



**TRUE NORTH COMMERCIAL
REAL ESTATE INVESTMENT TRUST**

NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS

TO BE HELD ON MAY 22, 2014

AND

MANAGEMENT INFORMATION CIRCULAR



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 May 22, 2014 at the hour of 4:00 p.m. (Toronto time) for the following purposes:

- (i) to receive the audited consolidated annual financial statements of the REIT as at and for the year ended December 31, 2013 and for the period from July 13, 2012 (commencement of operations) to December 31, 2012 and the auditors’ report thereon;
- (ii) to consider, and if deemed advisable, to pass a resolution authorizing an amendment to the REIT’s amended and restated declaration of trust dated December 14, 2012 (the “**Declaration of Trust**”) with respect to the appointment of the members of the Board of Trustees of the REIT (the “**Board**”);
- (iii) to elect members of the Board;
- (iv) to appoint the auditor of the REIT for the ensuing year and to authorize the Board to fix such auditors’ remuneration;
- (v) to consider, and if deemed advisable, to approve a resolution authorizing certain amendments to the Declaration of Trust to permit the REIT to use the notice-and-access provisions under applicable securities laws; 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 April 15, 2014 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 300, 200 University Avenue, Toronto, Ontario, M5H 4H1, by hand delivery to Equity Financial Trust Company, 200 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 May 20, 2014 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 21st day of April, 2014.

BY ORDER OF THE BOARD

(signed) DANIEL DRIMMER
Chairman of the Board, 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 May 22, 2014 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 April 1, 2014, 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, including cost savings in connection with the appointment of BDO Canada LLP as the REIT’s auditor, 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”, 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 of the REIT (“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 continue to provide the REIT with access to equity and/or debt at reasonable rates when required; and Starlight will continue its involvement as asset manager of the REIT in accordance with its current asset management agreement dated as of December 14, 2012 among Starlight and the REIT (the “Asset Management Agreement”).

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 April 15, 2014 (the “**Record Date**”) on the list of Unitholders kept by Equity Financial Trust Company, as registrar and transfer agent of the REIT. Certificates have been issued to registered holders which indicate the Unitholder’s name and the number of securities owned by the Unitholder. Registered Unitholders will receive with this Circular a form of proxy from Equity Financial Trust Company representing the Units or Special Voting Units (together, “**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 300, 200 University Avenue, Toronto, Ontario, M5H 4H1, by hand delivery to Equity Financial Trust Company, Suite 300, 200 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 May 20, 2014 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 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 May 20, 2014 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 has 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 Voting Units represented by proxies or voting instruction forms 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 or voting instruction forms 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 proposed amendment to the REIT’s amended and restated declaration of trust dated December 14, 2012 (the “Declaration of Trust”) with respect to the appointment of the members of the Board of Trustees of the REIT (the “Board”); (ii) FOR the election of the nominees named herein as members of the Board; (iii) FOR the appointment of BDO Canada LLP as auditors of the REIT and the Trustees to fix such auditors’ remuneration; and (iv) FOR the proposed amendments to the Declaration of Trust to permit the REIT to use the notice-and-access provisions under applicable securities law, all as 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 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 April 15, 2014 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 9,812,395 outstanding Units, each carrying the right to one vote per Unit at the Meeting, and 2,588,914 outstanding Special Voting Units, each carrying the right to one vote per Special Voting Unit at the Meeting. The Units are listed on the Toronto Stock Exchange (“TSX”) 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, 1,918,103 Units and 828,123 Special Voting Units, representing approximately 22.18% of the outstanding Voting Units (or 28.05% of the outstanding Units and 22.18% of the outstanding Special Voting Units, respectively) as of April 1, 2014. 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 year ended December 31, 2013 and for the period from July 13, 2012 (commencement of operations) to December 31, 2012, together with the auditors’ report thereon will be tabled before the Unitholders at the Meeting for consideration of the Unitholders. The audited financial statements have been approved by the Audit Committee and by the Board. The audited financial statements are available at www.truenorthreit.com or on SEDAR at www.sedar.com.

Amendment to Declaration of Trust

The Declaration of Trust grants Starlight the exclusive right to appoint a specified number of Trustees based on the size of the Board. In connection with the graduation of the REIT from the TSX Venture Exchange to the TSX on June 19, 2013, the REIT provided an undertaking to the TSX to amend Starlight's appointment rights under Section 3.8(b) of the Declaration of Trust at the next annual meeting of Unitholders, such that the appointment rights of Starlight will be based on: (i) the proportion of Units beneficially owned, directly or indirectly, by Starlight and the Starlight Affiliates (as defined in the Declaration of Trust) on a fully diluted basis at the time of such appointment(s); and (ii) the size of the Board at such time.

Accordingly the Trustees are seeking the approval of the Unitholders to amend Section 3.8(b) of the Declaration of Trust in the following manner (amended portions identified in underline where applicable):

<u>Proportion of Units Owned by Starlight and the Starlight Affiliates (on a fully diluted basis)</u>	<u>Total Number of Trustees of the REIT</u>	<u>Number of Starlight Appointed Trustees</u>
<u>10% or greater</u>	Greater than 9	3
	6 to 9	2
	Less than 6	1
<u>less than 10%, but no less than 5%</u>	<u>Any</u>	<u>1</u>
<u>less than 5%</u>	<u>Any</u>	<u>0</u>

The full text of the special 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 Unitholders present or represented by proxy in order for it to be adopted.

BE IT RESOLVED THAT:

1. the amendments to Section 3.8(b) of the Declaration of Trust with respect to Starlight's appointment rights as contemplated in the Circular are hereby approved; and
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.

To be effective, the resolution approving the amendment to Section 3.8(b) of the Declaration of Trust must be passed at the Meeting. The Board recommends that 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 above resolution approving the amendment to Section 3.8(b) of the Declaration of Trust.

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 (see "**Amendment to Declaration of Trust**"). However, Starlight has determined not to 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 are 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. 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 his 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:

		<p>Daniel Drimmer, a resident of Toronto, Ontario, is the founder, President and Chief Executive Officer of Starlight, a Canadian real estate asset management company focused on the acquisition, ownership and management of commercial and residential properties across Canada and the United States, with a portfolio of approximately 27,000 residential rental units and an additional 2,000,000 square feet in commercial properties. In addition to the formation of Starlight, Mr. Drimmer established the REIT and TSX-listed 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. Mr. Drimmer was TSX-listed TGA Trust’s creator and sponsor from May 2010 to August 2011. Mr. Drimmer obtained a Bachelor of Arts degree from the University of Western Ontario, and Masters’ degree in Contemporary Policy Making from European University in Geneva, Switzerland.</p>		
<p>Daniel Drimmer Ontario, Canada</p>		<p>Primary Areas of Expertise: Real Estate Asset Management</p>		
<p>Trustee since December 14, 2012</p>				
<p>Age: 41</p>				
<p>Summary of attendance of Trustee for meetings held during 2013</p>			<p>Number of each class of voting securities of the REIT and its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, as of April 1, 2014</p>	
<p>Board meetings attended/held</p>	<p>Committee⁽¹⁾</p>	<p>Committee meetings attended/held⁽²⁾</p>	<p>Voting Units (#)</p>	
<p>6/6</p>	<p>Investment</p>	<p>0/0</p>	<p>Special Voting Units: 828,123 Units: 1,918,103</p>	
			<p>Options</p>	
			<p>204,167</p>	



Jeff Baryshnik
Ontario, Canada

Trustee since December 14, 2012

Age: 35

Jeff Baryshnik, a resident of Toronto, Ontario, is the President of Baryshnik Capital Management Inc. (“**BCMI**”), a private asset management company that advises Republic Residential Corp., BCMI’s U.S. affiliate, on the acquisition and turnaround of commercial and multi-family properties across the United States. Previously, Mr. Baryshnik invested in global equities at leading hedge funds including Citadel LLC, and began his career in mergers and acquisitions at Morgan Stanley. Mr. Baryshnik is a Director on the Huron College Alumni Board at Western University. Mr. Baryshnik received an MBA (Stern Scholar) from New York University’s Stern School of Business and an HBA (Ivey Scholar) from the Richard Ivey School of Business at Western University. 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, Finance and Capital Markets

Summary of attendance of Trustee for meetings held during 2013			Number of each class of voting securities of the REIT and its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, as of April 1, 2014	
Board meetings attended/held	Committee ⁽¹⁾	Committee meetings attended/held ⁽²⁾	Voting Units (#)	Options
6/6	Investment	0/0	Units: 16,221	35,000



William Biggar
Ontario, Canada

Trustee since December 14, 2012

Age: 61

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 CEO of TSX-listed mining company North American Palladium Ltd. From March 2003 to April 2013, Mr. Biggar was a director of TSX-listed Primaris REIT. Mr. Biggar has served on the boards of a number of public and private companies and is currently a director of TSX-listed Milestone Apartments REIT. Mr. Biggar is a CPA, CA and holds 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 2013			Number of each class of voting securities of the REIT and its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, as of April 1, 2014	
Board meetings attended/held	Committee ⁽¹⁾	Committee meetings attended/held ⁽²⁾	Voting Units (#)	Options
6/6	Audit Investment	4/4 0/0	Units: 18,163	35,000



Roland Cardy
Ontario, Canada
Trustee since December 14, 2012
Age: 62

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. Mr. Cardy was also the Chairman of TSX-listed Primaris REIT, a position he held from March 2003 to April 2013. He was also a director of Public Storage Canadian Properties from April 2004 to October 2010. From 2001 to March 2003, Mr. Cardy was a Senior Managing Director at Raymond James Ltd. Mr. Cardy has Bachelor of Arts (Economics and History) and Master of Business Administration degrees from York University. Mr. Cardy 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 2013			Number of each class of voting securities of the REIT and its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, as of April 1, 2014	
Board meetings attended/held	Committee ⁽¹⁾	Committee meetings attended/held	Voting Units (#)	Options
6/6	Audit GC&N	4/4 1/1	Units: 31,517	35,000



Alon Ossip
Ontario, Canada
Trustee since December 14, 2012
Age: 50

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 TSX-listed Magna International Inc., a position he has held since October 2006, a trustee of TSX-listed True North Apartment Real Estate Investment Trust, and a former director of TGA Trust. Mr. Ossip was previously a Partner at Goodman and Carr LLP and Associate Counsel at Miller Thomson LLP. 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) from June 2003 to June 2007. 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 and the Lead Trustee.

Primary Areas of Expertise: Taxation and Finance

Summary of attendance of Trustee for meetings held during 2013			Number of each class of voting securities of the REIT and its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, as of April 1, 2014	
Board meetings attended/held	Committee ⁽¹⁾	Committee meetings attended/held	Voting Units (#)	Options
5/6	GC&N	1/1	Special Voting Units: 265,625 Units: 67,631	87,500



Sandy Poklar
Ontario, Canada

Trustee since December 14, 2013

Age: 43

Sandy Poklar, a resident of Toronto, Ontario, is the Chief Operating Officer and Managing Director, Capital Markets & Strategic Developments for Firm Capital Corporation. Mr. Poklar is also Chief Financial Officer and a trustee of Firm Capital Property Trust. Prior to joining Firm Capital Corporation, Mr. Poklar was employed at Macquarie Capital and TD Securities 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 as a real estate equity research associate analyst. Mr. Poklar is a CPA, CA, graduate of the University of Toronto and graduate of the Directors Education Program, and has received his ICD.D designation.

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, as of April 1, 2014	
Board meetings attended/held	Committee ⁽¹⁾	Committee meetings attended/held	Voting Units (#)	Options
6/6	Audit GC&N	4/4 1/1	Special Voting Units: 6,250 Units: 5,533	35,000

(1) Trustee is currently a member of each Committee noted.

(2) No formal Investment Committee meetings were held in 2013; however, the Investment Committee met in conjunction with Board meetings during 2013 and fulfilled its duties as contemplated by the Declaration of Trust.

Appointment of Auditors

It is proposed that BDO Canada LLP be appointed as the REIT’s auditor, to hold office until the close of the next annual meeting of the Unitholders, and that the Trustees be authorized to fix the auditor’s remuneration. BDO Canada LLP is being proposed for appointment as the auditor of the REIT to replace KPMG LLP, which resigned as the auditor of the REIT effective March 26, 2014. KPMG LLP resigned as auditor at the request of management of the REIT. The REIT expects to achieve material cost savings resulting from the engagement of BDO Canada LLP as the REIT’s auditor. There were no reportable events, as defined in National Instrument 51-102 – *Continue Disclosure Obligations*, between the REIT and KPMG LLP. Copies of the Notice of Change of Auditor and the related documents that constitute the “reporting package” are attached to this Circular as Appendix “A”.

To be effective, the resolution approving the appointment of the auditor and authorizing the Trustees to fix the auditor’s remuneration must be passed at the Meeting. The Board recommends Unitholders vote FOR the appointment of BDO Canada LLP as the auditor of the REIT and to authorize the Trustees to fix the auditor’s remuneration. Unless such authority is withheld, persons named in the accompanying form of proxy intend to vote FOR the appointment of BDO Canada LLP as the auditor of the REIT and to authorize the Trustees to fix the auditor’s remuneration.

Amendments to the Declaration of Trust – Notice-and-Access

Effective February 11, 2013, National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”), National Instrument 51-102 – *Continuous Disclosure Obligations* and Form 51-102F5 Information Circular (“NI 51-102”) and National Policy 11-201 – *Delivery of Documents by Electronic Means* were amended to allow reporting issuers the option to use the “notice-and-access” method to post Annual Materials (as defined below) on a website instead of mailing materials to registered unitholders (under NI 51-102) and to beneficial unitholders (under NI 54-101).

Notice-and-access may be used to provide access to the notice of meeting, proxy circular, financial statements and management discussions and analysis (collectively the “**Annual Materials**”) by posting these materials on SEDAR and a non-SEDAR website, and concurrently posting and sending to Unitholders a notice-and-access notification, together with a form of proxy (for registered holders), or applicable voting instruction form (for beneficial owners) (the “**NOA Notice Package**”). The notice-and-access method is available for all meetings, including special meetings.

Under notice-and-access, the record date for notice of the meeting must be set at least 40 days prior to the meeting date and the notification of meeting and record date must be provided 25 days prior to such record date (subject to abridgement after the first use of notice-and-access).

The NOA Notice Package must be sent to Unitholders at least 30 days prior to the meeting date (if sending directly to registered holders or non-objecting beneficial owners), or three or four business days prior to such delivery date (depending on the mail delivery method chosen), if sending indirectly to beneficial owners. The NOA Notice Package must be posted on SEDAR and a non-SEDAR website on or before the date the REIT sends the NOA Notice Package to Unitholders. The relevant Annual Materials, as applicable, must be concurrently posted. A toll-free number must be arranged to allow registered holders and beneficial owners to call and request proxy-related materials.

The REIT anticipates that notice-and-access will substantially reduce both postage and material costs and also promotes environmental responsibility by decreasing the large volume of paper documents generated by printing Annual Materials.

While NI 54-101 and 51-102 now permit notice-and-access, notice-and-access must also be compatible with the Declaration of Trust. Currently, the provisions of the REIT’s Declaration of Trust are possibly incompatible with notice-and-access for the following reasons:

- (a) Section 8.3 – *Notice of Meeting of Unitholders* and Section 18.2 – *Manner of Giving Notice* of the Declaration of Trust require that all notices, including notice of all meetings of the Unitholders, must be mailed or delivered by the Trustees to each Unitholder at the address appearing in the register; and
- (b) Section 18.8 – *Reports to Unitholders* of the Declaration of Trust requires the Trustees to “send” to Unitholders certain financial statements, but the Declaration of Trust does not specify how such requirement may be satisfied.

The Board is seeking Unitholder approval to make certain amendments to the Declaration of Trust to resolve such possible incompatibilities and permit the REIT to use notice-and-access.

The Board recommends Unitholders vote FOR the resolution (as set forth below). Unless such authority is withheld, persons named in the accompanying form of proxy intend to vote FOR the resolution (set forth below).

At the Meeting, Unitholders will be asked to vote on the following resolution, with or without variations:

Resolved that:

The following amendments to the REIT’s Declaration of Trust be and is hereby authorized and approved:

- (a) Section 8.3 of the Declaration of Trust is amended as follows (amended portions identified with strikethrough or underlined, where applicable):

Section 8.3 Notice of Meeting of Unitholders

Notice of all meetings of the Unitholders shall be ~~mailed or delivered~~ provided by the Trustees to each Unitholder entitled to vote at a meeting of the Unitholders at their address appearing in the Register, to each Trustee and to the Auditors of the Trust not less than 21 nor more than 60 days or within such other number of days as required by law or relevant stock exchange before the meeting.

- (b) Section 18.2 of the Declaration of Trust is amended as follows (amended portions identified with strikethrough or underlined, where applicable):

Section 18.2 Manner of ~~Giving~~ Providing Notice

Any notice or other document required or permitted by the provisions of this Declaration of Trust to be ~~given~~ provided if ~~given~~ either by delivery or by prepaid first-class mail addressed to the Unitholder at the address shown in the Register, to a Trustee at the last address provided by such Trustee to the ~~Chief Executive Officer~~ Secretary of the Trust, or to the Auditors at the last address provided by the Auditors to the ~~Trustees~~ Secretary of the Trust, as the case may be, provided that if there is a general discontinuance of postal service due to strike, lockout or otherwise, such notice may be given by publication twice in the Report on Business section of the National Edition of The Globe and Mail or similar section of any other newspaper having national circulation in Canada provided further that if there is no newspaper having national circulation, then by publishing twice in the business section of a newspaper in each city where the register or a branch register is maintained, or as otherwise permitted under this Declaration of Trust.

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 "B".

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, 2013, can be found at "Matters to be Acted Upon at the Meeting – Election of Trustees".

In Camera Meetings

On matters in which a particular Trustee may have a conflict of interest, the Board and its committees may conduct "in camera" sessions at which the particular non-independent Trustee is not present. During fiscal 2013, time was set aside at each meeting of the Board and its Committees, as applicable, to meet without the attendance of the non-independent Trustee and management of the REIT.

Position Descriptions

Chairman of the Board

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.

Lead Trustee

Mr. Alon Ossip, an Independent Trustee, acts as Lead Trustee. The Board has adopted a written position description for the Lead Trustee which sets out the Lead Trustee's key responsibilities, including duties relating to ensuring appropriate structures and procedures are in place to ensure 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 "C" 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 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 amended and restated unit option plan of the REIT effective June 18, 2013 ("**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 pursuant to National Instrument 61-101 – *Take-Over Bids and Special Transactions* and otherwise in compliance with the Declaration of Trust.

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.

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 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. Mr. Biggar is the primary contact under the REIT’s 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 of the GC&N Committee. 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 and 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>Chairman, President and CEO</i>	TransGlobe Apartment Real Estate Investment Trust	TSX	Chairman of the Board and Trustee	May 2010 – August 2011
	True North Apartment Real Estate Investment Trust	TSX	Chairman of the Board and Trustee	June 2012 – Present
	Starlight U.S. Multi-Family Core Fund	TSXV	Director and Chief Executive Officer	April 2013 – Present
	Starlight U.S. Multi-Family (No. 2) Core Fund	TSXV	Director and Chief Executive Officer	November 2013 – Present
William Biggar <i>Trustee</i>	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
	Milestone Apartments Real Estate Investment Trust	TSX	Trustee	January 2013 – Present
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 – September 2013
	Firm Capital Property Trust	TSXV	Chief Financial Officer and Trustee	November 2012 – Present
	Firm Capital Mortgage Investment Corporation	TSX	Chief Operating Officer	May 2013 – Present
Tracy Sherren <i>CFO</i>	Holloway Lodging Real Estate Investment Trust	TSX	Chief Financial Officer	June 2005 – July 2011

This Circular includes a summary description of certain material agreements of the REIT. The summary description discloses all attributes material to an investor in securities of the REIT, but is not complete and is qualified by reference to the terms of the material agreements, which have been filed with the Canadian securities regulatory authorities and are available on SEDAR at www.sedar.com. Unitholders are encouraged to read the full text of such material agreements.

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.

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 persons determined to be named executive officers of the REIT pursuant to applicable securities laws (the “**Named Executive Officers**”) 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 compensation of the Named Executive Officers 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 principal 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 trading 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.

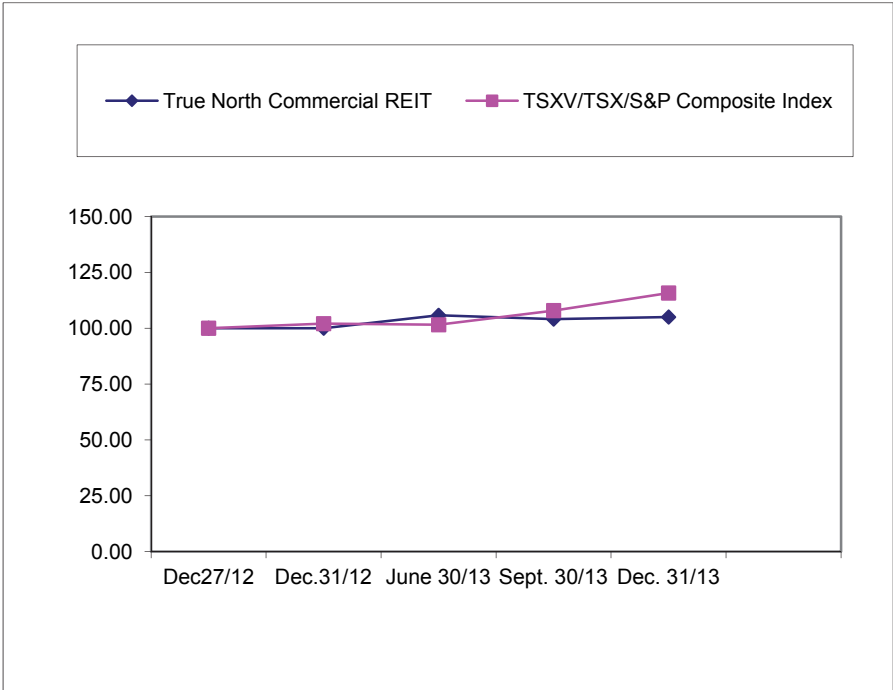
Options. Grants of Options by the REIT under the Option Plan align the interests of the Named Executive Officers more closely with the interests of Unitholders, because they are tied to the REIT’s financial and Unit trading performance and vest over a number of years. The Board, acting on the recommendation 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.

Performance Graph

The following graph compares the total cumulative Unitholder return for \$100 invested in Units on December 27, 2012 (being the first day the Units traded on the TSX Venture Exchange) with the cumulative total return of the TSX Composite Index and the TSX Canadian REIT Index during the period that the REIT has been a reporting issuer.

The compensation paid to the NEOs by Starlight is not based upon the market price of Units or the total return to Unitholders. See “Remuneration of Management of the REIT – Compensation Discussion and Analysis”.



Summary Compensation Table

The following table sets out information concerning compensation to be earned by and paid to, the persons determined to be Named Executive Officers.

<u>Name and principal positions</u>	<u>Year⁽¹⁾</u>	<u>Salary (\$)</u>	<u>Option-based Awards⁽²⁾ (\$)</u>	<u>Annual incentive plans (\$)</u>	<u>All other compensation⁽⁴⁾ (\$)</u>	<u>Total compensation (\$)</u>
Daniel Drimmer ⁽⁵⁾						
<i>Chairman of the Board, President and CEO</i>	2013	nil	38,000 ⁽⁶⁾	nil	nil	38,000
	2012	nil	12,400	nil	nil	12,400
Tracy Sherren ⁽⁷⁾						
<i>CFO</i>	2013	253,000	38,000 ⁽⁶⁾	100,000 ⁽³⁾	nil	391,000
	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 years prior to 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 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.
- (3) All annual incentive plan awards relating to services performed during the 2013 fiscal year were paid by Starlight in the first quarter of 2014.
- (4) 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.
- (5) 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.
- (6) On February 12, 2013, Mr. Drimmer and Ms. Sherren were each granted 100,000 options at an exercise price of \$7.66. The options expire on February 12, 2018. The amount represents the fair value of the options on the grant date using the Black Scholes option pricing model. Key assumptions used in the valuation were a distribution yield of 7.84%; a risk-free rate of 1.26% and a volatility of 20%. The Black-Scholes model is used as the most commonly used valuation methodology by options market participants.
- (7) 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.

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, 2013:

<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</u>
Daniel Drimmer.....	nil	104,167	1.60	Aug. 27, 2017	nil	437,501
	33,333	66,667	7.66	Feb. 12, 2018	nil	nil
Tracy Sherren	11,666	23,334	7.48	Dec. 14, 2017	nil	nil
	33,333	66,667	7.66	Feb. 12, 2018	nil	nil

- (1) Calculated based on April 1, 2014 closing price of the Units on the TSX of \$5.80 per Unit.

Incentive Plan Awards — Value Vested or Earned During the Year

<u>Name</u>	<u>Options-Based Awards – Value Vested During the Year (\$)</u>
Daniel Drimmer	222,915 ⁽¹⁾
Tracy Sherren	nil

- (1) 52,083 Options were exercised at the exercise price of \$1.60 per Option on November 20, 2013.

Pension Plan Benefits

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

Employment Agreements

Daniel Drimmer, the REIT's Chairman, 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 Chief Financial Officer for an indefinite term. The agreement provides for an annual base salary of \$250,000, 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 received 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 attend 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, was not 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 did not receive annual retainers or attendance fees. Members of the Audit Committee, the GC&N Committee and the Investment Committee received a fee of \$1,500 for each committee meeting attended in person and \$750 for attendance by telephone. The Chairman of the Audit Committee received 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) received an additional annual retainer of \$5,000. The Chairman (if an Independent Trustee) received an additional annual retainer of \$15,000. Each Trustee was also entitled to reimbursement for reasonable travel and other expenses properly incurred by in attending meetings of the Board or any committee meeting.

For 2014, the remuneration of Trustees is expected to remain unchanged.

Trustee Compensation Table

The following table sets out information concerning the 2013 compensation earned by, paid to, or awarded to each Trustee who is not a Named Executive Officer.

<u>Name</u>	<u>Fee earned</u> <u>(\$)</u>	<u>Option-based</u> <u>awards⁽¹⁾</u> <u>(\$)</u>	<u>All other</u> <u>compensation⁽²⁾</u> <u>(\$)</u>	<u>Total</u> <u>compensation</u> <u>(\$)</u>
Jeff Baryshnik.....	33,250	9,500	nil	42,750
William Biggar.....	54,250	9,500	nil	63,750
Roland Cardy.....	45,000	9,500	nil	54,500
Alon Ossip.....	29,500	9,500	nil	39,000
Sandy Poklar.....	39,250	9,500	nil	48,750

(1) The amount is the estimated fair value of each Option 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 Trustee, and the fair value determined for accounting purposes. The following weighted average assumptions were used: expected distribution yield is 7.84%; expected volatility is 20%; risk free interest rate is 1.26%; 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”.

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

Non-Executive Trustee Unit Issuance Plan

The REIT established the 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.

Pursuant to the 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 the last Business Day (as defined in the Unit Issuance Plan) of March, June, September and December of each fiscal year of the REIT, or such other date recommended by the GC&N Committee and confirmed by the Board from time to time. 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**”). An Election may only be made once annually for the full duration of a year by giving written notice five Business Days prior to December 31 for the upcoming year, provided such election may not be made while the REIT is observing a trading blackout.

The aggregate number of Units reserved for issuance under the Unit Issuance Plan, subject to adjustment or increase pursuant to the terms contained therein, may 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. As at April 1, 2014, 16,663 Units had been issued under the Unit Issuance Plan.

The Board has 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 its 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.

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 April 1, 2014:

<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</u>
Jeff Baryshnik.....	3,333	6,667	7.48	Dec. 14, 2017	nil	nil
	8,333	16,667	7.66	Feb. 12, 2018	nil	nil
William Biggar.....	3,333	6,667	7.48	Dec. 14, 2017	nil	nil
	8,333	16,667	7.66	Feb. 12, 2018	nil	nil
Roland Cardy.....	3,333	6,667	7.48	Dec. 14, 2017	nil	nil
	8,333	16,667	7.66	Feb. 12, 2018	nil	nil
Alon Ossip.....	20,833	41,667	1.60	Aug. 27, 2017	87,498	175,001
	8,333	16,667	7.66	Feb. 12, 2018	nil	nil
Sandy Poklar.....	3,333	6,667	7.48	Dec. 14, 2017	nil	nil
	8,333	16,667	7.66	Feb. 12, 2018	nil	nil

(1) Calculated based on the April 1, 2014 closing price on the TSX of \$5.80 per Unit.

EQUITY COMPENSATION PLAN INFORMATION

Overview

The following table sets out as at April 15, 2014 the number of Units to be issued upon exercise of outstanding options, the weighted average price of outstanding options and the number of Units remaining available for future issuance under the REIT's Unit Option Plan:

<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)</u>
Unit Option Plan (approved by Unitholders)	710,834	\$6.07	270,405
Total	710,834	\$6.07	270,405

Unit Option Plan

The REIT established the Option Plan for the benefit of Trustees, officers, employees and directors of the REIT and its subsidiaries, as well as certain eligible service providers.

The Options granted under the Option Plan permit Option holders to purchase Units on payment of the subscription price. The subscription price is established by the Board and is not less than the market value of Units on the date of the grant. The Board determines the number of Units to be covered by each 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.

The Options granted under the Option Plan will also be exercisable on a cashless basis by receipt, without payment by the optionee, of the Growth Amount (as defined in the Option Plan). The Growth Amount is payable by issuance by the REIT to the optionee of that number of whole Units calculated by dividing this 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 fair market value of the Units shall be the volume weighted average trading price of the Units on the TSX for the five business days preceding the date on which the granting of an option is approved by the Board. In the event that the Units are not listed and posted for trading on the TSX, and instead on the TSXV, the fair market value shall be the last daily closing price of the Units before the date on which the granting of an option is approved by the Board, less the maximum discount permitted under applicable TSXV policies. 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.

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 with the REIT by reason of death, permanent disability or retirement; (ii) the optionee's termination of employment with the REIT, for "cause"; (iii) 90 days after the optionee's termination of employment with the REIT, 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 issuable 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 10% 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") issued and outstanding). The number of Units 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 10% 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 the number of Units 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 10% 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). The number of Units covered by Options held by any one optionee shall not exceed 5% of the outstanding Units (on a non-diluted basis, but including the number of Class B LP Units issued and outstanding) at any time.

The Board may delegate to any committee of the Board as specified by the Board or to any officer or employee of the REIT such administrative duties or powers as it may deem advisable.

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 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, 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 a Starlight Affiliate. 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. Concurrent with the completion of the acquisition, DD Entities purchased, by way of a non-brokered private placement, 391,645 Units at the price of \$7.66 per Unit for gross proceeds of approximately \$3 million. The proceeds of the private placement were used to satisfy the cash portion of the acquisition of the commercial property.

On November 13, 2013, the REIT completed the acquisition of a commercial property located in Fredericton, New Brunswick. The purchase price of approximately \$17.0 million was satisfied as to approximately \$2.1 million in cash, the issuance of 454,545 Class B LP Units at a price of \$6.60 per Class B LP Unit to the vendor, and as to the balance by mortgage financing of approximately \$11.9 million. Concurrent with the completion of the acquisition, DD Entities purchased, by way of a non-brokered private placement, 378,788 Units at the price of \$6.60 per Unit for gross proceeds of approximately \$2.5 million. The proceeds of the private placement were used to satisfy the cash portion of the acquisition of the commercial property.

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 January 1, 2013, 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 fund from operations (“**FFO**”) 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 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 at 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 approximately \$508,000 pursuant to the Asset Management Agreement for the year ended December 31, 2013 and approximately \$1,463,000 in incentive fees, capital expenditure fees, acquisition fees and reimbursements for out-of-pocket costs and expenses during the same period.

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 April 1, 2014, Mr. Drimmer, through the DD Entities, holds an approximate 22.18% 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 year ended December 31, 2013, and related management's discussion and analysis may be obtained without charge by writing to the CFO 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 April 21, 2014.

BY ORDER OF THE BOARD

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

APPENDIX "A"

NOTICE OF CHANGE OF AUDITOR



Ontario Securities Commission (Principal Regulator)
British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial and Consumer Affairs Authority
The Manitoba Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Nova Scotia Securities Commission
Newfoundland and Labrador, Securities Division, Department of
Government Services and Lands
Registrar of Securities, Prince Edward Island
Department of Justice, Government of the Northwest Territories
Department of Community Services – Government of Yukon
Department of Justice, Government of Nunavut

NOTICE OF CHANGE OF AUDITOR

In compliance with Section 4.11 of National Instrument 51-102 – Continuous Disclosure Obligations ("NI 51-102"):

TAKE NOTICE THAT:

1. KPMG LLP (the "Former Auditor") has tendered its resignation as the auditor of True North Commercial Real Estate Investment Trust (the "REIT") effective March 26, 2014 at the request of the REIT.
2. The Board of Trustees of the REIT have considered and approved the resignation of the Former Auditor as the auditor of the REIT and approved the appointment of BDO Canada LLP (the "Successor Auditor"), as successor auditor to the REIT effective March 27, 2014.
3. The Board of Trustees of the REIT will ask that the unitholders of the REIT approve the appointment of the Successor Auditor of the REIT at the next annual meeting of the unitholders of the REIT.
4. There have been no reservations contained in the auditor's reports of the Former Auditor in connection with their audit of the annual financial statements of the REIT for the two most recently completed fiscal years immediately preceding the date of this Notice of Change of Auditor.
5. To the REIT's knowledge, there were no "reportable events" as such term is defined in NI 51-102 between the REIT and KPMG LLP.
6. The REIT has requested that the Former Auditor and the Successor Auditor each furnish a letter addressed to the securities administrators in each province in which the REIT is a reporting issuer stating whether or not they agree with the information contained in this Notice of Change of Auditor in accordance with NI 51-102. A copy of each such letter will be filed upon receipt by the REIT.

True North Commercial REIT — 401 The West Mall, Suite 1100, Toronto, ON M9C 5J5

Toll Free: 1-866-782-7536 Main: 416-234-8444 Fax: 647-725-0144

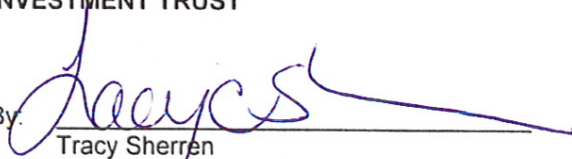
Direct all correspondence to: P.O. Box 1890 Station B, Mississauga, O N L4Y 3W6

7. A copy of this notice was delivered to the Former Auditor and Successor Auditor on the date hereof.

DATED the 27th day of March, 2014

**TRUE NORTH COMMERCIAL REAL ESTATE
INVESTMENT TRUST**

By: _____


Tracy Sherrin
Chief Financial Officer



KPMG LLP
Chartered Accountants
Bay Adelaide Centre
333 Bay Street Suite 4600
Toronto ON M5H 2S5

Telephone (416) 777-8500
Fax (416) 777-8818
Internet www.kpmg.ca

TO: Ontario Securities Commission, as Principal Regulator

AND TO: British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan, Securities Division
The Manitoba Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission, New Brunswick
Nova Scotia Securities Commission
Office of the Superintendent of Securities, Prince Edward Island
Office of the Superintendent of Securities, Government of Newfoundland and Labrador
Office of the Yukon Superintendent of Securities
Office of the Superintendent of Securities, Government of the Northwest Territories
Department of Justice, Government of Nunavut

April 1, 2014

Dear Sirs:

Re: True North Commercial Real Estate Investment Trust (the “REIT”)

We have read the Notice of Change of Auditor of the REIT dated March 27, 2014 pursuant to Section 4.11 of National Instrument 51-102. We confirm that we agree with statements 1., 4., 5., 6. and 7. therein as it relates to our firm and have no basis to agree or disagree with statements 2., and 3. also therein, based on our knowledge at this time.

Yours very truly,

Chartered Professional Accountants, Licensed Public Accountants

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. KPMG Canada provides services to KPMG LLP.

KPMG Confidential



Tel: 416 865 0200
Fax: 416 865 0887
www.bdo.ca

BDO Canada LLP
TD Bank Tower
66 Wellington Street West
Suite 3600, PO Box 131
Toronto ON M5K 1H1 Canada

March 31, 2014

To:

Ontario Securities Commission
British Columbia Securities Commission
Alberta Securities Commission
Financial and Consumer Affairs Authority of Saskatchewan
The Manitoba Securities Commission
Autorité des marchés financiers
Financial and Consumer Services Commission, New Brunswick
Nova Scotia Securities Commission
Office of the Superintendent of Securities Services Newfoundland and Labrador
Office of the Superintendent of Securities, Prince Edward Island
Northwest Territories Securities Office
Office of the Superintendent of Securities, Yukon
Nunavut Securities Office

Dear Sirs/Mesdames:

Re: True North Commercial Real Estate Investment Trust

We have read the statements made by True North Commercial Real Estate Investment Trust in the Notice of Change of Auditor Dated March 27, 2014 which we understand will be filed pursuant to National Instrument 51-102. Based on our knowledge of the information as of this date, we agree with the statements in this Notice of Change of Auditor.

Yours truly,

Chartered Accountants, Licensed Public Accountants

APPENDIX “B”

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 “C”

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.