or directed, directly or indirectly	
Board meetings attended/held ⁽²⁾	Committee ⁽¹⁾	Committee meetings attended/held ⁽²⁾	Voting Units (#)	Options
0/0	Audit GC&N	0/0 0/0	Special Voting Units: 12,500 Units: 3,050	70,000

- (1) Trustee is currently a member of each Committee noted.
- (2) As the REIT commenced operations on December 14, 2012, there were no meetings held in 2012.

Appointment of Auditors

KPMG LLP, Chartered Accountants, located in Toronto, Ontario are currently the auditors of the REIT and have been the auditors of the REIT since its formation on December 14, 2012. The Board recommends that KPMG LLP be re-appointed as auditors of the REIT, to hold office until the close of the next annual meeting of Unitholders or until a successor is appointed, and the Trustees be authorized to fix KPMG LLP's remuneration as the auditors of the REIT.

The Board recommends Unitholders vote FOR the adoption of this resolution. Unless such authority is withheld, persons named in the accompanying form of proxy intend to vote FOR the re-appointment of KPMG LLP as the auditors of the REIT and to authorize the Trustees to fix the remuneration of KPMG LLP as the auditors of the REIT.

Amendment to Option Plan

The Board has proposed the REIT's unit option plan dated December 14, 2012 (the "**Option Plan**") be amended to provide for the addition of a cashless exercise feature. The cashless exercise feature will permit optionees to exercise Options, without payment by the optionee, and receive the amount, if any, by which the Fair Market Value (as defined in the Option Plan) exceeds the exercise price, multiplied by the number of Units in respect of which the Option is being exercised (the "**Growth Amount**"), which Growth Amount will be paid by the issuance by the REIT to the optionee of that number of whole Units calculated by dividing the Growth Amount by the Fair Market Value of the Units, rounded down to the nearest whole Unit, without payment in Units or cash for any fractional interest. The proposed amended and restated Option Plan is attached hereto as Appendix "A".

The full text of the resolution authorizing the above amendment is set out below. This resolution must be approved by a majority of the votes cast at the Meeting by all Unitholders present or represented by proxy in order for it to be adopted.

BE IT RESOLVED THAT:

1. The amended and restated unit option plan, substantially in the form attached as Appendix "A" to the to the Management Information Circular of the REIT dated May 6, 2013, which has been amended to provide for the addition of a cashless exercise feature, payable in trust units of the REIT (the "**Units**"), is hereby approved, conditional upon the listing of the Units on the Toronto Stock Exchange.
2. Any Trustee or officer of the REIT is hereby authorized and directed, for and on behalf of the REIT, to do such things and sign, execute and deliver all documents that such Trustee or officer may, in their discretion, determine to be necessary in order to give full effect to the intent and purpose of this resolution.

The Board recommends Unitholders vote FOR the adoption of the above resolution. Unless such authority is withheld, persons named in the accompanying form of proxy intend to vote FOR the adoption of the resolution approving the amended and restated Option Plan.

Non-Executive Trustee Unit Issuance Plan

The Board has proposed the adoption of a non-executive Trustee unit issuance plan (the "**Unit Issuance Plan**"), to allow non-executive Trustees to elect to receive Units in lieu of cash compensation. The proposed Unit Issuance Plan is attached hereto as Appendix "B".

Pursuant to the proposed Unit Issuance Plan, up to 50% of the fees payable to each non-executive Trustee in a fiscal year of the REIT for serving on the Board or any committee of the Board, but excluding any expense reimbursement or retainer for serving as a member of any special committee constituted by the Board from time to time (the "**Amount**") will be payable (after deducting applicable withholding taxes, if any) in Units issued from the REIT's treasury on each Issuance Date (as defined below). An Eligible Person (as defined in the Unit Issuance Plan) may elect to receive his or her Amount entirely in cash, or to receive any proportion of his or her Amount (subject to the aforementioned 50% maximum) in cash or Units at his or her discretion (an "**Election**"). Any Election may only be made once annually for the full duration of a year by giving written notice by March 31 of such year. Notwithstanding the foregoing, an Election for the 2013 fiscal year may be made at

any time prior to September 30, 2013, provided it is not made during a Blackout Period (as defined in the Unit Issuance Plan). The initial Issuance Date shall be the second business day following the publication by the REIT of its earnings results for the third quarter of 2013. For the purposes of the Unit Issuance Plan, “**Issuance Date**” means the date in each quarter, which is two business days following the publication by the REIT of its earnings results for the previous quarter (or the previous financial year in the case of the first quarter), or such other date determined by the Board from time to time. See “Remuneration of Trustees of the REIT.” The number of Units issuable will be calculated based on the five-day volume weighted average trading price of a Unit prior to the date of grant. No fractional Units may be issued under the Plan, but rather, fractional Units will accrue for subsequent issuance to each recipient.

The aggregate number of Units reserved for issuance under the Unit Issuance Plan, subject to adjustment or increase pursuant to the terms contained therein, will not exceed 100,000 Units (the “**Plan Maximum**”). The Unit Issuance Plan contains customary provisions providing for the adjustment of the Plan Maximum in the event of a Unit split, consolidation or recapitalization.

The Board will have full and exclusive discretionary power to: (i) interpret and construe the Unit Issuance Plan; (ii) establish policies and to adopt rules and regulations for carrying out the purposes, provisions and administration of the Unit Issuance Plan; (iii) determine the qualification of any person to participate in the Unit Issuance Plan; (iv) determine the number of Units to be issued pursuant to each issuance; (v) approve the forms of documents for use under the Unit Issuance Plan; (vi) amend the Unit Issuance Plan, subject to the terms contained therein; and (vii) take such other action, not inconsistent with the terms of the Unit Issuance Plan, as the Board deems appropriate. Notwithstanding the foregoing, the Board may not without approval by a majority of the votes cast by Unitholders: (i) increase the number of Units issuable pursuant to the Unit Issuance Plan; (ii) expand the authority of the Board to permit assignability of Units issued pursuant to the Unit Issuance Plan beyond that contemplated by the terms of the Unit Issuance Plan; (iii) amend the definition of “Eligible Persons” in the Unit Issuance Plan to add categories of eligible participants; and (iv) amend the Unit Issuance Plan to provide for other types of compensation through equity issuance.

The Board may delegate to the GC&N Committee or any other committee of the Board or to any officer or employee of the REIT, as specified by the Board, such administrative duties or powers as the Board may deem advisable in connection with the Unit Issuance Plan.

The full text of the resolution authorizing the above amendment is set out below. This resolution must be approved by at least a majority of the votes cast at the Meeting by all Unitholders present or represented by proxy in order for it to be adopted.

BE IT RESOLVED THAT:

1. The non-executive Trustee unit issuance plan of the REIT attached as Appendix “B” to the Management Information Circular of the REIT dated May 6, 2013 is hereby approved.
2. Any Trustee or officer of the REIT is hereby authorized and directed, for and on behalf of the REIT, to do such things and sign, execute and deliver all documents that such Trustee or officer may, in their discretion, determine to be necessary in order to give full effect to the intent and purpose of this resolution.

The Board recommends Unitholders vote FOR the adoption of the above resolution. Unless such authority is withheld, persons named in the accompanying form of proxy intend to vote FOR the adoption of the resolution approving the Unit Issuance Plan.

GOVERNANCE

Board Mandate

The mandate of the Board, which it discharges directly or through the three committees of the Board, is one of stewardship and oversight of the REIT and its business and includes responsibility for strategic planning, review of operations, disclosure and communication policies, oversight of financial and other internal controls, corporate governance, Trustee orientation and education, executive compensation and oversight, and Trustee compensation and assessment. The text of the Board’s written mandate is attached to this Circular as Appendix “C”.

Trustee Independence, Attendance and Affiliations

Based on consideration of information provided by the Nominees, the Board has determined that five of the six Nominees proposed for election as Trustees by the Unitholders at the Meeting will be Independent Trustees.

The mandate of the Board provides the Independent Trustees shall hold regularly scheduled meetings, or portions of regularly scheduled meetings, at which non-Independent Trustees and members of management are not present. Furthermore, as set out in the Declaration of Trust, certain matters must be specifically approved by the Independent Trustees, which assists in facilitating the functioning of the Trustees independently of management.

Additional information relating to the Nominees, including a list of all public companies for which they serve or have served as board members within the last five years, as well as their attendance records at all Board and committee meetings for the financial year ended December 31, 2012, of which there were none, can be found at “Matters to be Acted Upon at the Meeting – Election of Trustees”.

Position Descriptions

Chairman and Lead Trustee

Mr. Daniel Drimmer, the Chairman, President and CEO is not an Independent Trustee. The Board has adopted a written position description for the Chairman which sets out the Chairman’s key responsibilities, including duties relating to setting Board meeting agendas, chairing Board and Unitholder meetings, trustee development and communicating with securityholders and regulators.

The REIT does not currently have a Lead Trustee, but the Board has adopted a written position description that will apply to the Trustee appointed to the position of Lead Trustee. This position description sets out the key responsibilities for the Lead Trustee, including duties relating to ensuring that appropriate structures and procedures are in place so that the Board may function independently of management, and leading the process by which the Independent Trustees seek to ensure the Board represents and protects the interest of all Unitholders.

Chief Executive Officer of the REIT

The primary functions of the CEO are to lead the management of the REIT’s business and affairs and to lead the implementation of the resolutions and policies of the Board. The Board has developed a written position description for the CEO which sets out the CEO’s key responsibilities, including duties relating to strategic planning, operational direction, Board interaction, succession planning and communication with securityholders and regulators.

The above position descriptions are considered by the Board for approval annually.

Committees of the Board

Pursuant to the Declaration of Trust, the Board has established three committees: the Audit Committee, the GC&N Committee and the Investment Committee.

Audit Committee

The Audit Committee currently consists of Messrs. Biggar (Chair), Cardy and Poklar, each of whom is “independent” and “financially literate” within the meaning of National Instrument 52-110 — *Audit Committees*. Starlight Appointed Trustees are not permitted to be members of the Audit Committee.

Each member of the Audit Committee has an understanding of the accounting principles used to prepare the REIT’s financial statements, experience preparing, auditing, analyzing or evaluating comparable financial statements and experience as to the general application of relevant accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting. For the education and experience of each member of the Audit Committee relevant to the performance of his duties as a member of the Audit Committee, see “Matters to be Acted Upon at the Meeting — Election of Trustees”.

The Board has adopted a written mandate for the Audit Committee, which is attached hereto as Appendix “D” and sets out the Audit Committee’s responsibility in reviewing the financial statements of the REIT and public disclosure

documents containing financial information and reporting on such review to the Board, ensuring that adequate procedures are in place for the review of the REIT's public disclosure documents that contain financial information, overseeing the work and review the independence of the external auditors and reviewing, evaluating and approving the internal control procedures that are implemented and maintained by management.

Governance, Compensation and Nominating Committee

The GC&N Committee currently consists of Messrs. Cardy (Chair), Ossip and Poklar, each of whom are Independent Trustees. The GC&N Committee is charged with reviewing, overseeing and evaluating the governance and nominating policies and the compensation policies of the REIT. In addition, the GC&N Committee is responsible for: (i) assessing the effectiveness of the Board, each of its committees and individual Trustees; (ii) overseeing the recruitment and selection of candidates as Trustees; (iii) organizing an orientation and education program for new Trustees and coordinating continuing Trustee development programs; (iv) considering and approving proposals by the Trustees to engage outside advisers on behalf of the Board as a whole or on behalf of the Independent Trustees; (v) reviewing and making recommendations to the Board concerning any change in the number of Trustees composing the Board; (vi) administering the Option Plan or any Unit purchase plan of the REIT or any other compensation incentive programs; (vii) assessing the performance of the officers and other members of the executive management team of the REIT; (viii) reviewing and approving the compensation paid by the REIT to the officers and consultants of the REIT; and (ix) reviewing and making recommendations to the Board concerning the level and nature of the compensation payable to the Trustees and officers of the REIT.

Investment Committee

Pursuant to the Declaration of Trust, a majority of the members of the Investment Committee must be Independent Trustees and must have at least five years of substantial experience in the real estate industry. The Investment Committee currently consists of Messrs. Drimmer (Chair), Baryshnik and Biggar, all of whom (other than Mr. Drimmer) are Independent Trustees. Mr. Drimmer only participates in Investment Committee meetings in instances where he is not considered a related party to a transaction.

The Investment Committee is responsible for recommending to the Board whether to approve or reject proposed transactions, including proposed acquisitions and dispositions of properties and borrowings by the REIT. The Investment Committee may also consider and authorize, without Board approval, a proposed transaction, disposition or borrowing where the acquisition, disposition and borrowing, including the assumption or granting of any mortgage, does not exceed \$25 million. The Investment Committee is also responsible for recommending the adoption of an environmental management program for the REIT, which will be formulated in 2013, and for supervising the REIT's compliance with and implementation of the environmental program.

Orientation and Continuing Education

The GC&N Committee has put in place an orientation program for new Trustees under which a new Trustee will meet with the Chairman and members of the executive management team of the REIT, and be provided with a comprehensive orientation and education as to the nature and operations of the REIT and its business, as to the role of the Board, its committees and its members, and as to the contribution an individual Trustee is expected to make. As part of the new Trustee's orientation and education of the REIT, he or she will be provided with a Trustee's binder containing the REIT's governing documents, including the Declaration of Trust, Board and committee mandates and charters, code of business conduct and ethics (the "Code"), whistleblower policy, insider trading policy, disclosure policy, financial information for the REIT's most recently completed annual and interim financial periods and the REIT's current year business plan.

The GC&N Committee is also responsible for coordinating continuing Trustee development programs to enable the Trustees to maintain or enhance their skills and abilities as trustees as well as ensuring their knowledge and understanding of the REIT and its business remains current. As new laws, issues or other material or significant developments that are relevant to the REIT arise, the GC&N Committee will seek to ensure such matter is the subject of presentations to, or discussions with, the Board so the Board is aware of such matter.

The continuing Trustee development programs involve the ongoing evaluation by the GC&N Committee of the skills and competencies of existing Trustees. The Board is currently comprised of seasoned business executives, directors and professionals who collectively possess a complimentary skill set, diverse knowledge base and considerable experience, including as board members of other significant public companies. The GC&N Committee will continually monitor the

composition of the Board and will recommend the adoption of other Trustee development program components should it determine other components to be necessary.

Ethical Business Conduct

Code of Business Conduct and Ethics

The Board has adopted a written Code, which is applicable to the Trustees, officers and employees of the REIT and its subsidiaries, as well as to those directors, officers and employees of Starlight who have involvement with the REIT. The Code sets out the Board's expectations for the conduct of such persons in their dealings on behalf of the REIT. Those who violate the Code may face disciplinary actions, including dismissal.

The Board has established confidential reporting procedures in order to encourage individuals to raise concerns regarding matters addressed by the Code on a confidential basis free from discrimination, retaliation or harassment. If a person subject to the Code should learn of a potential or suspected violation of the Code or of any applicable laws or regulations, they are required to promptly report the violation orally or in writing and, if preferred, anonymously, as the case may be, as follows: (i) in the case of a situation that does not involve management of the REIT, to the CFO of the REIT; (ii) in the case of a situation that involves management of the REIT and does not involve any member of the Audit Committee of the REIT, to the chairperson or any member of the Audit Committee; or (iii) in the case of a situation that involves management of the REIT and any member of the Audit Committee, to any Independent Trustee. If the issue or concern is related to the internal accounting controls of the REIT or any accounting or auditing matter, a person subject to the Code may report it anonymously to the Audit Committee.

In addition to the "conflict of interest" provisions contained in the Declaration of Trust as noted below, the Code provides that persons subject to the Code should not engage in any activity, practice or act which conflicts with the interests of the REIT. Trustees, officers and employees must not place themselves or remain in a position in which their private interests conflict with the interests of the REIT. If the REIT determines that an employee's outside work interferes with performance or the ability to meet the requirements of the REIT, the employee may be asked to terminate the outside employment if he or she wishes to remain employed by the REIT. To protect the interests of both the employees and the REIT, any such outside work or other activity that involves potential or apparent conflict of interest may be undertaken only after disclosure to the REIT by the employee and review and approval by management. Notwithstanding the foregoing, the REIT recognizes the business relationship between the REIT and Starlight and the involvement of certain officers of the REIT with both the REIT and Starlight, and accordingly, the foregoing is subject to, and should be interpreted after having given effect to, such arrangements.

Pursuant to the charter of the GC&N Committee, the committee is responsible for reporting to the Board, when determined necessary by the committee, on investigations and any resolutions of complaints received under the Code, and at least annually, reports to the Board on compliance with, or material deficiencies from, the Code and recommends amendments, if any, to the Code to the Board. Each person subject to the Code is required to acknowledge that they have read and understand its contents. A copy of the Code can be found on SEDAR at www.sedar.com.

Whistleblower Policy

The REIT has also adopted a whistleblower policy to enable any person to raise concerns regarding accounting, internal accounting controls or auditing matters on a confidential basis, free from discrimination, retaliation or harassment, anonymously or otherwise. The Audit Committee is responsible for administering the whistleblower policy.

Conflict of Interest

The Declaration of Trust contains "conflict of interest" provisions to protect Unitholders without creating undue limitations on the REIT. As the Trustees engage in a wide range of real estate and other activities, the Declaration of Trust contains provisions, similar to those contained in the *Canada Business Corporations Act*, that require each Trustee to disclose to the REIT, at the first meeting of the Board or committee of the Board at which a proposed contract or transaction is considered, any interest in a material contract or transaction or proposed material contract or transaction with the REIT (including a material contract or transaction involving the making or disposition of any investment in real property or a joint venture agreement) or the fact that such person is a director or officer of, or otherwise has a material interest in, any person who is a party to a material contract or transaction or proposed material contract or transaction with the REIT. If a material contract or transaction or proposed material contract or transaction is one that in the ordinary course would not require approval by the Board, a Trustee is required to disclose in writing to the REIT, or request to have entered into the minutes of

meetings of the Board or a committee thereof, the nature and extent of his interest immediately after the Trustee becomes aware of the contract or transaction or proposed contract or transaction. In any case, a Trustee who has made disclosure to the foregoing effect is not entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction primarily relates to his remuneration or is for indemnity under the provisions of the Declaration of Trust or the purchase or maintenance of liability insurance.

Further, each of the following matters require the approval of a majority of the Independent Trustees:

- (i) an acquisition of a property or an investment in a property, whether by co-investment or otherwise, in which Starlight or any related party of the REIT has any direct or indirect interest, whether as owner, operator or manager;
- (ii) a material change to any agreement with Starlight or a related party of the REIT or any renewal, extension or termination thereof or any increase in any fees (including any transaction fees) or distributions payable thereunder;
- (iii) the entering into of, or the waiver, exercise or enforcement of any rights or remedies under, any agreement entered into by the REIT, or the making, directly or indirectly, of any co-investment, in each case with (a) any Trustee, (b) any entity directly or indirectly controlled by any Trustee or in which any Trustee holds a significant interest, or (c) any entity for which any Trustee acts as a director or other similar capacity;
- (iv) the refinancing, increase or renewal of any indebtedness owed by or to (a) any Trustee, (b) any entity directly or indirectly controlled by any Trustee or in which any Trustee holds a significant interest, or (c) any entity for which any Trustee acts as a director or other similar capacity; and
- (v) decisions relating to any claims by or against one or more parties to any agreement with Starlight or any related party of the REIT.

Nomination and Assessment of Trustees

The GC&N Committee is responsible for, subject to the right of Starlight to appoint the Starlight Appointed Trustees, overseeing the recruitment and selection of candidates as Trustees of the REIT. The recruitment and selection of candidates involves an identification of the qualifications for Trustees are required to fulfill Board responsibilities and an evaluation of the qualifications existing Trustees possess. Such qualifications may include the competencies, skills, business and financial experience, real estate expertise, leadership roles and level of commitment required of a Trustee to fulfill Board responsibilities. This process takes into account the GC&N Committee's views regarding the appropriate size of the Board, with a view to facilitating effective decision-making.

The GC&N Committee is also responsible for regularly assessing the effectiveness of the Board, each of its committees and individual Trustees. Commencing with its first full year of operations, being the year ended December 31, 2013, the Trustees will be surveyed at least annually to form the basis of such assessment and a survey summary will be independently prepared for and reviewed by the Chairman. The assessment process will involve confidential questionnaires, to be approved periodically by the GC&N Committee, which will include individual peer and self evaluations, as well as a review of the performance and effectiveness of the Board, the Chairman, each Board committee and the chairman of each Board committee, covering such matters as the operation of the Board and its committees, the adequacy and timeliness of the information provided to Trustees, agenda planning for Board meetings, contributions of Board and committee members, and consideration of whether any changes to the composition, structure or charter of the Board or its committees is appropriate.

Disclosure Policy

The Board has adopted a disclosure policy (the "**Disclosure Policy**") to seek to ensure communications to the public regarding the REIT are timely, factual, accurate, complete and broadly disseminated and, where necessary, filed with the regulators in accordance with applicable securities laws.

The Disclosure Policy applies to all Trustees, directors, officers and employees of the REIT and its subsidiaries and all directors, officers and employees of Starlight who have involvement with the REIT. The Disclosure Policy covers disclosure documents filed with the Canadian securities regulators and written statements made in the REIT's annual and quarterly reports, press releases, letters to Unitholders, presentations by executives and information contained on the REIT's website and other electronic communications. The Disclosure Policy also applies to oral statements made in group and

individual meetings and telephone conversations with members of the investment community (which includes analysts, investors, investment dealers, brokers, investment advisers and investment managers), or with employees, interviews with the media as well as speeches, industry conferences, news conferences and conference calls and dealings with the public generally.

The REIT's disclosure committee, which is comprised of the REIT's CEO and CFO, is responsible for overseeing the REIT's disclosure controls, procedures and practices. Subject to applicable law, periodic disclosure matters (such as quarterly results) and any development determined by the Board as requiring immediate public disclosure, the REIT's disclosure committee is responsible for overseeing a reasonable investigation of the REIT's information and developments is conducted on an ongoing basis for disclosure purposes, assessing such information and developments for materiality and determining if and when such material information requires public disclosure. The REIT's disclosure committee reports to, and provides minutes of its meetings to, the Audit Committee on a regular basis.

The Disclosure Policy has been circulated to all persons subject to such policy and the disclosure committee endeavours to ensure all such persons are aware of the existence of the Disclosure Policy, its importance and the REIT's expectation that such persons will comply with the Disclosure Policy. The Disclosure Policy is reviewed periodically by the GC&N Committee.

Other Reporting Issuer Experience

The following table sets out the Trustees and officers of the REIT that are, or have been within the last five years, directors, officers or promoters of other issuers that are or were reporting issuers in Canada, or the equivalent in any foreign jurisdiction.

Name	Name of Reporting Issuer	Name of Stock Exchange or Market	Position Held	Period Held
Daniel Drimmer <i>President, CEO and Chairman</i>	TransGlobe Apartment Real Estate Investment Trust	TSX	Chairman and Trustee	May 2010 – August 2011
	True North Apartment Real Estate Investment Trust	TSXV	Chairman and Trustee	June 2012 – Present
	Starlight U.S. Multi-Family Core Fund	TSXV	Director and Chief Executive Officer	April 2013 – Present
William Biggar <i>Trustee</i>	Manitou Capital Corporation	TSXV	Director	October 1998 – November 2008
	North American Palladium Ltd.	TSX	Director, President and CEO	October 2008 – September 2012
	Primaris Retail Real Estate Investment Trust	TSX	Director	July 2003 – April 2013
	Silver Bear Resources Inc.	TSX	Director	November 2007 – June 2012
Roland Cardy <i>Trustee</i>	Primaris Real Estate Investment Trust	TSX	Chairman	July 2003 – April 2013
	Public Storage Canadian Properties	TSX	Director	April 2006 – October 2010
Alon Ossip <i>Trustee</i>	Magna International Inc.	TSX	Executive Vice-President	October 2006 – Present
	TransGlobe Apartment Real Estate Investment Trust	TSX	Trustee	May 2010 – August 2011
	True North Apartment Real Estate Investment Trust	TSXV	Trustee	June 2012 - Present
Sandy Poklar <i>Trustee</i>	Genesis Land Development Corp.	TSX	Director	September 2012 – present
	Firm Capital Property Trust	TSXV	Trustee	November 2012 – present
Tracy Sherren <i>CFO</i>	Holloway Lodging Real Estate Investment Trust	TSX	Chief Financial Officer	June 2005 – July 2011

REMUNERATION OF MANAGEMENT OF THE REIT

Overview

As at the date hereof, the REIT does not directly employ any persons who would be considered an executive officer of the REIT. The services of Daniel Drimmer as President and CEO and Tracy Sherren as CFO are provided to the REIT by Starlight. Other than equity incentive compensation, no compensation is paid by the REIT or its subsidiaries to those persons provided by Starlight as officers of the REIT (including Mr. Drimmer and Ms. Sherren), and the compensation received by such persons from Starlight is not within or subject to the discretion of the Board. The compensation paid by the REIT to Starlight for services rendered is calculated in accordance with the asset management agreement dated as of December 14, 2012 between the REIT and Starlight (the “**Asset Management Agreement**”).

Compensation Discussion and Analysis

The officers of the REIT named in the “Summary Compensation Table” below, namely Mr. Drimmer and Ms. Sherren, are an officer and employee of Starlight, respectively. The REIT is obligated to pay Starlight certain amounts pursuant to terms of the Asset Management Agreement, as discussed in “Arrangements with Starlight – Asset Management Agreement”. As such, any variability in compensation paid by Starlight to the Named Executive Officers (as defined below) will not impact the REIT’s financial obligations.

The REIT is under no obligation to retain the services of the management provided by Starlight. The Board has the sole discretion to hire officers and employees, but such hiring, if not of Starlight employees, would be at the sole expense of the REIT. Further, any officer that is an employee provided by Starlight may be removed from such position with the REIT by the REIT, at the discretion of the Board.

The following discussion is intended to describe the portion of the compensation of the Named Executive Officers that is attributable to time spent on the activities of the REIT, and supplements the more detailed information concerning executive compensation that appears in the tables and the accompanying narrative that follows.

Principal Elements of Compensation

The compensation of the Named Executive Officers includes three major elements: (i) base salary, (ii) an annual cash bonus, and (iii) long-term equity incentives, consisting of options to acquire Units (“**Options**”) granted by the REIT under the Option Plan. As a private company, Starlight’s process for determining executive compensation is straightforward, with no specific formula for determining the amount of each element, and no formal approach applied by Starlight for determining how one element of compensation fits into the overall compensation objectives in respect of the activities of the REIT. Objectives and performance measures may vary from year to year as determined to be appropriate by Starlight. Accordingly, the Board has not considered the implications of the risks associated with the compensation of the Named Executive Officers.

The Named Executive Officers do not benefit from medium term incentives or pension plan participation. Perquisites and personal benefits are not a significant element of compensation of the Named Executive Officers.

These three principal elements of compensation are described below.

Base salaries. Base salaries are intended to provide an appropriate level of fixed compensation that will assist in employee retention and recruitment. Base salaries are determined on an individual basis, taking into consideration the past, current and potential contribution to the success of the REIT, the position and responsibilities of the Named Executive Officers and competitive industry pay practices for other real estate investment trusts and corporations of comparable size. Starlight does not engage compensation consultants for the purposes of performing benchmarking or apply specific criteria for the selection of comparable real estate businesses. Increases in base salary are at the sole discretion of Starlight. The Board may review the compensation payable to its officers by Starlight, and is entitled to provide recommendations to Starlight, which must be considered in good faith by Starlight but are not binding upon Starlight.

Annual cash bonuses. Annual cash bonuses are discretionary and are not awarded pursuant to a formal incentive plan. Annual cash bonuses are awarded based on qualitative and quantitative performance standards, and reward performance of the REIT or the Named Executive Officer individually. The determination of the performance of the REIT may vary from

year to year depending on economic conditions and conditions in the real estate industry, and may be based on measures such as unit price performance, the meeting of financial targets against budget (such as adjusted funds from operations), the meeting of acquisition objectives and balance sheet performance. Adjusted funds from operations or “AFFO” is not defined by Canadian generally accepted accounting principles, does not have a standard meaning and may not be comparable with other industries or income trusts. Nevertheless, AFFO is a key performance measure used by real estate operating companies and is described in the REIT’s management’s discussion and analysis filed pursuant to applicable Canadian securities laws. The Board may review the bonuses payable to its officers by Starlight, and is entitled to provide recommendations to Starlight, which must be considered in good faith by Starlight but are not binding upon Starlight.

Individual performance factors vary, and may include completion of specific projects or transactions and the execution of day to day management responsibilities.

Options. Grants of Options by the REIT under the Option Plan align the interests of the Named Executive Officers more closely with the interests of Unitholders, because they are tied to the REIT’s financial and Unit trading performance and vest over a number of years. The Board, acting on the recommendation of the GC&N Committee of the REIT, may designate individuals eligible to receive grants of Options. In determining grants of Options, an individual’s performance and contributions to the REIT’s success, relative position, tenure and past grants are taken into consideration. For a description of the material terms of the Option Plan, see “Equity Compensation Plan Information – Unit Option Plan.”

Named Executive Officers and Trustees are not permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by such Named Executive Officers and Trustees.

Summary Compensation Table

The following table sets out information concerning compensation to be earned by, paid to, the persons determined to be named executive officers of the REIT pursuant to applicable securities laws (the “Named Executive Officers”).

<u>Name and principal positions</u>	<u>Year⁽¹⁾</u>	<u>Salary⁽²⁾</u> <u>(\$)</u>	<u>Option-based</u> <u>Awards⁽³⁾</u> <u>(\$)</u>	<u>Annual</u> <u>incentive</u> <u>plans⁽⁴⁾</u> <u>(\$)</u>	<u>All other</u> <u>compensation⁽⁵⁾</u> <u>(\$)</u>	<u>Total</u> <u>compensation</u> <u>(\$)</u>
Daniel Drimmer ⁽⁶⁾⁽⁷⁾ <i>President, CEO and Chairman</i>	2012	nil	12,400	nil	nil	12,400
Tracy Sherren ⁽⁶⁾ <i>CFO</i>	2012	53,000	13,400	35,000	nil	101,400

- (1) The REIT was established during 2012, and accordingly, information is not presented with respect to prior years.
- (2) On an annualized basis, salaries paid or allocated to the Named Executive Officers for the year ended December 31, 2012 would have been as follows: Mr. Drimmer, \$nil; and Ms. Sherren, \$240,000. See also Note 5.
- (3) The amount is the estimated fair value of each Option grant on the grant date. This fair value was calculated using the Black-Scholes option pricing model, as this is a widely used methodology that satisfies Canadian generally accepted accounting principles for publicly accountable enterprises (as defined by the Accounting Standards Board of The Canadian Institute of Chartered Accountants, as amended from time to time, “GAAP”) and corresponds to the compensation value intended to be provided to each Named Executive Officer, within the REIT’s total compensation policy, and the fair value determined for accounting purposes. The following weighted average assumptions were used: expected distribution yield is 7.94%; expected volatility is 20%; risk free interest rate is 1.12%; and expected Option life is 3.5 years. For a description of the material terms of the Option Plan, see “Equity Compensation Plan Information — Unit Option Plan”.
- (4) All annual incentive plan awards relating to services performed during the 2012 fiscal year were paid by Starlight in the first quarter of 2013.
- (5) None of the Named Executive Officers are entitled to perquisites or other personal benefits which, in the aggregate, are worth over \$50,000 or over 10% of their annual base salary.
- (6) Compensation of Ms. Sherren is paid by Starlight (with the exception of option-based awards granted by the REIT under the Option Plan) and there is no charge back to the REIT for such compensation.
- (7) Mr. Drimmer does not receive compensation from Starlight with respect to the services he renders as CEO of the REIT. Mr. Drimmer is the sole beneficial owner of Starlight. For fees paid, and expenses reimbursed to, Starlight, see “Arrangements with Starlight — Asset Management Agreement”. Except for the foregoing and as noted in the table above, Mr. Drimmer does not otherwise receive compensation from the REIT or from any Starlight entity in respect of the REIT, including with respect to his role as a Trustee.

Incentive Plan Awards — Outstanding Option-Based Awards

The following table sets forth for each Named Executive Officer information concerning Options outstanding as at December 31, 2012:

<u>Name</u>	<u>Number of Units underlying unexercised Options (#)</u>		<u>Option exercise price (\$)</u>	<u>Option expiration date</u>	<u>Value of unexercised in-the-money Options⁽¹⁾ (\$)</u>	
	<u>Vested</u>	<u>Unvested</u>			<u>Vested</u>	<u>Unvested⁽²⁾</u>
Daniel Drimmer.....	nil	312,500	0.80	Aug. 27, 2017	nil	921,875
Tracy Sherren.....	nil	70,000	3.74	Dec. 14, 2017	nil	700

(1) Calculated based on the December 31, 2012 closing price of the Units on the TSX Venture Exchange of \$3.75 per Unit.

(2) These values are related to non-exercisable Options and are therefore not available to the Named Executive Officers.

Incentive Plan Awards — Value Vested or Earned During the Year

No Options held by a Named Executive Officer vested during the financial year ended December 31, 2012.

Pension Plan Benefits

The REIT does not sponsor any pension plan for its executive officers.

Employment Agreements

Daniel Drimmer, the REIT's President and CEO, is the sole beneficial owner of Starlight and does not have an employment agreement with the REIT.

Pursuant to the terms of an employment agreement with Starlight dated March 4, 2013, Tracy Sherren serves as the REIT's Financial Officer for an indefinite term. The agreement provides for an annual base salary of \$240,000, and an annual incentive of up to 50% of annual base salary or as adjusted by the Board (but subject to Starlight's approval). Ms. Sherren's employment agreement also provides for certain restrictive covenants that continue to apply following the termination of Ms. Sherren's employment, including a 12-month non-solicit with respect to the REIT's customers or employees. Ms. Sherren may terminate her employment at any time with 90 days' written notice, which Starlight may waive. Pursuant to her employment agreement, if Ms. Sherren's employment is terminated without "cause" by providing her with a written notice, Ms. Sherren will be entitled to base salary and vacation owing at the time of termination and an amount equal to the aggregate of 18 months' base salary and an amount equal to the average of her discretionary bonus paid in each of the previous three years to a maximum of 50% or as adjusted by the Board (but subject to Starlight's approval), and benefits for 18 months. If Ms. Sherren's employment is terminated with "cause", there will be no obligation to make any further payments other than compensation owing at the time of termination. On a change of control of the REIT, if within 12 months of such change in control, Ms. Sherren's employment is terminated for any reason other than just cause, or certain changes occur in Ms. Sherren's employment and she resigns, Ms. Sherren will be entitled forthwith to receive from Starlight 18 months' base salary, an amount equal to the average of her discretionary bonus paid in each of the previous three years to a maximum of 50% or as adjusted by the Board (but subject to Starlight's approval), and benefits for 18 months. The Board may review the compensation payable to its officers by Starlight, and is entitled to provide recommendations to Starlight, which must be considered in good faith by Starlight but are not binding upon Starlight.

REMUNERATION OF TRUSTEES OF THE REIT

Remuneration of Trustees

For the 2013 financial year, each Trustee will receive from the REIT an annualized base retainer in the amount of \$25,000, plus a fee of \$1,500 for each day on which the Trustee attends a meeting of the Board in person, and \$750 for attendance by telephone, except that any Trustee who is an officer of, or is otherwise employed by the REIT or Starlight, will not be entitled to any remuneration from the REIT for serving as a Trustee (including as Chairman, or as the chairman or a member of a committee). Accordingly, Mr. Drimmer will not receive annual retainers or attendance fees. Members of the Audit Committee, the GC&N Committee and the Investment Committee will receive a fee of \$1,500 for each committee

meeting attended in person and \$750 for attendance by telephone. The Chairman of the Audit Committee will receive an additional annual retainer of \$15,000 and the Chairs of each of the GC&N Committee and the Investment Committee (if an Independent Trustee) will receive an additional annual retainer of \$5,000. The Chairman (if an Independent Trustee) will receive an additional annual retainer of \$15,000. Each Trustee will also be entitled to reimbursement for reasonable travel and other expenses properly incurred by in attending meetings of the Board or any committee meeting. The Trustees did not receive any fees or remuneration for expenses during the 2012 financial year.

Trustee Compensation Table

The following table sets out information concerning the 2012 compensation earned by, paid to, or awarded to each Trustee who is not a Named Executive Officer.

Name	Fee earned ⁽¹⁾ (\$)	Option-based awards ⁽²⁾ (\$)	All other compensation ⁽³⁾ (\$)	Total compensation (\$)
Jeff Baryshnik.....	nil	3,800	nil	3,800
William Biggar.....	nil	3,800	nil	3,800
Roland Cardy.....	nil	3,800	nil	3,800
Alon Ossip.....	nil	5,000	nil	5,000
Sandy Poklar.....	nil	3,800	nil	3,800

(1) The REIT commenced operations on December 14, 2012.

(2) The amount is the estimated fair value of each Option grant on the grant date. This fair value was calculated using the Black-Scholes option pricing model, as this is a widely used methodology that satisfies GAAP and corresponds to the compensation value intended to be provided to each Named Executive Officer, within the REIT's total compensation policy, and the fair value determined for accounting purposes. The following weighted average assumptions were used: expected distribution yield is 7.94%; expected volatility is 20%; risk free interest rate is 1.12%; and expected Option life is 3.5 years. For a description of the material terms of the Option Plan, see "Equity Compensation Plan Information – Unit Option Plan".

(3) Table does not include any amounts paid as reimbursement for expenses.

Incentive Plan Awards — Outstanding Option-Based Awards

The following table sets forth for each Trustee who is not a Named Executive Officer information concerning Options outstanding as at December 31, 2012:

Name	Number of Units underlying unexercised Options (#)		Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money Options ⁽¹⁾ (\$)	
	Vested	Unvested			Vested	Unvested
Jeff Baryshnik.....	nil	20,000	3.74	Dec. 14, 2017	nil	200
William Biggar.....	nil	20,000	3.74	Dec. 14, 2017	nil	200
Roland Cardy.....	nil	20,000	3.74	Dec. 14, 2017	nil	200
Alon Ossip.....	nil	125,000	0.80	Aug. 27, 2017	nil	368,750
Sandy Poklar.....	nil	20,000	3.74	Dec. 14, 2017	nil	200

(1) Calculated based on the December 31, 2012 closing price on the TSX Venture Exchange of \$3.75 per Unit.

(2) These values are related to non-exercisable options and are therefore not available to the Trustees.

Incentive Plan Awards — Value Vested or Earned During the Year

No Options held by a Trustee who is not a Named Executive Officer vested during the financial year ended December 31, 2012.

EQUITY COMPENSATION PLAN INFORMATION

Overview

The following table sets forth details of the REIT's equity compensation plans as at December 31, 2012:

<u>Plan Category</u>	<u>Number of Units to be Issued Upon Exercise of Outstanding Options</u>	<u>Weighted-Average Exercise Price of Outstanding Options</u>	<u>Number of Units Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Units Reflected in the First Column)⁽¹⁾</u>
Equity Compensation Plans			
Approved by Securityholders ⁽²⁾	687,500	\$1.66	13,369
Total	687,500	\$1.66	13,369

- (1) As at the date hereof, the number of Units remaining available for future issuance under equity compensation plans is comprised of 703,437 Units available for issuance pursuant to the Option Plan.
- (2) In connection with the REIT's qualifying transaction with Tanq Capital Corporation, the REIT implemented the Option Plan (see "— Unit Option Plan").

Unit Option Plan

The REIT has established the Option Plan for the benefit of employees, officers, Trustees and directors of the REIT and its subsidiaries, as well as certain eligible Service Providers, as defined below. The REIT has proposed the Option Plan be amended to permit the cashless exercise of Options. See "Matters to be Acted Upon at the Meeting – Amendment to Option Plan".

The Options granted under the Option Plan permit Option holders to purchase Units on payment of the exercise price. The exercise price is established by the Board and is not less than the market price of Units on the date of the grant. The Board determines the number of Units to be covered by each such Option and determines, subject to the Option Plan, the terms of each such Option. The Options are granted for a period of not more than five years, although a shorter Option period may be established by the Board. Generally, Options granted vest on the basis of (i) as to the first third, one year from the date of grant; (ii) as to the next third, two years from the date of grant; and (iii) as to the remaining third, three years from the date of grant.

Unless the Board determines otherwise, an optionee's Options granted under the Option Plan will terminate and may not be exercised after the earliest of (i) one year after the optionee's termination of employment by reason of death, permanent disability or retirement; (ii) the optionee's termination of employment for "cause"; (iii) 90 days after the optionee's termination of employment in any manner or for any reason, other than death, permanent disability, retirement or termination of employment for "cause"; and (iv) the expiry date of the optionee's Option; provided that, subject to the foregoing, unvested Options will continue to vest according to their terms of grant.

The number of Units (i) reserved for issuance under Options issued and outstanding pursuant to the Option Plan and any other security-based compensation arrangements of the REIT shall not exceed in the aggregate ten per cent of the REIT's total issued and outstanding Units (on a non-diluted basis, but including the number of Class B limited partnership units of the Partnerships ("Class B LP Units")); (ii) issuable to insiders at any time under Options issued and outstanding pursuant to the Option Plan and under any other security-based compensation arrangements of the REIT shall not exceed in the aggregate ten per cent of the REIT's total issued and outstanding Units (on a non-diluted basis, but including the number of Class B LP Units issued and outstanding); (iii) issued to insiders within any one year period under Options issued and outstanding pursuant to the Option Plan and under any other security-based compensation arrangements of the REIT shall not exceed in the aggregate ten per cent of the REIT's total issued and outstanding Units (on a non-diluted basis, but including the number of Class B LP Units issued and outstanding); and (iv) covered by Options held by any one optionee shall not exceed five per cent of the outstanding Units (on a non-diluted basis, but including the number of Class B LP Units issued and outstanding) at any time.

As at the date hereof, Options outstanding and Options available for issuance under the Option Plan represent approximately 6.87% and 3.13%, respectively, of the aggregate outstanding Units (on a non-diluted basis, but including the number of Class B LP Units issued and outstanding) and there are 2,245,937 Units reserved for issuance under the Option Plan, representing 10% of the aggregate outstanding Units (on a non-diluted basis, but including the number of Class B LP Units issued and outstanding).

If Options granted under the Option Plan would otherwise expire during a Blackout Period (as defined in the Option Plan) or within ten business days of the end of such period, the expiry date of the Option will be extended to the tenth business day following the end of the Blackout Period.

The Board may at any time and for any reason amend, suspend or terminate the Option Plan, in whole or in part, and the Option Plan shall govern the rights and obligations of the REIT and the optionees, as applicable, with respect to all then outstanding Options, provided that no such amendment, suspension or termination of the Option Plan may, without the consent of an optionee to whom Options shall theretofore have been granted, adversely affect the rights of such optionee. Notwithstanding the foregoing, except for certain anti-dilution adjustments permitted by the Option Plan, the Board may not without approval by a majority of the votes cast by Unitholders present and voting in person or by proxy at a meeting of Unitholders: (i) increase the number of Units issuable pursuant to the Option Plan; (ii) make any amendment that would reduce the exercise price of an outstanding Option, including a cancellation of an Option and re-grant of an Option in conjunction therewith, constituting a reduction of the exercise price of the Option; (iii) extend the term of any outstanding Option; (iv) permit the grant of an Option with an expiry date of more than five years from the grant date; (v) expand the authority of the Board to permit assignability of Options beyond that currently contemplated by the Option Plan; (vi) add to the categories of participants eligible to participate in the Option Plan; (vii) amend the Option Plan to provide for other types of compensation through equity issuance; (viii) increase or delete the percentage limit relating to Units issuable or issued to insiders in the Option Plan; (ix) increase or delete the percentage limit on Units reserved for issuance to any one person under the Option Plan; and (x) amend the amendment provisions other than as permitted under the rules or the applicable stock exchange or marketplace.

Subject to the foregoing, the Board has the authority, at any time and from time to time, to amend the terms and conditions of any Option award; provided, however, unless an optionee otherwise agrees, such amendment shall apply only in respect of Options granted on or after the date of such amendment.

For purposes of the Option Plan, “officer” includes, for greater certainty, any individual performing a policy-making function in respect of the REIT pursuant to an arrangement with Starlight or any other person, and “Service Provider” means, among others, Starlight for so long as it is providing specified services under the Asset Management Agreement and its successors and permitted assigns, as well as its respective employees, executive officers, or directors, provided in each case such person spends or will spend a significant amount of time and attention on the affairs and business of the REIT or an affiliate of the REIT.

INDEBTEDNESS OF TRUSTEES AND EXECUTIVE OFFICERS

No Trustees, executive officers or Nominees (or any associates thereof) are indebted to the REIT and the REIT has not guaranteed or otherwise agreed to provide assistance in the maintenance or servicing of any indebtedness of any Trustee, executive officer or Nominee (or any associates thereof).

ARRANGEMENTS WITH STARLIGHT

Starlight is responsible for the day-to-day administration and operation of the REIT’s properties and for providing strategic advisory and other services (including those relating to acquisition, dispositions and compliance) to the REIT pursuant to the Asset Management Agreement.

Starlight’s head office is located at 401 The West Mall, Suite 1100, Toronto, Ontario, M9C 5J5. Mr. Daniel Drimmer, the Chairman of the REIT, is Starlight’s sole beneficial shareholder and sole director as at the date hereof. To the best of the REIT’s knowledge, the following persons act as officers of Starlight: (i) Mr. Drimmer, a resident of Toronto, Ontario, is the President and Chief Executive Officer of Starlight, (ii) Ms. Tamara Lawson, a resident of Toronto, Ontario, is the Chief Financial Officer of Starlight, (iii) Mr. David Chalmers, a resident of Toronto, Ontario, is the Vice President, Asset Management of Starlight and (iv) Mr. David Hanick, a resident of Toronto, Ontario, is the Vice President, Corporate Development and General Counsel of Starlight.

On February 12, 2013, the REIT indirectly acquired a commercial property from an affiliate of Mr. Drimmer. The purchase price of \$5.25 million was satisfied as to approximately \$2.05 million in cash and as to the balance by mortgage financing of approximately \$3.2 million.

Neither Starlight nor any director or executive officer of Starlight, nor any of their respective affiliates or associates, is, or has at any time since December 14, 2012, been indebted to the REIT or its subsidiaries or been engaged in any significant transaction or arrangement with the REIT, except otherwise disclosed in this Circular.

Asset Management Agreement

Starlight provides certain services to the REIT and its subsidiary entities pursuant to the Asset Management Agreement. Starlight is entitled to the following fees pursuant to the Asset Management Agreement:

- (i) A base annual management fee calculated and payable on a monthly basis, equal to 0.35% of the sum of: (i) of the historical purchase price of the properties owned by the REIT (the “**Properties**”); and (ii) the cost of any capital expenditures incurred by the REIT or any of its affiliates in respect of the Properties from the Effective Date;
- (ii) From and after January 1, 2013, an incentive fee payable by the REIT for the year ended December 31, 2013, equal to 15% of the REIT’s funds from operations (“**FFO**”) per Unit in excess of the REIT’s FFO per Unit determined by the Trustees by June 30, 2013, with reference to such parameters and information as the Trustees deem prudent, including without limitation, the 2013 business plan of the REIT, and from and after January 1, 2014, an amount equal to 15% of the excess of the REIT’s FFO per Unit for fiscal 2013 (the “**Hurdle Amount**”), plus 50% of the increase in the weighted average consumer price index (or other similar metric as determined by the Trustees) (“**CPI Adjustment**”) in the jurisdictions in which the properties are located, and the Hurdle Amount thereafter increasing annually by the CPI Adjustment. The FFO per Unit is equal to the quotient obtained by dividing: (i) the sum of: (A) the gain on the dispositions of any Properties in a fiscal year (calculated as the difference between the total sale price set out in any agreement entered into by the REIT with respect to the disposition of the Property net of costs incurred and the historical purchase price of such Property inclusive of costs incurred), and (B) FFO; by (ii) the total number of issued and outstanding Units as at the end of such fiscal year;
- (iii) A capital expenditures fee equal to five percent of all hard construction costs incurred on each capital project with costs in excess of \$1.0 million excluding work done on behalf of tenants or any maintenance capital expenditures; and
- (iv) An acquisition fee equal to: (a) 1.0% of the purchase price of a Property, on the first \$100 million of Properties announced to be acquired by the REIT in each fiscal year; (b) 0.75% of the purchase price of a Property announced to be acquired by the REIT on the next \$100 million of Properties acquired in each fiscal year; and (c) 0.50% of the purchase price on Properties announced to be acquired by the REIT in excess of \$200 million in each fiscal year.

Starlight earned management fees of \$2,513 pursuant to the Asset Management Agreement for the period from December 14, 2012 (being the date that the REIT commenced operations) to December 31, 2012 and \$nil in incentive fees, capital expenditure fees, acquisition fees and reimbursements for out-of-pocket costs and expenses during the same period.

The Asset Management Agreement can be found on SEDAR at www.sedar.com.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as noted in the following paragraphs or otherwise disclosed in this Circular, there are no material interests, direct or indirect, of any Trustee, executive officer of the REIT or Nominee, any Unitholder that beneficially owns, or controls or directs, (directly or indirectly) more than 10% of the Units or Special Voting Units of the REIT, or any associate or affiliate of any of the foregoing persons, in any completed transaction since the commencement of the REIT’s most recently completed financial year or proposed transaction of the REIT that has materially affected or would materially affect the REIT or any of its subsidiaries.

Daniel Drimmer (the Chairman, President and CEO of the REIT) has an ongoing relationship with Starlight. See “Arrangements with Starlight”.

As of the date hereof, Mr. Drimmer holds an approximate 19.87% effective interest in the REIT through his ownership of Units, Class B LP Units and Special Voting Units. Each Class B LP Unit of a Partnership is exchangeable at the option of the holder for one Unit (subject to customary anti-dilution adjustments), is accompanied by one Special Voting Unit (which provides for the same voting rights in the REIT as a Unit) and is entitled to receive distributions of cash from such Partnership equal to the distributions the holder of the Class B LP Unit would have received if it was holding one Unit (subject to customary anti-dilution adjustments) instead of the Class B LP Unit.

In addition, Starlight is entitled to certain pre-emptive rights to maintain its pro rata ownership interest in the REIT and its subsidiaries, “demand” and “piggyback” registration rights with respect to public offerings by the REIT, and “drag” and “tag” rights with respect to purchases of securities of subsidiaries of the REIT, pursuant to an exchange agreement dated December 14, 2012, among, *inter alia*, Starlight and the REIT (the “**Exchange Agreement**”). The Exchange Agreement can be found on at www.sedar.com.

ADDITIONAL INFORMATION

Additional information relating to the REIT can be found on SEDAR at www.sedar.com. Additional financial information is provided in the REIT’s audited consolidated financial statements and management’s discussion and analysis for the REIT’s most recently completed financial year. Copies of this Circular and audited consolidated annual financial statements of the REIT as at and for the period from July 13, 2012 to December 31, 2012, and related management’s discussion and analysis may be obtained without charge by writing to the CFO of the REIT at 401 The West Mall, Suite 1100, Toronto, Ontario, M9C 5J5.

APPROVAL OF THE TRUSTEES

The contents and the sending of this Circular have been approved by the Board of the REIT.

DATED as of May 6, 2013

BY ORDER OF THE BOARD

(signed) DANIEL DRIMMER
Chairman, President and Chief Executive Officer

APPENDIX "A"

UNIT OPTION PLAN

Section 1. TITLE

1.1 The Plan herein described shall be called the "True North Commercial REIT 2013 Unit Option Plan".

Section 2. PURPOSE OF THE PLAN

2.1 The purpose of the True North Commercial REIT 2013 Unit Option Plan is to grant long term incentives, on a selective basis, to employees, officers, trustees, directors and Service Providers (as defined below) who are providing services to, or involved in the management of, the REIT (as defined below), to allow such persons to participate in the growth and development of the REIT by providing them with the opportunity to purchase Units (as defined below), thereby aligning their interests with the long-term interests of the unitholders of the REIT.

Section 3. DEFINITIONS

Where used herein, the following terms shall have the following meanings, respectively:

- 3.1 "**Affiliate**" means as follows: a Person is an Affiliate of another Person if (i) one of them is the Subsidiary of the other, or (ii) each of them is Controlled by the same Person.
- 3.2 "**Award Documents**" means (i) an agreement between the REIT and an Eligible Person under which an Option is granted, together with such amendments, deletions or changes thereto as are permitted under the Plan or (ii) a resolution of the Board to create and grant Options and stipulate such additional terms as are consistent with the Plan, in which case, the grant shall also be documented in a letter from the REIT addressed to the Optionee setting forth the terms of the grant and no separate agreement between REIT and an Eligible Person shall be necessary.
- 3.3 "**Beneficial Owner**" or "**Beneficial Ownership**" in respect of a Person means a Person or group of Persons acting jointly or in concert within the meaning of the *Securities Act* (Ontario), who directly or indirectly exercise control or direction over Units.
- 3.4 "**Blackout Period**" means a period of time during which the applicable Optionee cannot exercise an Option, or sell Units, due to policies of the REIT in respect of insider trading.
- 3.5 "**Board**" means the board of trustees of the REIT, or a committee of the Board or such other persons designated by the Board pursuant to Subsection 4.3.
- 3.6 "**Business Day**" means any day on which commercial banks are generally open for business in Ontario, other than a Saturday, a Sunday or a day observed as a holiday in Ontario under the laws of the Province of Ontario or the federal laws of Canada.
- 3.7 "**Change of Control**" means the acquisition, after the date hereof, by any Person of Beneficial Ownership of securities of the REIT, or securities convertible into, exchangeable for or otherwise exercisable to acquire securities of the REIT which, directly or following conversion, exchange or exercise thereof, would entitle the holder thereof to cast more than 50% of the votes attaching to all securities of the REIT which may be cast to elect trustees of the REIT.
- 3.8 "**Class B Units**" means collectively, the Class B limited partnership units in the capital of any Partnership.
- 3.9 "**Committee**" shall have the meaning given to that term in Subsection 4.3.
- 3.10 "**Control**" means as follows: a Person (first Person) is considered to Control another Person (second Person) if (i) the first Person Beneficially Owns, or controls or directs, directly or indirectly, securities of the second Person carrying votes which, if exercised, would entitle the first Person to elect a majority of the directors (or trustees) of the second Person, unless that first Person holds the voting securities only to secure an obligation; (ii) the second Person is a partnership, other than a limited partnership, and the first Person holds more than 50% of the interests of

the partnership; or (iii) the second Person is a limited partnership and the general partner (or if there is more than one general partner, the managing general partner) of the limited partnership is the first Person (or the Person who Controls such general partner pursuant to clause (i) of this definition is the first Person).

- 3.11 “**Eligible Person**” means any employee, officer, trustee or director of the REIT or Subsidiary of the REIT, or Service Provider.
- 3.12 “**Exchange**” means the TSXV, or such other stock exchange upon which the Units are listed from time to time.
- 3.13 “**Exercise Price**” means the price per Unit at which Units may be purchased under an Option, as the same may be adjusted from time to time.
- 3.14 “**Fair Market Value**” at any date in respect of the Units shall be the volume weighted average trading price of the Units on the Exchange for the five Business Days preceding such date, provided that in the event that Units are not listed and posted for trading on any stock exchange or marketplace, the Fair Market Value shall be determined by the Board in its sole discretion.
- 3.15 “**Growth Amount**” shall have the meaning given to that term in Subsection 7.1(b).
- 3.16 “**Insider**” shall have the meaning given to that term in the Exchange rules relating to security based compensation arrangements.
- 3.17 “**Latest Exercise Date**” means the latest date on which an Option may be exercised, as designated by the REIT at the time the Option is granted, provided that if such date should occur during a Blackout Period, within ten Business Days of the end of a Blackout Period, subject to applicable law.
- 3.18 “**Market Growth Feature**” shall have the meaning given to that term in Subsection 7.1(b).
- 3.19 “**Market Price**” means, subject to certain exceptions required by the rules of the TSXV, the last daily closing price of the Units before the date the Options are granted.
- 3.20 “**Market Value**” of Units means, (i) if the Units are listed only on the TSXV, the Market Price less the maximum discount permitted under applicable TSXV policies and (ii) in all other cases, the Fair Market Value.
- 3.21 “**officer**” includes any individual performing a policy-making function in respect of the REIT pursuant to an arrangement with Starlight Investments Ltd. (or any of its Affiliates).
- 3.22 “**Option**” means an option to purchase a specific number of Units by an Eligible Person under the Plan.
- 3.23 “**Optioned Units**” means the Units issuable pursuant to an exercise of Options.
- 3.24 “**Optionee**” means an Eligible Person to whom an Option has been granted in accordance with the terms of the Plan and who continues to hold such Option.
- 3.25 “**Partnership**” means those limited partnerships formed from time to time to own the residential properties acquired by the REIT, which are Subsidiaries of the REIT.
- 3.26 “**Person**” means and includes any individual, general partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, joint stock company, association, trust, trust company, bank, pension fund, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or other organization or entity, whether or not a legal entity, however designated or constituted.
- 3.27 “**Plan**” means the True North Commercial REIT 2013 Unit Option Plan, as the same may be amended from time to time.
- 3.28 “**Purchase Price**” shall have the meaning given to that term in Subsection 7.1(a).

- 3.29 “**REIT**” means True North Commercial Real Estate Investment Trust and any successor organization whether by amalgamation, merger or otherwise.
- 3.30 “**Retirement**” means the retirement of an Eligible Person from employment with the applicable employer in accordance with the normal retirement policy of his or her employer.
- 3.31 “**Sale Transaction**” means any merger, amalgamation or plan of arrangement involving the REIT and/or a Subsidiary of the REIT, acquisition or take-over bid for the Units, or similar transaction, or the sale of all or substantially all of the assets of the REIT and/or a Subsidiary of the REIT excluding any merger, amalgamation or plan of arrangement involving a Subsidiary of the REIT or asset sale transaction in connection with which, in either such case, all holders of Units are not entitled to receive cash or securities in respect of their holdings of Units, provided that a Sale Transaction shall exclude: (a) any unit transfer, reorganization, asset transfer, or similar transaction to which the parties are limited to the REIT and/or any of its present or future Affiliates; (b) the completion of a treasury offering of securities of the REIT or an Affiliate of the REIT; or (c) the public offering or distribution by the REIT or one of its Affiliates of units in the capital of the REIT.
- 3.32 “**Service Provider**” means a Person that:
- (a) is engaged to provide, on a bona fide basis, for an initial, renewable or extended period of 12 months or more, consulting, technical, management or other services to the REIT or its Subsidiaries, other than services provided in relation to a distribution;
 - (b) provides the services under a written contract between the REIT or a Subsidiary of the REIT and the Person;
 - (c) in the reasonable opinion of the REIT, spends or will spend a significant amount of time and attention on the affairs and business of the REIT or a Subsidiary of the REIT;
- and includes
- (d) for an individual Service Provider, a corporation of which the individual Service Provider is an employee or shareholder, and a partnership of which the individual Service Provider is an employee or partner; and
 - (e) for a Service Provider that is not an individual, an employee, executive officer, or director of the Service Provider, provided that the individual employee, executive officer, or director spends or will spend a significant amount of time and attention on the affairs and business of the REIT or a Subsidiary of the REIT;

The definition of Service Provider shall include True North Commercial General Partner Corp. for so long as it is a general partner of any Partnership and Starlight Investments Ltd. for so long as it is providing management services under an agreement with the REIT and/or a Subsidiary of the REIT, and in each case, its successors and permitted assigns.

- 3.33 “**Special Voting Units**” means units in the capital of the REIT designated as “Special Voting Units” and such other units or securities as may be substituted therefor as a result of any change to the Units or any capital reorganization, arrangement, amalgamation or merger affecting all of the Units.
- 3.34 “**Subsidiary**” means a Person that is Controlled directly or indirectly by another Person.
- 3.35 “**Successor Person**” shall have the meaning given to that term in Subsection 8.2.
- 3.36 “**TSXV**” means the TSX Venture Exchange.
- 3.37 “**Unit**” means trust units in the capital of the REIT designated as “trust units” and such other units or securities as may be substituted therefore as a result of any change to the trust units of the REIT or any capital reorganization, arrangement, amalgamation or merger affecting all of the units of the REIT.

3.38 “**Unit Compensation Plans**” means collectively the Plan and other security based compensation arrangements for the benefit of employees, Insiders or Service Providers, within the meaning ascribed to such terms in the Exchange rules relating to security based compensation arrangements.

3.39 “**Unit Option Agreement**” means the unit option agreement executed between the REIT and the Optionee.

Section 4. ADMINISTRATION OF THIS PLAN

4.1 The Plan shall be administered by the Board.

4.2 The Board shall have full and exclusive discretionary power to:

- (a) interpret and construe the Plan and any Award Document and to determine all questions arising out of the Plan or any Option, and any such interpretation, construction or determination made by the Board shall be final, binding and conclusive for all purposes;
- (b) establish policies and adopt rules and regulations for carrying out the purposes, provisions and administration of the Plan;
- (c) select the Eligible Persons to whom awards may from time to time be granted under the Plan;
- (d) determine the number of Optioned Units covered by each Option;
- (e) determine the Exercise Price of each Option; provided that, the Exercise Price shall not be less than the Market Value of a Unit on the date of grant of such Option;
- (f) determine the time or times when Options will be granted and exercisable, including the Latest Exercise Date; provided that no Option shall be exercisable later than five years from the date of the grant of the Option;
- (g) determine the grant, time and/or performance vesting criteria and other terms and conditions of each Option under the Plan;
- (h) approve the forms of agreements for use under the Plan;
- (i) subject to Section 9, approve any amendments to the terms and conditions of any Option under the Plan, provided it does not without the Optionee’s consent adversely affect the rights of the Optionee under the Plan for Options previously granted;
- (j) subject to Section 9, make exceptions to the Plan in circumstances which the Board determines it is reasonable to do so, including with respect to the vesting of Options granted to any particular Optionee in the Plan, provided it does not without the Optionee’s consent adversely affect the rights of the Optionee under the Plan for awards previously granted;
- (k) amend the Plan pursuant to Section 9 hereof; and
- (l) take such other action, not inconsistent with the terms of the Plan, as the Board deems appropriate.

4.3 The Board may delegate to the Governance, Compensation and Nominating Committee or any other committee of the Board as specified by the Board (the “**Committee**”) or to any officer or employee of the REIT such administrative duties or powers as it may deem advisable; provided that no such officer or employee shall have or obtain the authority to grant awards to himself or herself. Where the Board has delegated an administrative duty or power to the Committee, any reference under the Plan or an Award Document, in connection with such duty or power, to the “Board” shall be, as applicable, to the Committee. The Board shall also be permitted to hire administrators, custodians or similar service providers to assist in the administration of the Plan.

4.4 Any Option granted under the Plan shall be subject to the requirement that, if at any time counsel to the REIT shall determine that the qualification of the Optioned Units subject to such Option upon the Exchange, or any securities

exchange or under any law or regulation of any jurisdiction, or the consent or approval of the Exchange, or any securities exchange or any governmental or regulatory body, is necessary as a condition of, or in connection with, the grant or exercise of such Option or the delivery or purchase of Optioned Units thereunder, such Option may not be accepted or exercised in whole or in part unless such qualification, consent or approval shall have been effected or obtained on conditions acceptable to the trustees of the REIT.

Section 5. ELIGIBILITY, GRANT AND TERMS OF OPTIONS

- 5.1 Options may be granted by the Board to any Eligible Person whom the Board from time to time selects and approves, and awards of Options shall be evidenced by an Award Document, in such form not inconsistent with the Plan as the Board may from time to time determine.
- 5.2 Subject to the terms of the Plan, the Board shall determine the number of Units subject to each Option, the Exercise Price of each Option, the expiration date of each Option, the extent to which each Option is exercisable from time to time during the term of the Option and any other terms and conditions relating to each Option; provided, however, that if no specific determination is made by the Board with respect to any of the foregoing matters, as evidenced by the applicable Award Document, each Option shall contain the following terms and conditions:
- (a) the Latest Exercise Date shall be five years from the date the Option is granted;
 - (b) each Option granted shall become exercisable in respect of 33 1/3% of the Units subject to such Option after each anniversary of the granting of such Option (i.e. 33 1/3% of such Units after the first anniversary, 66 2/3% of such Units after the second anniversary, etc.); and
 - (c) the Exercise Price shall not be less than the Market Value on the date of such grant.
- 5.3 Options may be granted in respect of authorized and unissued Units, provided that the aggregate number of Units reserved for issuance under the Plan at any time, subject to adjustment or increase of such number pursuant to the provisions of Section 8 and Section 9 shall not exceed 10% of the aggregate number of Units and Class B Units outstanding from time to time. At all times, the REIT will reserve and keep available a sufficient number of Units to satisfy the requirements of all outstanding Options granted under the Plan.
- 5.4 No Option may be granted if such grant would have the effect of causing the total number of Units subject to Options to exceed the total number of Units reserved for issuance pursuant to the exercise of Options and set forth in Subsection 5.3.
- 5.5 Optioned Units which are not purchased as a result of Options having terminated, expired, forfeited, cancelled, or otherwise without being fully exercised shall be available for subsequent Options under the Plan.
- 5.6 The maximum number of Units which are issuable to Insiders under the Plan and all other Unit Compensation Plans collectively shall be 10% of the aggregate number of Units and Class B Units outstanding at the time of the grant (on a non-diluted basis). The maximum number of Units which may be issued to Insiders under the Plan and all other Unit Compensation Plans collectively within a one-year period shall be 10% of the aggregate number of Units and Class B Units at the time of the issuance (on a non-diluted basis).
- 5.7 No Options may be granted to any Eligible Person if the total number of Units issuable to such Eligible Person under the Plan and all other Unit Compensation Plans collectively would exceed 5% of the aggregate number of Units and Class B Units outstanding at the time of grant. Notwithstanding the foregoing, if the Units of the REIT are listed only on the TSXV and the REIT obtains requisite disinterested unitholder approval pursuant to the policies of the TSXV, Options exceeding 5% of the aggregate number of Units and Class B Units outstanding at the time of grant in any 12-month period may be granted to any Eligible Person.
- 5.8 If required by applicable Exchange policies, no Options may be granted to any one consultant if the total number of Units issuable to such consultant under the Plan would exceed 2% of the total number of aggregate number of Units and Class B Units outstanding in any 12-month period.

- 5.9 If required by applicable Exchange policies, no Options may be granted to any employees conducting investor relations activities if the total number of Units issuable to such employees under the Plan, collectively, would exceed 2% of the total number of Units and Class B Units outstanding in any 12-month period.
- 5.10 Any increase in the Units reserved for issuance under the Plan shall be subject to the approval of the unitholders of the REIT in accordance with the rules of the Exchange or such other applicable stock exchange or marketplace.
- 5.11 No individual shall have the right to be selected to receive an award under the Plan, or having been so selected, to be selected to receive a future award.
- 5.12 No fractional Units may be purchased or issued under the Plan.
- 5.13 The granting of an Option to an Eligible Person constitutes a representation by the REIT that such Eligible Person is a bona fide employee, officer, trustee or director of the REIT, or a Subsidiary of the REIT or Service Provider, as the case may be.

Section 6. TERMINATION OF OPTIONS IN CERTAIN CIRCUMSTANCES

- 6.1 Unless the Board, and subject to the Exchange's rules, otherwise determines, as evidenced by the applicable Award Document, an Optionee's Options shall terminate and may not be exercised after the earliest of:
- (a) one year after the Optionee's termination of employment with, or as an officer, trustee or director of, the REIT or Subsidiary of the REIT by reason of death, permanent disability or Retirement;
 - (b) the Optionee's termination of employment with, or as an officer, trustee or director of, the REIT, or Subsidiary of the REIT for cause;
 - (c) 90 days after the Optionee's termination of employment with, or as an officer, trustee or director of, the REIT or Subsidiary of the REIT, in any manner or for any reason, other than death, permanent disability, Retirement or termination of employment for cause; and
 - (d) the Latest Exercise Date of the Optionee's Option;

provided that, subject to the foregoing, unvested Options shall continue to vest according to their terms of grant and in any event, the Optionee's Options shall terminate and may not be exercised after one year upon occurrence of any of the events listed in this section 6.1.

- 6.2 For the purposes of Section 6.1:
- (a) any and all references to "termination of employment with the REIT" shall be deemed to refer to the date on which the active employment of the Optionee with the REIT and all of its Subsidiaries ceases, irrespective of any notice or payment in lieu thereof, or, in the event that the Optionee resigns, the Optionee's last day of active employment with the REIT and all of its Subsidiaries;
 - (b) the transfer of an employee from the REIT to a Subsidiary or a Service Provider, from a Subsidiary or a Service Provider to the REIT, or from one Subsidiary or Service Provider to another Subsidiary or Service Provider, shall not be considered a termination of employment for the purposes of the Plan; and
 - (c) for the purposes of this Section 6.2 only, a trustee, director or Service Provider who is an Optionee shall be deemed to be an employee and the provisions of Section 6.1 and Section 6.2 shall apply *mutatis mutandis* to such trustee, director or Service Provider.

Section 7. EXERCISE OF OPTIONS

- 7.1 Subject to the provisions of the Plan, to the extent an Option has vested and become exercisable in accordance with the applicable Award Document, the Option may be exercised in whole or in part by:
- (a) the purchase of any number of whole Units which are then available for purchase at the Exercise Price specified for such Option (the “**Purchase Price**”); or
 - (b) subject to the applicable policies of the Exchange, the receipt, without payment by the Optionee, of an amount equal to the amount, if any, by which the Market Value exceeds the Exercise Price, multiplied by the number of Units in respect of which the Option is being exercised (the “**Growth Amount**”), which Growth Amount will be payable by the issuance by the REIT to the Optionee (or his or her legal, personal representative) of that number of whole Units calculated by dividing the Growth Amount by the Market Value (the “**Market Growth Feature**”), rounded down to the nearest whole Unit, without payment in Units or cash for any fractional interests.
- 7.2 Any Optionee wishing to exercise an Option shall deliver to the REIT, at its registered office:
- (a) a written notice expressing the intention of such Optionee to exercise his or her Option and (i) specifying the number of Units in respect of which the Option is exercised and (ii) if the Optionee elects to exercise using the Market Growth Feature, a statement to that effect (absent which statement, the Optionee shall be presumed to have elected to exercise pursuant to Subsection 7.1(a) above);
 - (b) unless the Optionee elects the Market Growth Feature, a cash payment, cheque or bank draft, representing the full Purchase Price of the Units in respect of which the Option is exercised; and
 - (c) in the event that the Options are exercised in accordance with the terms of the Plan and Unit Option Agreement by a person other than the Optionee, proof satisfactory to the REIT of the right of such person or party to exercise the Options as authorized legal or personal representative of the Optionee.
- 7.3 An option may be exercised only for whole Units provided that the Board may from time to time specify a minimum number of Units in respect of which an Option may be exercised. Unless otherwise determined by the Board, all payments indicated above shall be paid in Canadian dollars.
- 7.4 The REIT may require an Optionee to pay to the REIT the amount of any taxes or other required source deductions that the REIT and/or its Subsidiaries is required by applicable law to withhold with respect to the exercise of an award (“**applicable tax withholding**”), and any other amounts due from the participant to the REIT and/or its Subsidiaries. The REIT shall not be required to issue any Units or otherwise settle an award under the Plan until such applicable tax withholding and other obligations are satisfied.
- 7.5 Subject to any governing rules or regulations, as soon as practicable, but not later than 30 Business Days, after receipt of written notification of exercise and full payment (including satisfaction of any applicable tax withholding), the REIT shall deliver to the participant a certificate representing the aggregate number of Units as the participant shall have exercised and paid full and valid consideration to the REIT under the exercise therein.
- 7.6 Notwithstanding any of the provisions contained in the Plan or in any Option, the REIT’s obligation to issue Units to an Optionee pursuant to the exercise of any Option shall be subject to:
- (a) the receipt from the Optionee of such representations, warranties, agreements and undertakings, as the REIT determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction; and
 - (b) the satisfaction of any conditions on exercise prescribed in the Plan, or in the applicable Award Document.

Section 8. CERTAIN ADJUSTMENTS

- 8.1 If the number of outstanding Units shall be increased or decreased as a result of a Unit split, consolidation or recapitalization, and not either as a result of the issuance of Units for additional consideration or by way of Unit distribution, the Board shall make appropriate adjustments with regards to the maximum number of Units which the Optionee may thereafter purchase under such Option, the Exercise Price in respect of such Option and/or the maximum number of Units which may be issued under the Plan under Section 5 to give effect to the adjustments in the number of Units.
- 8.2 Subject to Section 8.4, if at any time after the grant of an Option and prior to the expiration of the term of such Option, the Units shall be reclassified, reorganized or otherwise changed, other than as specified in the preceding paragraph, or the REIT shall merge, combine, enter into a plan of arrangement or amalgamate with or into another Person (the Person resulting or continuing from such merger, combination, plan of arrangement or amalgamation being herein called the “**Successor Person**”), the Optionee shall be entitled to receive upon the subsequent exercise of his or her Option in accordance with the terms hereof and shall accept in lieu of the number of Units to which he or she was theretofore entitled upon such exercise but for the same aggregate consideration payable therefore, the aggregate number of Units and/or other securities of the REIT or the Successor Person (as the case may be) and/or other consideration from the REIT or the Successor Person (as the case may be) that the Optionee would have been entitled to receive as a result of such reclassification, reorganization or other change or, of such merger, combination, arrangement or amalgamation, if on the record date or effective date (as the case may be) of such reclassification, reorganization or other change or such merger, combination, plan of arrangement or amalgamation (as the case may be) he or she had been the registered holder of the number of Units to which he or she was theretofore entitled upon such exercise.
- 8.3 No fractional Units shall be issued upon the exercise of an Option. Accordingly, if as a result of any adjustment under Section 8.1 a Optionee would otherwise have become entitled to a fractional Unit upon the exercise of an Option, he or she shall have the right to purchase only the next lower whole number of Units and no payment or other adjustment will be made with respect to the fractional interests so disregarded.
- 8.4 All determinations of the Board pursuant to the forgoing adjustments (including a determination that it would be appropriate not to make an adjustment in the circumstances) shall be conclusive, final and binding on all participants in the Plan.
- 8.5 Except as otherwise set out in any written agreement between a Optionee and the REIT in respect of an Option and notwithstanding any other provision of the Plan, in the event of a Sale Transaction, each Option will be deemed to be redeemed on such terms as may be specified by the Board and terminate immediately prior to the specified effective date of the Sale Transaction, unless either the Option is assumed by the Successor Person or parent thereof in connection with the Sale Transaction or the Board determines otherwise. Upon Board approval of a Sale Transaction, the REIT may give notice to each Optionee which will set forth requirements in respect of any outstanding Option or any Units acquired through the exercise of Options following the date of such notice that must be complied with as a condition to each Optionee’s participation in the Sale Transaction.
- 8.6 The Board in its sole discretion and subject to such conditions as the Board considers appropriate may, at any time after the date of grant of an Option, determine the acceleration, if any, of the vesting provisions for any Option and permit a Optionee to exercise any or all of his or her unvested Options then outstanding and granted to the Optionee under the Plan, in which event all such unvested Options then outstanding and granted to the Optionee shall be deemed to be immediately exercisable during such period of time as may be specified by the Board.
- 8.7 Section 8.5 and Section 8.6 may be utilized independently or successively in combination or otherwise, and nothing therein contained shall be construed as limiting or affecting the ability of the REIT to deal with Options in any other manner.

Section 9. AMENDMENT, SUSPENSION AND TERMINATION

- 9.1 The Board may at any time and for any reason amend, suspend or terminate the Plan, in whole or in part, and the Plan shall govern the rights and obligations of the REIT and the Optionees, as applicable, with respect to all the outstanding Options, provided that no such amendment, suspension or termination of the Plan may, without the consent of an Optionee to whom Options shall theretofore have been granted, adversely affect the rights of such Optionee's outstanding Options.
- 9.2 Notwithstanding the foregoing, except as set forth in Section 8, the Board may not without approval by the Exchange and a majority of the votes cast by the holders of Units and Special Voting Units, taken together, present and voting in person or by proxy at a meeting of unitholders of the REIT:
- (a) increase the number of Units issuable pursuant to the Plan;
 - (b) make any amendment that would reduce the Exercise Price of an outstanding Option, including a cancellation of an Option and re-grant of an Option in conjunction therewith, constituting a reduction of the Exercise Price of the Option;
 - (c) make an amendment that would extend the term of any Option granted under the Plan beyond the Latest Exercise Date of the Option;
 - (d) amend or delete Subsection 4.2(f) to allow for a maximum term of an Option to be greater than five years as set forth therein;
 - (e) expand the authority of the Board to permit assignability of the Options beyond that contemplated by Subsection 10.5;
 - (f) amend the definition of Eligible Persons to add categories of eligible participants;
 - (g) amend the Plan to provide for other types of compensation through equity issuance;
 - (h) increase or delete the percentage limit relating to Units issuable or issued to Insiders in Subsection 5.6;
 - (i) increase or delete the percentage limit on Units reserved for issuance to any one Eligible Person pursuant to options in Subsection 5.7; or
 - (j) amend this Subsection 9.2 other than as permitted under the Exchange's rules.
- 9.3 If required by applicable Exchange policies, any reduction in the exercise price of an Option held by an Insider of the REIT at the time of the proposed amendment shall be subject to disinterested shareholder approval.
- 9.4 Subject to the provisions of this Section 9, the Board shall have the authority at any time and from time to time, to amend the terms and conditions of any Award Agreement; provided, however, that unless an Optionee otherwise agrees, such amendment shall apply only in respect of Options granted on or after the date of such amendment.
- 9.5 For greater certainty, the REIT, under the authority of the Board, may, subject to Section 9.3, amend any term or condition of the Plan or any Option granted hereunder other than the items specified in Section 9.2 without approval of the holders of Units and Special Voting Units, as set out in Section 9.2.

Section 10. MISCELLANEOUS PROVISIONS

- 10.1 **Gender and Number.** Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the plural shall include the singular, and the singular shall include the plural.
- 10.2 **No Rights to Units.** An Optionee shall not have any rights as a unitholder of the REIT with respect to any of the Units covered by such Option until the date of issuance of the Units upon the exercise of such Option, in full or in part, and then only with respect to the Units then issued. Without in any way limiting the generality of the foregoing,

no adjustment shall be made for cash distributions or other rights for which the record date is prior to the date such Units are issued.

- 10.3 **Applicable Laws and Policies.** The obligations of the REIT to issue and deliver Units to the Optionee in accordance with the terms of the Plan and this Unit Option Agreement is subject to applicable securities legislation and to receipt by the REIT of any required approvals from any regulatory authority. If Units cannot be issued to the Optionee upon the exercise of any Options due to any restrictions or limitations under applicable securities legislation or the Policy, the obligations of the REIT to the Optionee to issue such Units shall terminate and any funds paid to the REIT in connection with the exercise of any Options shall be returned to the Optionee as soon as practicable, without any interest or deduction whatsoever.
- 10.4 **No Employment Rights.** Nothing in the Plan or any Option shall confer upon an Optionee any right to be retained or continued as a trustee, director, officer or Service Provider of, or any right to continue in the employ of the REIT, or affect in any way the right of the REIT to terminate his or her employment or to terminate any contract of service at any time.
- 10.5 **Withholdings.** The exercise of each Option granted under the Plan is subject to the condition that if at any time the REIT determines, in its discretion, that the satisfaction of withholding tax or other withholding liabilities is necessary or desirable in respect of such exercise, such exercise is not effective unless such withholding has been effected to the satisfaction of the REIT. In such circumstances, the REIT may require that an Optionee pay to the REIT, in addition to and in the same manner as the Exercise Price for the Units, such amount as the REIT is obliged to remit to the relevant taxing authority in respect of the exercise of the Option. Alternatively, the REIT shall have the right in its discretion to satisfy any such liability for withholding by retaining any amount payable to an Optionee by the REIT, whether or not such amounts are payable under the Plan. In the further alternative, if directed by an Optionee, the REIT may withhold and cause to be sold, by it as agent on behalf of the Optionee, such number of Units as it determines to be necessary to satisfy the withholding obligation. By so directing the REIT, the Optionee consents to such sale and authorizes the REIT to effect the sale of such Units on behalf of the Optionee and to remit the appropriate amount to the relevant taxing authorities. Where so directed, the REIT shall not be responsible for obtaining any particular price for the Units.
- 10.6 **Assignment.** The Options and all benefits and rights accruing to the Optionee hereunder shall not be transferable or assignable unless specifically provided herein. The Options granted hereunder may only be exercised by the Optionee as herein provided and in the event of the death or disability of the Optionee, by the person or persons to whom the Optionee's rights under the Options pass under the Optionee's will or applicable laws.
- 10.7 **Severability.** If any provision of the Plan or any award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction, or as to any person or award, or would disqualify the Plan or any award under any law deemed applicable by the Board, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Board, materially altering the intent of the Plan or the award, such provision shall be stricken as to such jurisdiction, person, or award, and the remainder of the Plan and any such award shall remain in full force and effect.
- 10.8 **Conflict.** To the extent that there is a conflict or inconsistency between any of the provisions of the Plan, the Unit Option Agreement, and the provisions of the Policy, the provisions of the Policy shall prevail and shall govern in resolving such conflict. If there is a conflict or inconsistency between only the provisions of the Plan and the Unit Option Agreement, the Plan shall prevail and shall govern in resolving such conflict.
- 10.9 **Headings, Sections.** Headings wherever used herein are for reference purposes only and do not limit or extend the meaning of the provisions herein contained. A reference to a section or schedule shall, except where expressly stated otherwise, mean a section or schedule of the Plan, as applicable.
- 10.10 **Governing Law.** The Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

APPENDIX “B”

NON-EXECUTIVE TRUSTEE UNIT ISSUANCE PLAN

Section 1. TITLE

1.1 The Plan herein described shall be called the “True North Commercial REIT 2013 Unit Issuance Plan”.

Section 2. PURPOSE OF THE PLAN

2.1 The purpose of the True North Commercial REIT 2013 Unit Issuance Plan is to provide for the acquisition of Units by non-executive Trustees for the purpose of aligning their interests with the long-term interests of the unitholders of the REIT.

Section 3. DEFINITIONS

Where used herein, the following terms shall have the following meanings, respectively:

- 3.1 “**Affiliate**” means as follows: a Person is an Affiliate of another Person if (a) one of them is the Subsidiary of the other, or (b) each of them is Controlled by the same Person.
- 3.2 “**Amount**” shall have the meaning given to that term in Section 5.3.
- 3.3 “**Base Retainer**” means the fees payable to a Trustee by the REIT in a fiscal year of the REIT, calculated each Quarter, for serving on the Board or any committee of the Board, but excludes any expense reimbursement or retainer for serving as a member of any special committee constituted by the Board from time to time.
- 3.4 “**Beneficial Owner**” or “**Beneficial Ownership**” in respect of a Person means a Person or group of Persons acting jointly or in concert within the meaning of the *Securities Act* (Ontario), who directly or indirectly exercise control or direction over Units.
- 3.5 “**Blackout Period**” means a period of time during which the applicable Eligible Person cannot acquire Units, due to the policies of the REIT in respect of insider trading.
- 3.6 “**Board**” means the board of Trustees of the REIT, or a Committee or such other persons designated by the Board pursuant to Section 4.3.
- 3.7 “**Business Day**” means any day on which commercial banks are generally open for business in Ontario, other than a Saturday, a Sunday or a day observed as a holiday in Ontario under the laws of the Province of Ontario or the federal laws of Canada.
- 3.8 “**Committee**” shall have the meaning given to that term in Section 4.3.
- 3.9 “**Control**” means as follows: a Person (first person) is considered to Control another Person (second person) if (i) the first person Beneficially Owns, or controls or directs, directly or indirectly, securities of the second Person carrying votes which, if exercised, would entitle the first Person to elect a majority of the directors (or trustees) of the second Person, unless that first Person holds the voting securities only to secure an obligation; (ii) the second Person is a partnership, other than a limited partnership, and the first Person holds more than 50% of the interests of the partnership; or (iii) the second Person is a limited partnership and the general partner (or if there is more than one general partner, the managing general partner) of the limited partnership is the first Person (or the Person who Controls such general partner pursuant to clause (i) of this definition is the first Person).
- 3.10 “**Eligible Person**” means any Trustee, except any Trustee who is an officer of, or is otherwise employed by (including pursuant to a consulting agreement), the REIT or Starlight Investments Ltd.
- 3.11 “**Exchange**” means the TSX Venture Exchange, or such other stock exchange upon which the Units are listed from time to time.

- 3.12 “**Fair Market Value**” at any date in respect of the Units shall be the volume weighted average trading price of the Units on the Exchange for the five preceding Business Days, provided that in the event that Units are not listed and posted for trading on the Exchange, the Fair Market Value shall be the volume weighted average trading price of the Units on such other stock exchange or marketplace (including the over-the-counter market) for the five preceding Business Days, provided further that in the event that Units are not listed and posted for trading on any stock exchange or marketplace, the Fair Market Value shall be determined by the Board in its sole discretion.
- 3.13 “**Issuance**” means the issuance of Units by the REIT from treasury and delivery of same in accordance with the Plan.
- 3.14 “**Issuance Date**” means the date in each Quarter, which is two Business Days following the publication by the REIT of its earnings results for the previous Quarter (or the previous financial year in the case of the first Quarter), or such other date recommended by the Committee and confirmed by the Board from time to time.
- 3.15 “**Person**” means and includes any individual, general partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, joint stock company, association, trust, trust company, bank, pension fund, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or other organization or entity, whether or not a legal entity, however designated or constituted.
- 3.16 “**Plan**” means the True North Commercial REIT 2013 Unit Issuance Plan, as the same may be amended from time to time.
- 3.17 “**Quarter**” means a fiscal quarter of the REIT, which, until changed by the REIT, shall be the three-month period ending March 31, June 30, September 30 or December 31 in any calendar year.
- 3.18 “**REIT**” means True North Commercial Real Estate Investment Trust and any successor organization whether by amalgamation, merger or otherwise.
- 3.19 “**Special Voting Units**” means units in the capital of the REIT designated as Special Voting Units and such other units or securities as may be substituted therefor as a result of any change to the Units or any capital reorganization, arrangement, amalgamation or merger affecting all of the Units.
- 3.20 “**Subsidiary**” means a Person that is Controlled directly or indirectly by another Person.
- 3.21 “**Trustees**” means the trustees from time to time of the REIT.
- 3.22 “**Unit**” means trust units in the capital of the REIT designated as “Trust Units” and such other units or securities as may be substituted therefor as a result of any change to the trust units of the REIT or any capital reorganization, arrangement, amalgamation or merger affecting all of the trust units of the REIT.

Section 4. ADMINISTRATION OF THIS PLAN

- 4.1 The Plan shall be administered by the Board.
- 4.2 The Board shall have full and exclusive discretionary power to:
- (a) interpret and construe the Plan and to determine all questions arising out of the Plan or any Issuance, and any such interpretation, construction or determination made by the Board shall be final, binding and conclusive for all purposes;
 - (b) establish policies and to adopt rules and regulations for carrying out the purposes, provisions and administration of the Plan;
 - (c) determine the qualification of any person as an Eligible Person;
 - (d) determine the number of Units to be issued pursuant to each Issuance;

- (e) approve the forms of documents for use under the Plan;
 - (f) amend the Plan pursuant to Section 7 of the Plan; and
 - (g) take such other action, not inconsistent with the terms of the Plan, as the Board deems appropriate.
- 4.3 The Board may delegate to the Governance, Compensation and Nominating Committee or any other committee of the Board as specified by the Board (the “**Committee**”) or to any officer or employee of the REIT such administrative duties or powers as it may deem advisable. Where the Board has delegated an administrative duty or power to the Committee, any reference under the Plan, in connection with such duty or power, to the “Board” shall be, as applicable, to the Committee. The Board shall also be permitted to hire administrators, custodians or similar Service Providers to assist it in the administration of the Plan.
- 4.4 Any Issuance under the Plan shall be subject to the requirement that, if at any time counsel to the REIT shall determine that the listing or qualification of the Units constituting such Issuance upon any securities exchange or under any law or regulation of any jurisdiction, or the consent or approval of any securities exchange or any governmental or regulatory body, is necessary as a condition of, or in connection with, such Issuance, such Units may not be issued in whole or in part unless such listing, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Board.

Section 5. ISSUANCES

- 5.1 Issuances may be made to any Eligible Person.
- 5.2 The aggregate number of Units reserved for issuance under the Plan, subject to adjustment or increase of such number pursuant to the provisions of Section 6, shall not exceed 100,000 Units.
- 5.3 Each Eligible Person shall receive up to 50% of his or her Base Retainer (the “**Amount**”) by way of an Issuance of Units on each Issuance Date with an aggregate Fair Market Value (calculated as at the date the Base Retainer is so payable in whole or in part) equal to the Amount. Notwithstanding the foregoing, an Eligible Person may elect to receive his or her Amount entirely in cash, or to receive any proportion of his or her Amount in cash or Units at his or her discretion (an “**Election**”). Any Election may only be made once annually for the full duration of the year by giving written notice to the Chief Financial Officer of the REIT by March 31 of such year. Notwithstanding the foregoing, an Election for the 2013 fiscal year may be made at any time prior to September 30, 2013, provided it is not made during a Blackout Period.
- 5.4 The initial Issuance Date shall be the second Business Day following the publication by the REIT of its earnings results for the third Quarter of 2013.
- 5.5 No fractional Units may be issued under the Plan, but rather, fractional Units will be added to the subsequent Issuance for each Eligible Person.
- 5.6 The REIT may require an Eligible Person to pay to the REIT the amount of any taxes or other required source deductions that the REIT is required by applicable law to withhold with respect of an Issuance (“applicable tax withholding”), and any other amounts due from the Eligible Person to the REIT. The REIT shall not be required to issue any Unit under the Plan until such applicable tax withholding and other obligations are satisfied.
- 5.7 Subject to applicable law, as soon as practicable, but not later than 20 Business Days, after the date the Amount is payable, or deemed to be payable pursuant to Section 5.6, the REIT shall deliver to the Eligible Person evidence of book entry Units.

Section 6. CERTAIN ADJUSTMENTS

- 6.1 If the number of outstanding Units shall be increased or decreased as a result of a Unit split, consolidation or recapitalization or other reorganization, and not either as a result of the issuance of Units for additional consideration or by way of Unit distribution, the Board shall make appropriate adjustments as regards the maximum number of Units which may be issued under the Plan under Section 5.2 to give effect to the adjustments in the number of Units.

6.2 All determinations of the Board pursuant to the forgoing adjustments (including a determination that it would be appropriate not to make an adjustment in the circumstances) shall be conclusive and final and binding on all participants in the Plan.

Section 7. AMENDMENT, SUSPENSION AND TERMINATION

7.1 The Board may at any time and for any reason amend, suspend or terminate the Plan, in whole or in part, and the Plan shall govern the rights and obligations of the REIT and the Eligible Persons.

7.2 Notwithstanding the foregoing, except as set forth in Section 6, the Board may not without approval by a majority of the votes cast by the holders of Units and Special Voting Units, taken together, present and voting in person or by proxy at a meeting of unitholders of the REIT:

- (a) increase the number of Units issuable pursuant to the Plan;
- (b) expand the authority of the Board to permit assignability of an Issuance beyond that contemplated by Section 8.4;
- (c) amend the definition of Eligible Persons to add categories of eligible participants;
- (d) amend the Plan to provide for other types of compensation through equity issuance; and
- (e) amend this Section 7.2 other than as permitted or required under the Exchange's rules.

7.3 For greater certainty, the REIT, under the authority of the Board, may amend any term or condition of the Plan other than the items specified in Section 7.2 without approval of the holders of Units and Special Voting Units, as set out in Section 7.2.

Section 8. MISCELLANEOUS PROVISIONS

8.1 **Gender and Number.** Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the plural shall include the singular, and the singular shall include the plural.

8.2 **No Rights to Units.** An Eligible Person shall not have any rights as a unitholder of the REIT with respect to any of the Units comprising an Issuance until the date of issuance of the Units and then only with respect to the Units then issued. Without in any way limiting the generality of the foregoing, no adjustment shall be made for cash distributions or other rights for which the record date is prior to the date such Units are issued.

8.3 **No Employment Rights.** Nothing herein contained shall be deemed to give any Eligible Person the right to be retained or continue as a Trustee.

8.4 **Assignment.** Except as provided herein, an Issuance is personal to the Eligible Person and is non-transferable and non-assignable, other than by will or the laws relating to intestacy. An Eligible Person may transfer an Issuance to any of the following permitted assignees: (a) the Eligible Person's spouse, (b) a trustee, custodian or administrator acting on behalf of or for the benefit of the Eligible Person or the Eligible Person's spouse, (c) a personal holding corporation, partnership (including a family limited partnership), family trust or other entity controlled by the Eligible Person or the Eligible Person's spouse, or the unitholders, partners, or beneficiaries of which are any combination of the Eligible Person, the Eligible Person's spouse, the Eligible Person's children or the Eligible Person's grandchildren, (d) an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative controlled by the Eligible Person or the Eligible Person's spouse, or (e) a registered retirement income fund or a registered retirement savings plan (as each such term is defined in the *Income Tax Act* (Canada)) of the Eligible Person or the Eligible Person's spouse.

8.5 **Severability.** If any provision of the Plan or any award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction, or as to any person or award, or would disqualify the Plan or any award under any law deemed applicable by the Board, such provision shall be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Board, materially

altering the intent of the Plan or the award, such provision shall be stricken as to such jurisdiction, person, or award, and the remainder of the Plan and any such award shall remain in full force and effect.

8.6 **Headings, Sections.** Headings wherever used herein are for reference purposes only and do not limit or extend the meaning of the provisions herein contained. A reference to a section or schedule shall, except where expressly stated otherwise, mean a section or schedule of the Plan, as applicable.

8.7 **Governing Law.** The Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

APPENDIX “C”

BOARD OF TRUSTEES MANDATE

Trustees’ Responsibilities

The trustees (the “**Trustees**”) of True North Commercial Real Estate Investment Trust (the “**REIT**”) are explicitly responsible for the stewardship of the REIT. To discharge this obligation, the Trustees shall:

Strategic Planning Process

- Provide input to management on emerging trends and issues.
- Review and approve management’s strategic plans.
- Review and approve the REIT’s financial objectives, plans and actions, including significant capital allocations and expenditures.

Monitoring Tactical Progress

- Monitor the REIT’s performance against the strategic and business plans, including assessing operating results to evaluate whether the business is being properly managed.

Risk Assessment

- Identify the principal risks of the REIT’s businesses and ensure that appropriate systems are in place to manage these risks.

Senior Level Staffing

- Select, monitor and evaluate the Chief Executive Officer (“**CEO**”) and other senior executives, and ensure management succession.
- Approve a position description for the CEO including limits to management’s responsibilities and corporate objectives which the CEO is responsible for meeting, all upon recommendation from the Governance, Compensation & Nominating Committee of the REIT.

Integrity

- Ensure the integrity of the REIT’s internal control and management information systems.
- Ensure ethical behaviour and compliance with laws and regulations, audit and accounting principles, and the REIT’s own governing documents.

Material Transactions

- Review and approve material transactions not in the ordinary course of business.

Monitoring Trustees’ Effectiveness

- Assess its own effectiveness in fulfilling the above and Trustees’ responsibilities, including monitoring the effectiveness of individual Trustees.

Other

Perform such other functions as prescribed by law or assigned to the Trustees in the REIT’s Declaration of Trust.

APPENDIX “D”

AUDIT COMMITTEE MANDATE

Section 1. PURPOSE

The overall purpose of the Audit Committee (the “**Committee**”) of True North Commercial Real Estate Investment Trust (the “**REIT**”) is to monitor the REIT’s system of internal financial controls, to evaluate and report on the integrity of the financial statements of the REIT, to enhance the independence of the REIT’s external auditors and to oversee the financial reporting process of the REIT.

Section 2. COMPOSITION, PROCEDURES AND ORGANIZATION

- 2.1 The Committee shall consist of at least three members of the Board of the REIT (the “**Board**”), each of whom shall be, in the determination of the Board, “independent” as that term is defined by Multilateral Instrument 52-110 – *Audit Committees* (“**MI 52-110**”), as amended from time to time, and the majority of whom shall be resident Canadians. Each member shall complete and return to the REIT annually a questionnaire regarding the member’s independence.
- 2.2 All members of the Committee shall be, in the determination of the Board, “financially literate” as that term is defined by MI 52-110, and at least one member of the Committee must have, in the determination of the Board, “accounting or related financial expertise”.
- 2.3 The Board, at its organizational meeting held in conjunction with each annual meeting of unitholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee. Any member of the Committee ceasing to be a trustee of the REIT shall cease to be a member of the Committee.
- 2.4 Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair from among their number.
- 2.5 The Committee shall have access to such officers and employees of the REIT and to the REIT’s external auditors and its legal counsel, and to such information respecting the REIT as it considers to be necessary or advisable in order to perform its duties.
- 2.6 Notice of every meeting shall be given to the external auditors, who shall, at the expense of the REIT, be entitled to attend and to be heard thereat.
- 2.7 Meetings of the Committee shall be conducted as follows:
 - (a) the Committee shall meet on a regular basis, at such times and at such locations as the chair of the Committee shall determine;
 - (b) the external auditors or any member of the Committee may call a meeting of the Committee;
 - (c) any trustee of the REIT may request the chair of the Committee to call a meeting of the Committee and may attend such meeting to inform the Committee of a specific matter of concern to such trustee, and may participate in such meeting to the extent permitted by the chair of the Committee; and
 - (d) the external auditors and management employees shall, when required by the Committee, attend any meeting of the Committee.
- 2.8 The external auditors shall be entitled to communicate directly with the chair of the Committee and may meet separately with the Committee. The Committee, through its chair, may contact directly any employee in the REIT as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper practices or transactions.

- 2.9 Compensation to members of the Committee shall be limited to trustee's fees, either in the form of cash or equity, and members shall not accept consulting, advisory or other compensatory fees from the REIT (other than as members of the Board and Board committee members).
- 2.10 The Committee is authorized, at the REIT's expense, to retain independent counsel and other advisors as it determines necessary to carry out its duties and to set their compensation.

Section 3. DUTIES

- 3.1 The overall duties of the Committee shall be to:
- (a) assist the Board in the discharge of its duties relating to the REIT's accounting policies and practices, reporting practices and internal controls;
 - (b) establish and maintain a direct line of communication with the REIT's external auditors and assess their performance;
 - (c) oversee the co-ordination of the activities of the external auditors;
 - (d) ensure that the management of the REIT has designed, implemented and is maintaining an effective system of internal controls;
 - (e) monitor the credibility and objectivity of the REIT's financial reports;
 - (f) report regularly to the Board on the fulfillment of the Committee's duties;
 - (g) assist the Board in the discharge of its duties relating to the REIT's compliance with legal and regulatory requirements; and
 - (h) assist the Board in the discharge of its duties relating to risk assessment and risk management.
- 3.2 The Committee shall be directly responsible for overseeing the work of the external auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the REIT, including the resolution of disagreements between management and the external auditors regarding financial reporting, and in carrying out such oversight the Committee's duties shall include:
- (a) recommending to the Board a firm of external auditors to be nominated for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the REIT;
 - (b) reviewing, where there is to be a change of external auditors, all issues related to the change, including the information to be included in the notice of change of auditor called for under National Instrument 51-102 – *Continuous Disclosure Obligations* or any successor legislation (“NI 51-102”), and the planned steps for an orderly transition;
 - (c) reviewing all “reportable events” as defined in NI 51-102 on a routine basis, whether or not there is to be a change of external auditor;
 - (d) reviewing the engagement letters of the external auditors, both for audit and non-audit services;
 - (e) reviewing the performance, including the fee, scope and timing of the audit and other related services and any non-audit services provided by the external auditors; and
 - (f) reviewing and approving the nature of and fees for any non-audit services performed for the REIT by the external auditors and consider whether the nature and extent of such services could detract from the firm's independence in carrying out the audit function.
- 3.3 The duties of the Committee as they relate to audits and financial reporting shall be to:

- (a) review the audit plan with the external auditor and management;
 - (b) review with the external auditor and management any proposed changes in accounting policies, the presentation of the impact of significant risks and uncertainties, and key estimates and judgments of management that may in any such case be material to financial reporting;
 - (c) review the contents of the audit report;
 - (d) question the external auditor and management regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;
 - (e) review the scope and quality of the audit work performed;
 - (f) review the adequacy of the REIT's financial and auditing personnel;
 - (g) review the co-operation received by the external auditor from the REIT's personnel during the audit, any problems encountered by the external auditors and any restrictions on the external auditor's work;
 - (h) review the internal resources used;
 - (i) review the evaluation of internal controls by the internal auditor (or persons performing the internal audit function) and the external auditors, together with management's response to the recommendations, including subsequent follow-up of any identified weaknesses;
 - (j) review the appointments of the chief financial officer, internal auditor (or persons performing the internal audit function) and any key financial executives involved in the financial reporting process;
 - (k) review and approve the REIT's annual audited financial statements and those of its subsidiaries in conjunction with the report of the external auditors thereon, and obtain an explanation from management of all significant variances between comparative reporting periods before release to the public;
 - (l) review and approve the REIT's interim unaudited financial statements, and obtain an explanation from management of all significant variances between comparative reporting periods before release to the public;
 - (m) establish a procedure for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters and employees' confidential anonymous submission of concerns regarding accounting and auditing matters; and
 - (n) review the terms of reference for an internal auditor or internal audit function.
- 3.4 The duties of the Committee as they relate to accounting and disclosure policies and practices shall be to:
- (a) review changes to accounting principles of the Canadian Institute of Chartered Accountants which would have a significant impact on the REIT's financial reporting as reported to the Committee by management and the external auditors;
 - (b) review the appropriateness of the accounting policies used in the preparation of the REIT's financial statements and consider recommendations for any material change to such policies;
 - (c) review the status of material contingent liabilities as reported to the Committee by management;
 - (d) review the status of income tax returns and potentially significant tax problems as reported to the Committee by management;

- (e) review any errors or omissions in the current or prior year's financial statements;
- (f) review and approve before their release all public disclosure documents containing audited or unaudited financial information, including all earnings, press releases, MD&A, prospectuses, annual reports to unitholders, annual information forms and management's discussion and analysis; and
- (g) oversee and review all financial information and earnings guidance provided to analysts and rating agencies.

3.5 The other duties of the Committee shall include:

- (a) reviewing any inquiries, investigations or audits of a financial nature by governmental, regulatory or taxing authorities;
- (b) formulating clear hiring policies for employees or former employees of the REIT's external auditors;
- (c) reviewing annual operating and capital budgets;
- (d) reviewing the funding and administration of the REIT's compensation and pension plans;
- (e) reviewing and reporting to the Board on difficulties and problems with regulatory agencies which are likely to have a significant financial impact;
- (f) inquiring of management and the external auditors as to any activities that may be or may appear to be illegal or unethical;
- (g) ensuring procedures are in place for the receipt, retention and treatment of complaints and employee concerns received regarding accounting or auditing matters and the confidential, anonymous submission by employees of the REIT of concerns regarding such; and
- (h) any other questions or matters referred to it by the Board.