STARLIGHT U.S. MULTI-FAMILY (NO. 5) CORE FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF RESULTS OF OPERATIONS
AND FINANCIAL CONDITION

**FOR THE PERIOD FROM AUGUST 26, 2016 (DATE OF FORMATION)
TO DECEMBER 31, 2016**

MARCH 7, 2017

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") of the consolidated financial results of Starlight U.S. Multi-Family (No.5) Core Fund (the "Fund") dated March 7, 2017, for the period from August 26, 2016 (Date of Formation) to December 31, 2016, should be read in conjunction with the Fund's audited consolidated financial statements and accompanying notes for the same period. These documents are available on SEDAR at www.sedar.com.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

Certain statements contained in this MD&A constitute forward-looking information within the meaning of Canadian securities laws. Forward-looking information is provided for the purposes of assisting the reader in understanding the Fund's financial performance, financial position and cash flows as at and for the periods ended on certain dates and to present information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. Forward-looking information may relate to future results, performance, achievements, events, prospects or opportunities for the Fund or the real estate industry and may include statements regarding the financial position, business strategy, budgets, litigation, projected costs, capital expenditures, financial results, occupancy levels, average monthly rents ("AMR"), taxes, the Fund's use of its normal course issuer bid (the "NCIB"), and plans and objectives of or involving the Fund. Particularly, matters described at "Future Outlook" are forward-looking information. In some cases, forward-looking information can be identified by terms such as "may", "might", "will", "could", "should", "would", "occur", "expect", "plan", "anticipate", "believe", "intend", "seek", "aim", "estimate", "target", "goal", "project", "predict", "forecast", "potential", "continue", "likely", "schedule", or the negative thereof or other similar expressions concerning matters that are not historical facts.

Forward-looking information necessarily involves known and unknown risks and uncertainties, which may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, assumptions may not be correct and objectives, strategic goals and priorities may not be achieved. A variety of factors, many of which are beyond the Fund's control, affect the operations, performance and results of the Fund and its business, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results.

Information contained in forward-looking information is based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including management's perceptions of historical trends, current conditions and expected future developments, as well as other considerations that are believed to be appropriate in the circumstances, including the following: the inventory of multi-family real estate properties; the availability of properties for acquisition and the price at which such properties may be acquired; the availability of mortgage financing and current interest rates; the extent of competition for properties; the population of multi-family real estate market participants; assumptions about the markets in which the Fund operates; the ability of the manager of the Fund to manage and operate the properties; the global and North American economic environment; foreign currency exchange rates; and governmental regulations or tax laws.

Although the Fund believes the expectations reflected in such forward-looking information are reasonable and represent the Fund's projections, expectations and beliefs at this time, such information involves known and unknown risks and uncertainties which may cause the Fund's actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking information. Important factors that could cause actual results to differ materially from the Fund's expectations include, among other things, the availability of suitable properties for purchase by the Fund, the availability of mortgage financing for such properties, and general economic and market factors, including interest rates, business competition and changes in government regulations or in tax laws. See "Risks and Uncertainties". The reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking information as there can be no assurance that actual results will be consistent with such forward-looking information.

The forward-looking information included in this MD&A relate only to events or information as of the date on which the statements are made in this MD&A. Except as specifically required by applicable Canadian law, the Fund undertakes no obligation to update or revise publicly any forward-looking information, 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.

BASIS OF PRESENTATION

The Fund's audited consolidated financial statements for the period ended December 31, 2016 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Fund's presentation currency is United States ("U.S.") dollars. Unless otherwise stated, dollar amounts expressed in this MD&A are in thousands of U.S. dollars, except for per limited partnership unit of the Fund ("unit") and AMR information. All references to "C$" are to Canadian dollars.

NON-IFRS FINANCIAL MEASURES

Certain terms used in this MD&A such as gross book value ("Gross Book Value"), indebtedness ("Indebtedness"), interest coverage ratio ("Interest Coverage Ratio"), indebtedness coverage ratio ("Indebtedness Coverage Ratio"), net operating income ("NOI"), funds from operations ("FFO"), adjusted funds from operations ("AFFO") are not measures defined under IFRS as prescribed by the International Accounting Standards Board, do not have standardized meanings prescribed by IFRS and should not be construed as alternatives to net income (loss) and comprehensive income (loss), cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS. Gross Book Value, Indebtedness, Interest Coverage Ratio, Indebtedness Coverage Ratio, NOI, FFO, and AFFO as computed by the Fund may not be comparable to similar measures as reported by other trusts or companies in similar or different industries. The Fund uses these measures to better assess the Fund's underlying performance and provides these additional measures so that investors may do the same.

Gross Book Value is defined as the fair market value of the Fund's investment properties (the "Properties" or "investment properties") as described under the Portfolio Summary. Gross Book Value is presented in this MD&A because Starlight Group Property Holdings Inc., the manager of the Fund (the "Manager" or "Starlight") considers this non-IFRS measure to be an important measure of the Fund's financial condition.

Indebtedness is defined as the face value of loans payable and the credit facility. Indebtedness is presented in this MD&A because the Manager considers this non-IFRS measure to be an important measure of the Fund's financial condition.

Indebtedness to Gross Book Value is defined as the Fund's Indebtedness divided by the Fund's Gross Book Value of the Properties. Indebtedness to Gross Book Value is presented in this MD&A because the Manager considers this non-IFRS measure to be an important measure of the Fund's financial condition.

Interest Coverage Ratio is defined as net income (loss) and comprehensive income (loss) in accordance with IFRS before deferred taxes plus finance costs, which includes amortization of financing costs and mortgage premiums, fair value adjustments on derivative instruments, less finance income and adjusted for other non-cash items divided by interest expense. Generally, a higher Interest Coverage Ratio indicates a lower credit risk. Interest Coverage Ratio is presented in this MD&A because the Manager considers this non-IFRS measure to be an important measure of the amount of cash flow available to meet annual interest payments and ultimately the ability of the Fund to make cash distributions to Unitholders.

Indebtedness Coverage Ratio is defined as net income (loss) and comprehensive income (loss) in accordance with IFRS before deferred taxes plus finance costs, which include amortization of financing costs and mortgage premiums, fair value adjustments on derivative instruments, less finance income and adjusted for other non-cash items divided by interest and principal payments. Generally, a higher Indebtedness Coverage Ratio demonstrates a stronger ability to satisfy the Fund's debt service obligations. Indebtedness Coverage Ratio is presented in this MD&A because the Manager considers this non-IFRS measure to be an important measure of the amount of cash flow available to meet annual principal and interest payments and ultimately the ability of the Fund to make cash distributions to Unitholders.

NOI is defined as all property revenue, less direct property costs such as utilities, realty taxes, repairs and maintenance, on-site salaries, insurance, bad debt expenses, property management fees, and other property specific administrative costs. NOI is presented in this MD&A because Manager considers this non-IFRS measure to be an important measure of the Fund's operating performance and uses this measure to assess the Fund's property operating performance on an unlevered basis.

Same property operating results and NOI (revenue less property operations costs and property taxes) are presented in this MD&A because the Manager considers this non-IFRS measure to be an important measure of the Fund's operating performance for Properties owned by the Fund and Properties previously owned by Starlight U.S. Multi-Family Core Fund ("Fund No. 1"), Starlight U.S. Multi-Family (No. 2) Core Fund ("Fund No. 2), Starlight U.S. Multi-

Family (No. 3) Core Fund ("Fund No. 3") and Starlight U.S. Multi-Family (No. 4) Core Fund ("Fund No. 4") and collectively with Fund No. 1, Fund No. 2, Fund No. 3 and Fund No. 4 (the "Arrangement Funds"), continuously for a selected reporting period and does not take into account the impact of the operating performance of the Properties acquired subsequent to the reporting period.

Cash provided by operating activities – including interest paid measure the amount of cash generated from operating activities including interest paid and is presented in this MD&A because the Manager considers this non-IFRS measure when determining the sustainability of future distributions paid to unitholders of the Fund ("Unitholders").

FFO is defined as net income (loss) and comprehensive income (loss) in accordance with IFRS, excluding fair value adjustments of the investment properties, fair value adjustments on derivative instruments, distributions to Unitholders of limited partnership units ("units") classified as financial liabilities, International Financial Reporting Interpretations Committee ("IFRIC") 21 adjustment for realty taxes, deferred income tax expense and realized or unrealized foreign exchange gains and losses. FFO payout ratio compares distributions declared to FFO. FFO is a measure of operating performance based on the funds generated from the business before reinvestment or provision for other capital needs. FFO is presented in this MD&A because the Manager considers this non-IFRS measure to be an important measure of operating performance and is being calculated in accordance with Real Property Association of Canada.

AFFO is defined as FFO subject to certain additional adjustments, including: (i) amortization of fair value mark-to market adjustments on loans assumed; (ii) amortization of financing costs; (iii) service fees, (iv) current taxes relating to withholding tax; and (v) deduction of a reserve for normalized maintenance capital expenditures and suite make ready costs, as determined by the Manager. Other adjustments may be made to AFFO as determined by the Manager. AFFO is presented in this MD&A because the Manager considers this non-IFRS measure to be an important performance measure to determine the sustainability of future distributions paid to Unitholders after a provision for maintenance capital expenditures. AFFO should not be interpreted as an indicator of cash generated from operating activities as it does not consider changes in working capital.

Reconciliations of net income (loss) and comprehensive income (loss) to FFO, and FFO to AFFO are provided herein at "Non-IFRS Financial Measures – FFO and AFFO". In addition, a reconciliation of cash provided by operating activities to cash provided by operating activities including interest paid to AFFO is provided herein at "Non-IFRS Financial Measures – FFO to AFFO" and a reconciliation of NOI from the financial statement presentation of revenue, property operating costs and realty taxes is provided herein at "Financial and Operational Highlights".

Economic occupancy is calculated by taking effective net rent after considering vacancy and concessions and dividing by gross potential rent. The Fund considers this an important operating metric to evaluate the extent to which revenue potential is being realized. AMR is defined as the total in place rents divided by the total number of suites occupied as at the reporting date.

INVESTMENT OVERVIEW, OBJECTIVES AND STRATEGY

The Fund is a limited partnership formed under and governed by the laws of the Province of Ontario. The registered office of the Fund is located at 3280 Bloor Street West, Centre Tower, Suite 1400, Toronto, Ontario. The term of the Fund is targeted to be three years (the "Term"), with two one-year extensions available subject to approval by Starlight U.S. Multi-Family (No. 5) Core GP Inc., the general partner of the Fund ("Starlight GP"). The Fund may be extended beyond five years by special resolution of the Unitholders. The Fund was established for the primary purpose of indirectly owning an aggregate of 5,882 multi-family suites in 20 properties located in the States of Florida, Georgia, North Carolina and Texas, in the U.S., (the "Arrangement Properties"). The Arrangement Properties were indirectly acquired through the exchange of limited partnership units of the Arrangement Funds and the common shares of Campar Capital Corporation for limited partnership units of the Fund (the "Plan of Arrangement").

Subsequent to the completion of the Plan of Arrangement and following completion of the Fund's public offering (the "Offering") of limited partnership units, the Fund indirectly acquired three additional properties comprised of an aggregate of 910 multi-family apartment suites located in the States of Georgia, Nevada and Texas in the markets of Atlanta, Las Vegas and Austin, respectively, in the U.S. (the "IPO Properties").

The Fund has seven classes of limited partnership units. Class A units denominated in Canadian dollars and class U units denominated in U.S. dollars are listed on the TSX Venture Exchange under the symbols STUS.A and STUS.U, respectively. The Fund also has five unlisted limited partnership unit classes, class C units, class D units, class F units, and class H units, which are Canadian dollar denominated, and class E units, which are U.S. dollar, denominated.

INVESTMENT OBJECTIVES

The Fund's investment objectives are to:

1. indirectly acquire, own, and operate a portfolio comprised of recently constructed, Class "A" stabilized, income producing multi-family real estate Properties primarily in Arizona, Colorado Florida, Georgia, Nevada, North Carolina, Tennessee and Texas (the "Primary Markets");
2. make stable monthly cash distributions; and
3. enhance the operating income and property values of the Fund's assets through active management, with the goal of ultimately directly or indirectly disposing of its interests in the assets at a gain by the end of the Fund's Term.

INVESTMENT STRATEGY

The Fund was established for the primary purpose of investing indirectly in recently constructed, Class "A", core income producing rental Properties in the U.S. multi-family real estate market. The Manager believes that the U.S. multi-family real state sector presents a compelling investment opportunity and provides competitive long-term returns when compared to other real estate asset classes. The Manager believes that the properties will benefit from their locations in strong submarkets with favourable demographics, and expects that the Properties held have excellent prospects for rental growth going forward. The Properties also benefit from the Manager's active asset management strategies designed to enhance rental income and reduce expenses going forward.

In order to meet its investment objectives, the Fund's investment strategy is as follows:

ACQUISITION OF CORE U.S. MULTI-FAMILY REAL ESTATE

1. Identify additional acquisition opportunities in the U.S. multi-family residential market by leveraging the Manager's relationships with principals, operators, and brokers located in the Fund's target markets and by its ability to source "off-market" opportunities.
2. Target multi-family assets that are:
    a. constructed in 2008 or later, Class "A" core, stabilized Properties with the potential to benefit from active management;
    b. located in the Primary Markets, each with favourable demographics and fundamentals;
    c. located in mature areas with barriers to new development; and
3. Complete a comprehensive due diligence program, including cash flow and return modeling, operating expense reviews, and third-party reports including market studies, structural and environmental assessments and appraisals.
4. Conduct a broad canvass of the lending community, including lenders with whom the Manager enjoys long-term relationships, to secure debt financing on competitive terms.

ASSET VALUE ENHANCEMENT THROUGH ACTIVE MANAGEMENT STRATEGY

1. Acquire primarily from merchant builders and private equity funds (not operators).
2. Prepare a property-specific asset management plan to improve NOI margins by:
    a. identifying and realizing upon ancillary income opportunities;
    b. utilizing reputable best-in-class U.S.-based property managers.
3. Perform targeted, discrete capital expenditures in order to increase asking rental rates.
4. Strengthen tenant relationships and increase tenant retention through customer service initiatives and new service offerings.
5. Implement revenue management software and seek ancillary income opportunities (e.g. door-to-door waste pick-up services).

6. Reduce operating expense such as staffing, maintenance contracts, advertising and insurance through economies of scale.
7. Perform selective, discrete in-suite capital expenditures (e.g. faux wood flooring, granite counter tops, fenced-in yards etc.) and cosmetic improvements to increase rental rates.

ARIZONA, COLORADO, FLORIDA, GEORGIA, NEVADA, NORTH CAROLINA, TENNESSEE AND TEXAS

The Manager targets acquisitions in the Primary Markets, which feature:

a) compelling population, economic and employment growth rates;

b) 'landlord friendly' legal environments; and

c) comfortable climates and quality of life

The Fund expects to indirectly acquire properties in the Primary Markets and the Manager believes that each of these states exhibits the characteristics above.

VALUE REALIZATION THROUGH DISPOSITION PROCESS

1. Asset value increases are expected by the Manager to be realized through a combination of NOI growth and Capitalization Rate compression.
2. The Manager, on behalf of the Fund, will execute dispositions throughout the Term on a single asset or portfolio basis through private and public market transactions to maximize value.
3. The private real estate investment market and the public capital markets will be monitored to seek an exit strategy that can be executed with a view towards maximizing disposition proceeds on a tax efficient basis.

The Manager, on behalf of the Fund, may also consider reducing its exposure in any one of the Primary Markets by disposing of certain Properties during the Term and replacing such Properties with new properties having greater potential NOI growth and value while achieving improved geographical diversification of the Fund's overall portfolio and achieving a more balanced distribution of Properties within the Primary Markets.

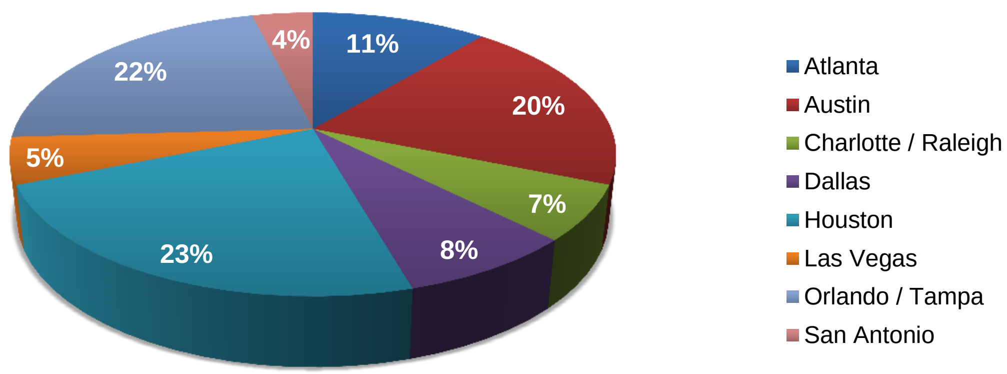
PORTFOLIO SUMMARY

The Fund as at December 31, 2016 had an aggregate 6,792 suites located in the states of Atlanta, Florida, Nevada, North Carolina, and Texas. The Properties are geographically diversified across Atlanta, Georgia; Orlando and Tampa, Florida; Las Vegas, Nevada; Charlotte and Raleigh, North Carolina; and Austin, Dallas, Houston, and San Antonio, Texas. The weighted average year of completion for the Properties is 2011.

Property	Suites	Year Completed	Rentable Area (Sq. Ft)	Average Suite Size (Sq. Ft)	Land Area (Acres)
Sorelle Apartments	401	2009	352,347	879	5.09
The View s at Coolray Field	206	2015	333,576	1,042	14.25
Atlanta	**607**	**2012**	**685,923**	**958**	**19.34**
Palm Valley Apartments	340	2009	330,300	971	18.60
The Allure	334	2013	329,104	985	19.97
Travesia Apartments	396	2008	343,332	867	19.40
City North at Sunrise Ranch	384	2009	169,455	823	2.51
Austin	**1,454**	**2010**	**1,172,191**	**923**	**60.48**
Belle Haven Apartments	176	2014	193,204	1,098	12.89
The Village at Marquee Station	265	2014	263,940	996	17.69
Charlotte / Raleigh	**441**	**2014**	**457,144**	**1,039**	**30.58**
Greenhaven Apartments	216	2009	191,540	887	11.24
Soho Parkw ay Apartments	379	2008	364,383	961	15.04
Dallas	**595**	**2008**	**555,923**	**936**	**26.28**
Falls at Copper Lake	374	2008	375,396	1,004	18.18
Villages of Tow ne Lake	126	2008	123,140	977	14.53
The Villages of Sunset Ridge	257	2013	235,465	916	11.45
Falls at Eagle Creek	412	2009	380,756	924	22.13
Residences at Cinco Ranch	300	2009	287,502	958	16.34
Yorktow n Crossing	312	2009	278,292	892	12.18
The Reserve at Jones Road	114	2013	104,961	921	4.23
Houston	**1,895**	**2010**	**1,785,512**	**944**	**99.03**
South Blvd Apartments	320	2012	364,432	949	20.56
Las Vegas	**320**	**2012**	**364,432**	**949**	**20.56**
Grand Cypress	304	2014	303,426	998	62.11
Verano Apartments	384	2008	390,936	1,018	21.94
Pure Living Heathrow	252	2009	307,230	1,219	28.53
The Reserves at Alafaya	264	2014	278,124	1,054	46.26
Orlando / Tampa	**1,204**	**2011**	**1,279,716**	**1,069**	**158.84**
Boardw alk Med Center	276	2011/2014	241,236	874	11.91
San Antonio	**276**	**2013**	**241,236**	**874**	**11.91**
Total (Average)	**6,792**	**(2011)**	**6,542,077**	**(970)**	**427.02**

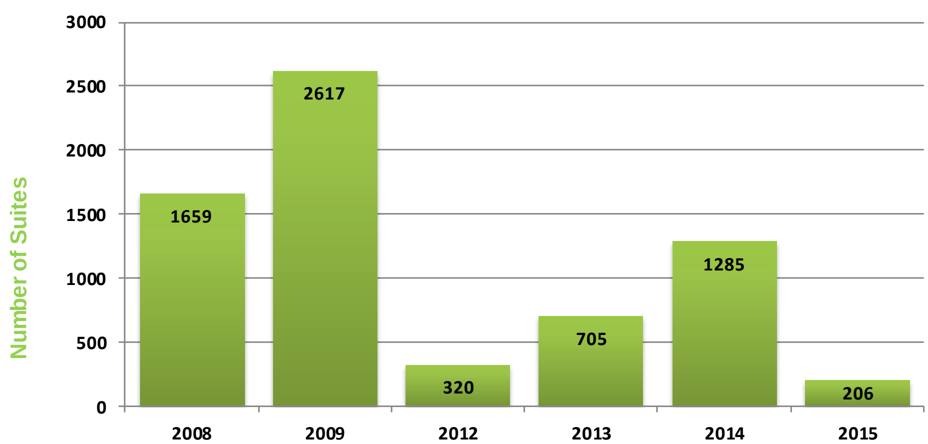
As at December 31, 2016, the Properties were diversified geographically based on allocation of NOI for the two months ended December 31, 2016 as follows:

PROPORTION OF NOI BY GEOGRAPHICAL MARKETS



As at December 31, 2016, the allocation of the Properties by year of completion was as follows:

NUMBER OF SUITES BY YEAR OF COMPLETION



SORELLE

Sorelle Apartments ("Sorelle") is a mid-rise, Class "A", apartment complex completed in 2009 consisting of 401 suites and is located in an upscale neighborhood 11 kilometers northeast of downtown Atlanta at 2399 Parkland Drive, Atlanta, Georgia. Sorelle consists of a four to five-storey mid-rise building on a 5.09 acre site.

THE VIEWS AT COOLRAY FIELD

The Views at Coolray Field was completed in 2015, and is located approximately 56 kilometers northeast of downtown Atlanta at 755 Braves Avenue, Lawrenceville, Georgia. The property is comprised of 206 suites in a five-storey mid-rise building on a 2.51 acre site ranging in size from one bedroom to three bedrooms.

PALM VALLEY

Palm Valley Apartments ("Palm Valley") was completed in 2009 and is located approximately 31 kilometers north of downtown Austin at 1301 North A.W. Grimes Boulevard, in Round Rock, Texas. The property is comprised of 340 suites in 17, three-storey, garden style buildings on an 18.6 acre site.

The Allure

The Allure ("Allure") was completed in 2013 and is located approximately 32 kilometers northwest of downtown Austin at 701 North Vista Ridge, Cedar Park, Texas. The property is comprised of 334 suites in 22, three-storey buildings, including walk-up and two-storey townhouse suites, and a central clubhouse located on a 19.97 acre site.

Travesia Apartments

Travesia Apartments ("Travesia") is a garden style, Class "A", apartment complex completed in 2008 consisting of 396 suites and located at 3701 Quick Hill Road, Austin, Texas, approximately 24 kilometers north of the Austin central business district. Bordering the Northwest Austin and Round Rock-Georgetown sub markets, Travesia is situated on a 19.4 acre site and comprised of one, two and three bedroom suites in 18, three-storey walk-up buildings in close proximity to a central clubhouse.

City North at Sunrise Ranch

City North at Sunrise Ranch ("City North") was completed in 2009, and is located approximately 36 kilometers north of downtown Austin at 2800 Sunrise Road, Round Rock, Texas. The property is comprised of 384 suites in 19 predominantly three-story apartment buildings and a central clubhouse on a 20.6 acre site ranging in size from one bedroom to three bedrooms.

Belle Haven Apartments

Belle Haven Apartments ("Belle Haven") was completed in 2014 and consists of 176 suites. The property is located 13 kilometers northeast of downtown Charlotte at 9005 Post Canyon Lane, Charlotte, North Carolina. Belle Haven Apartments consists of seven, three-storey walk-up buildings on a 12.89 acre site.

The Village at Marquee Station

The Village at Marquee Station ("Marquee Station") was completed in 2014 and consists of 265 suites. The property is located 25 kilometers northeast of downtown Raleigh at 2110 Cinema Drive, Fuquay-Varina, North Carolina. Marquee Station consists of 12, three-storey walk-up buildings and a central clubhouse on an 18 acre site comprised of one, two and three bedroom suites.

Greenhaven Apartments

Greenhaven Apartments ("Greenhaven") was completed in 2009 and consists of 216 suites. The property is located approximately 55 kilometres north of downtown Dallas at 8690 Virginia Parkway, McKinney, Texas. The site is in a small suburb of Dallas. Built on an 11.24 acre site; Greenhaven is a garden style, Class "A", apartment complex comprising ten, two and three-storey buildings, and a central clubhouse.

Soho Parkway Apartments

Soho Parkway Apartments ("Soho Parkway") consists of 379 suites. The property is a garden style, Class "A" apartment complex completed in 2008. The property is located approximately 55 kilometers north of downtown Dallas at 6653 McKinney Ranch Parkway in McKinney, Texas. Soho Parkway consists of 16, three storey walk-up buildings and a central clubhouse on a 15.04 acre site and offers one, two and three bedroom suites.

Falls at Copper Lake

Falls at Copper Lake ("Copper Lake") was completed in 2008 and is located approximately 36 kilometres north-west of downtown Houston at 9140 Hwy 6 N, Houston, Texas. Built on an 18.18 acre property in 2008, Falls at Copper Lake is comprised of 374 suites in 29 two and three-storey buildings and a central clubhouse.

Villages of Towne Lake

Villages of Towne Lake ("Towne Lake") is a senior's apartment community (55+). The property was completed in 2008 and is located approximately 32 kilometers southeast of downtown Houston at 4055 Village Drive in Pearland, Texas. The property is comprised of 126 suites in 21 single-storey buildings on a 14.53 acre site.

THE VILLAGES OF SUNSET RIDGE

The Villages at Sunset Ridge ("Sunset Ridge") is a Class "A", garden-style apartment community located in Humble, Texas, approximately 31 kilometers northeast of downtown Houston at 14807 Woodland Hills Drive. The community consists of 257 suites, was completed in 2013 and is comprised of 9 three-storey apartment buildings with a central clubhouse on 11.45 acres of land

FALLS AT EAGLE CREEK

Falls at Eagle Creek ("Eagle Creek") was completed in 2009 and is located 26 kilometers northeast of downtown Houston and 16 kilometers southeast of George Bush Intercontinental Airport at 9702 N. Sam Houston Parkway East, Humble, Texas. The property is comprised of 412 suites in 18, three-storey, walk-up buildings and a central clubhouse on a 22.13 acre site.

RESIDENCES AT CINCO RANCH

Residences at Cinco Ranch ("Cinco Ranch") is a Class "A", garden-style apartment community located in the Katy submarket in west Houston. The community consists of 300 suites and was completed in 2009. The property is comprised of 13, three-storey and one two-storey apartment buildings with a central clubhouse on a 16.34 acre site.

YORKTOWN CROSSING

Yorktown Crossing is a garden style, Class "A", apartment complex, completed in 2009 and consists of 312 suites. The property is northwest of downtown Houston at 15903 Yorktown Crossing Parkway, Houston, Texas. It consists of 13, three storey walk-up buildings on a 12.18 acre site comprised of one and two bedroom suites.

THE RESERVE AT JONES ROAD

The Reserve at Jones Road ("Jones Road") is a Class "A" apartment complex located 41 kilometers north-west of downtown Houston at 11925 Jones Rd, Houston, Texas. The community consists of 114 suites and was completed in 2013. It is comprised of four, three-storey apartment buildings with a central clubhouse on a 4.23 acre site.

SOUTH BLVD APARTMENTS

South Blvd Apartments ("South Blvd") is a Class "A", luxury rental community located 23 kilometers south of downtown Las Vegas at 10200 Giles Street, Las Vegas, Nevada. The community consists of 320 suites and was completed in 2012. It is comprised of 29, two-storey apartment buildings with a central clubhouse on a 14.25 acre site.

GRAND CYPRESS

Grand Cypress is a property located 31 kilometers north of downtown Tampa at 1901 Cypress Preserve Drive, Lutz, Florida. The property was completed in 2014, and is comprised of 304 suites in 20 two-storey buildings and a central clubhouse located on a 62.11 acre site ranging in size from one bedroom to three bedrooms.

VERANO APARTMENTS

Verano Apartments ("Verano") was completed in 2008, is located approximately 37 kilometers south of downtown Orlando at 2200 Villa Verano Way, Kissimmee, Florida. The site is in a rapidly growing suburb of Orlando. The property is comprised of 384 suites in 18, predominantly three-story apartment buildings on a 21.94 acre site ranging in size from one bedroom to three bedrooms.

PURE LIVING HEATHROW

Pure Living Heathrow ("Pure Living") is a Class "A", garden-style apartment community located 29 kilometers north of downtown Orlando at 740 Savory Place, Heathrow, Florida. Completed in 2009, the community consists of 252 suites and is comprised of 13, two and three-storey apartment buildings with a central clubhouse and guardhouse on a 28.53 acre site.

THE RESERVES AT ALAFAYA

The Reserves at Alafaya ("Alafaya") is a garden style, Class "A", apartment complex completed in 2014 and consists of 264 suites. The property is located at 3715 Alafaya Heights Road in Orlando, Florida. Alafaya consists of nine, three-storey walk-up buildings on a 46.26 acre site comprised of one, two and three bedroom suites.

BOARDWALK MED CENTER

Boardwalk Med Center ("Boardwalk") is a property located 22 kilometers north-west of downtown San Antonio at 7838 Huebner Road, San Antonio, Texas. Completed in 2014, the property is comprised of 276 suites in 14, three-storey buildings ranging in size from one bedroom to two bedrooms and a central clubhouse located on an approximately 11.91 acre site.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

This section includes highlights of the financial and operational performance of the Fund as at December 31, 2016, and for the period from August 26, 2016 to December 31, 2016, including a comparison to the Fund's financial forecast (the "Forecast") included in the Fund's final Prospectus dated October 12, 2016 (the "Prospectus"). For ease of comparison, the Forecast was adjusted to reflect the actual number of days that each property was owned during the period from August 26, 2016 to December 31, 2016.

The key highlights were as follows:

- Successful creation of unique, 2011 average vintage, Class "A" diversified sun belt portfolio of Properties.
- On October 18, 2016, commenced operations of 5,882 suites in 20 Properties located in the States of Florida, Georgia, North Carolina and Texas.
- On October 18, 2016, completed the Offering for aggregate gross proceeds of $47,020 to partly finance the acquisition of the IPO Properties.
- On October 19, 2016 entered into a C$23M credit facility to partly finance the acquisition of IPO Properties and to provide additional liquidity for future initiatives.
- Increased scale and geographical diversification of the Properties through the acquisition of three new Class "A" Properties in the attractive target markets of Atlanta, Austin, and Las Vegas. The resulting Class "A" portfolio totaling 6,792 suites has a weighted average year of construction of 2011.
- Refinanced five Properties for total proceeds of $171,679 and repaid existing mortgages on these Properties as well as all the Fund's outstanding mezzanine loans. The new loans have a five year term and were refinanced at a rate of 2.97%, a significant reduction from the weighted average interest rate on the loans repaid of 3.89%.
- For the period from August 26, 2016 (Date of Formation) to December 31, 2016, the Fund's AFFO was 3.3% above the Forecast resulting in AFFO per unit at $0.11 (Forecast - $0.11) and AFFO payout ratio of 90.4% (Forecast – 94.2%).
- As at December 31, 2016, Indebtedness to Gross Book Value was 65.42%, within the Fund's targeted range.
- Interest Coverage Ratio was a strong 2.99x for the period August 26, 2016 to December 31, 2016.
- Weighted average interest rate on mortgages payable was 2.90% and the weighted average term to maturity was 4.23 years as at December 31, 2016.

The following property level highlights for the three and twelve months ended December 31, 2016 include periods in which the Arrangement Properties were owned by the Arrangement Funds:

- Portfolio AMR increased by 2.0% to $1,167 and economic occupancy was 93.1% during the twelve months ended December 31, 2016.
- Same property AMR increased by 2.4% during the twelve months ended December 31, 2016 reflecting strong growth in Austin, Dallas and Orlando / Tampa (average AMR growth – 5.3%) partly offset by weaker demand in the Houston market due to the lower price of oil.
- NOI growth of 27.3% and a 150 basis point increase in NOI margin to 57.9% for the three months ended December 31, 2016 driven by contributions from acquisitions and rent growth across the portfolio.
- Same property NOI growth of 3.1% and a 60 basis point increase in same property NOI margin to 57.2% for the three months ended December 31, 2016, primarily driven by significant margin increase in the Orlando / Tampa market due to AMR growth of 5.6%, occupancy increases and cost reductions.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

		As at December 31, 2016
Operational Information		
Number of properties		23
Total suites		6,792
Weighted average portfolio occupancy %		93.1%
AMR (in actual dollars)	$	1,167
Average monthly rent per square foot	$	1.21
Summary of Financial Information		
Gross Book Value		$1,056,414
Indebtedness		$691,090
Indebtedness to Gross Book Value (1)		65.42%
Weighted average mortgage interest rate		2.90%
Weighted average mortgage term to maturity		4.23 years
		Period from August 26, 2016 to December 31, 2016 (2)
Summary of Financial Information		
Revenue from property operations		$19,679
Property operating costs		($5,241)
NOI		$14,438
Net loss and comprehensive loss		($7,898)
FFO		($1,854)
FFO per unit - basic and diluted		($0.04)
AFFO		$5,649
AFFO per unit - basic and diluted		$0.11
Interest Coverage Ratio		2.99 x
Indebtness Coverage Ratio		2.84 x
FFO payout ratio		n/a
AFFO payout ratio		90.4%
Weighted average units Outstanding (000s) - basic and diluted		49,469

Notes:
(1) Defined as Indebtedness divided by Gross Book Value.
(2) Includes the Arrangement Properties from October 18, 2016 and the IPO Properties from the date of acquisitions (South Blvd - October 18, 2016, Coolray Field - October 20, 2016 and City North - October 31, 2016).

FINANCIAL PERFORMANCE

The Fund's financial performance and results of operations for the period from August 26, 2016 (Date of Formation) to December 31, 2016 include the results of the Arrangement Properties and the IPO Properties since their acquisition dates.

The Fund does not, as a matter of course, publish its business plans, budgets, strategies or make external projections or forecasts, including of its anticipated financial position and results of operations. Pursuant to applicable securities laws, the Fund is required to update the Forecast set out in its Prospectus during the relevant period by identifying any material changes from the Forecast resulting from events that have occurred since it was issued and by comparing the Forecast with actual results for the periods covered. The Fund is also required to discuss events and circumstances that occurred during the period from August 26, 2016 to December 31 2016 that are reasonably likely to cause actual results to differ materially from the Forecast for periods that are not yet complete and their expected differences, if any. The Forecast assumed the Arrangement Properties and the IPO Properties were owned for the entire three months ended December 31, 2016. For comparison purposes, the Forecast has been adjusted to reflect the actual period of ownership of the Arrangement Properties from October 18, 2016 and the IPO Properties - South Blvd from October 18, 2016, Coolray Field from October 20, 2016, and City North from October 31, 2016.

	Period from August 26, 2016 to December 31, 2016 (1)	Forecast (1)
Revenue from property operations	$ 19,679	$ 19,773
Property operating costs	(5,241)	(5,176)
NOI	14,438	14,597
Finance costs	(5,273)	(4,427)
Distributions to Unitholders	(5,108)	(5,155)
Dividends to Preferred Shareholders - U.S. REIT's series A	(31)	(31)
Fund and trust expenses	(7,906)	(7,839)
Unrealized foreign exchange gain	204	-
Realized foreign exchange gain	444	-
Fair value adjustment of investment properties	1,090	-
Fair value adjustment IFRIC 21	(3,027)	-
Income taxes:		
Current	(49)	(119)
Deferred	(2,680)	(2,049)
Net loss and comprehensive loss	$ (7,898)	$ (5,023)

(1) Includes the Arrangement Properties from October 18, 2016 and the IPO Properties from the date of acquisitions (South Blvd - October 18, 2016, Coolray Field - October 20, 2016 and City North - October 31, 2016).

RESULTS OF OPERATIONS

The following discussion compares the Fund's actual results for the period from August 26, 2016 to December 31, 2016 to the Forecast, which has been adjusted to reflect the Fund's actual period of ownership of the Arrangement Properties and IPO Properties.

	Period from August 26, 2016 to December 31, 2016 (1)	Forecast (1)
Revenue from property operations	$ 19,679	$ 19,773
Property operating costs (2)	(5,241)	(5,176)
NOI	$ 14,438	$ 14,597
NOI margin	73.4%	73.8%

(1) Includes the Arrangement Properties from October 18, 2016 and the IPO Properties from the date of acquisitions (South Blvd - October 18, 2016, Coolray Field - October 20, 2016 and City North - October 31, 2016).
(2) Property operating costs exclude realty taxes due to the IFRIC 21 adjustment.

REVENUE FROM PROPERTY OPERATIONS

Revenue from property operations for the period from August 26, 2016 to December 31, 2016 was $19,679 compared to $19,773 in the Forecast, a reduction of $94 or 0.5%, primarily due to slightly lower rental rates than Forecast in the Austin and Houston markets. Occupancy was in line with the Forecast at 92.9%.

PROPERTY OPERATING COSTS

Property operating costs for the period from August 26, 2016 to December 31, 2016 were $5,241 compared to the forecasted amount of $5,176. The Fund's operating expenses were $65 or 1.3% higher than the Forecast primarily due to slightly higher general and administrative and collection costs than Forecast. Property operating costs exclude realty taxes due to the IFRIC 21 adjustment which recognizes realty tax expense through fair value of investment properties when there is an obligation to pay the tax, usually at the beginning of the fiscal year, or in the case of the Arrangement and IPO Properties as a purchase price adjustment to fair value on investment properties.

NOI

NOI for the period from August 26, 2016 to December 31, 2016 was $14,438 compared to the Forecast of $14,597 representing a shortfall of $159 or 1.1%, reflecting slightly lower rental rates relative to Forecast in Houston and Austin and the higher general and administrative costs.

NOI margin for the period from August 26, 2016 to December 31, 2016 was 73.4% compared to 73.8% in the Forecast, reflecting the slightly lower revenue from property operations and the slight increase in general and administrative costs over Forecast.

FINANCE COSTS

The Fund's finance costs for the period August 26, 2016 to December 31, 2016 are summarized below:

	Period from August 26, 2016 to December 31, 2016 (1)	Forecast (1)
Interest on mortgages payable	$ 3,790	$ 4,043
Interest on mezzanine loans payable	240	-
Interest and standby charges on credit facility	69	-
Amortization of premiums on mortgage payable	(7)	-
Amortization of financings costs	591	384
Loss on early extinguishment of debt	596	-
Fair value adjustments on derivative instruments	(6)	-
Total	$ 5,273	$ 4,427

(1) Includes the Arrangement Properties from October 18, 2016 and the IPO Properties from the date of acquisitions (South Blvd - October 18, 2016, Coolray Field - October 20, 2016 and City North - October 31, 2016).

Interest on mortgages payable, interest on mezzanine loans payable and interest and standby charges on the credit facility for the period August 26, 2016 to December 31, 2016 totaled $4,099 compared to the Forecast of $4,043. The increase of $56 or 1.4% was due to an increase in U.S. 30-day LIBOR during December 2016. The impact of the increase in U.S. 30-day LIBOR was approximately $191, which was offset by interest expense reductions following the refinancing of mortgages on Copper Lake, Marquee Station, Yorktown Crossing, Pure Living and Alafaya and the repayment of mezzanine loans on Sorelle, Belle Haven, Marquee Station and Boardwalk with the net proceeds from the refinancing. The refinancing's were secured at a rate of U.S. 30-day LIBOR plus 2.40% (an all-in rate of 2.97% as at the date of repayment on November 21, 2016), a reduction from the weighted average interest rate on the loans repaid of 3.89%.

Amortization of premiums on mortgages payable for the period August 26, 2016 to December 31, 2016 was ($7) (Forecast - $nil).

Amortization of financing costs for the period from August 26, 2016 to December 31, 2016 was $591 compared to $384 in the Forecast. The increase of $207 is attributable to the amortization of financing costs on the mortgage refinancing completed on November 21, 2016.

The Fund expensed unamortized financing costs during the period August 26, 2016 to December 31, 2016 of $596 (Forecast - $nil) following the repayment of the loans on November 21, 2016.

Fair value adjustment on derivative instruments for the period August 26, 2016 to December 31, 2016 was ($6) (Forecast - $nil).

DISTRIBUTIONS TO UNITHOLDERS

Effective October 18, 2016, the Fund began paying distributions to Unitholders of $0.65 per unit per annum, with the exception of class H Unitholders at $0.35 per unit, per annum. Actual distributions to Unitholders were $5,108 during the period from August 26, 2016 to December 31, 2016 (Forecast - $5,155). The reduction in Unitholder distributions of $47 or 0.9% was primarily due to the Forecast having a higher number of units issued on the Offering.

DIVIDENDS TO PREFERRED SHAREHOLDERS – U.S. REIT'S SERIES A

The Fund's Real Estate Investment Trust ("REIT") subsidiaries have preferred shareholders who receive dividend payments on their preferred shares. The preferred shares are issued to help ensure the REITs' qualify as real estate investment trusts for U.S. federal tax purposes. For the period from August 26, 2016 to December 31, 2016, the Fund incurred $31 in dividends (Forecast - $31).

FUND AND TRUST EXPENSES

Fund and trust expenses include costs incurred by the Fund that are not directly attributable to the Properties. These costs include items such as legal and audit fees, director fees, investor relations expenses, directors' and officers' insurance premiums, expenses relating to the administration of the Fund's distributions and other general and administrative expenses associated with the operation of the Fund. Also included in Fund expenses are asset management fees payable to Starlight Group Property Holdings Inc. ("Starlight" or the "Manager"). See "Related Party Transactions and Arrangements – Arrangements with Starlight".

Fund expenses for the period from August 26, 2016 to December 31, 2016 were $7,906 compared to the Forecast of $7,839, an increase of $67 or 0.8%. Included in Fund and trust expenses are one-time costs associated with the Plan of Arrangement of $6,633 (Forecast - $6,587), respectively, an increase of $46 or 0.6%. Also included in Fund and trust expenses are asset management fees and service fees of $753 and $134, respectively (Forecast - $744 and $232, respectively). Actual service fees were $98 or 42.2% lower than the Forecast as the Forecast assumed a higher number of class A units and class U units to be outstanding as at December 31, 2016.

UNREALIZED FOREIGN EXCHANGE GAIN

The Fund recognized an unrealized foreign exchange gain of $204 for the period from August 26, 2016 to December 31, 2016 (Forecast - $nil). The unrealized gain relates to the impact of the exchange rate movement on the Canadian dollar denominated mezzanine loans from the date of the Plan of Arrangement to the repayment date on November 21, 2016 and the credit facility from the date of the initial drawdown on October 31, 2016 to the period ended December 31, 2016.

REALIZED FOREIGN EXCHANGE GAIN

The realized foreign exchange gain for the period of August 26, 2016 to December 31, 2016 of $444 related to the repayments of Canadian currency mezzanine loans on Marquee Station, Sorelle and Boardwalk in the amounts of $3,256, $9,458 and $6,881, respectively, on November 21, 2016.

INVESTMENT PROPERTIES – FAIR VALUE ADJUSTMENTS

The Fund has selected the fair value method to account for real estate classified as investment properties. Fair values are supported by a combination of internal financial information, market data and external independent valuations. The determination of fair value is based on, among other things, the amount of rental income from future leases reflecting current market conditions, adjusted for assumptions of future cash flows in respect of current and future leases, capitalization rates and expected occupancy rates.

The Fund recorded a cumulative fair value increase on its investment properties of $1,090 for the period ended December 31, 2016. The following table summarizes the change in investment properties held by the Fund for the period from August 26, 2016 to December 31, 2016.

		Amount
Balance, as at August 26, 2016	$	-
Acquisitions relating to the Plan of Arrangement		909,118
Acquisition of investment properties		141,499
Capital additions		1,192
Fair value adjustment		1,090
IFRIC 21 realty tax liability adjustments		3,515
Fair value	$	1,056,414

The following table reconciles the cost base of investment properties to their fair value:

		As at December 31, 2016
Cost	$	1,051,809
Cumulative fair value adjustment		1,090
IFRIC 21 realty tax liability adjustment		3,515
Fair value	$	1,056,414

The key assumptions for investment properties held by the Fund are set out in the following table:

	As at December 31, 2016
Capitalization rates - range	4.75%-5.50%
Capitalization rate - weighted average	5.06%

The fair values of the Fund's investment properties are sensitive to changes in the key valuation assumptions. Changes in the weighted average capitalization rates would result in a change to the fair value of the Fund's investment properties as set out in the following table:

Key assumptions	Change		As at December 31, 2016
Weighted average:			
Capitalization rate	10-basis-point increase	$	(20,709)
Capitalization rate	10-basis-point decrease	$	21,549

The impact of a 1% change in NOI used to value the investment properties as at December 31, 2016 would affect the fair value by approximately $10,654.

INCOME TAXES – CURRENT

The Fund's current income taxes for the period August 26, 2016 to December 31, 2016 was $49, consisting of $39 relating to Texas franchise taxes. In addition, withholding taxes of $10 were paid in relation to distributions received by a taxable Fund subsidiary. Current income taxes were lower than the Forecast amount of $119 due to a portion of the Forecast amount of taxes not becoming payable.

INCOME TAXES - DEFERRED

The Fund recognized $2,680 relating to deferred taxes (Forecast $2,049), an increase of $631 resulting from fair value increases on investment properties of $1,090 and the timing of recognized taxable depreciation.

NON-IFRS FINANCIAL MEASURES – FFO AND AFFO

Non-IFRS financial measures have been prepared for the period from August 26, 2016 (Date of Formation) to December 31, 2016.

FUNDS FROM OPERATIONS

Reconciliation of net loss and comprehensive loss, determined in accordance with IFRS to FFO is presented below.

		Period from August 26, 2016 to December 31, 2016 [(1)]		Forecast [(1)]
Net loss and comprehensive loss	$	(7,898)	$	(5,023)
Add / (Less):				
Distributions to Unitholders		5,108		5,155
Deferred taxes		2,680		2,049
Unrealized foreign exchange gain		(204)		-
Realized foreign exchange gain		(444)		-
Fair value adjustment on derivative financial instruments		(6)		-
Fair value adjustment of investment properties [(2)]		(1,090)		-
IFRIC 21 adjustment for property taxes [(2)]		-		(3,494)
FFO	$	(1,854)	$	(1,313)
FFO per unit - basic and diluted		($0.04)		($0.03)
Distributions declared [(3)]	$	5,108	$	5,155
FFO payout ratio		n/a		n/a
Weighted average units outstanding:				
Basic and diluted - class A, C, D, E, F, H & U - (000s)		49,469		49,658

(1) Includes the Arrangement Properties from October 18, 2016 and the IPO Properties from the date of acquisitions (South Blvd - October 18, 2016, Coolray Field - October 20, 2016 and City North - October 31, 2016).

(2) The Forecast assumes no fair value adjustments of investment properties and therefore the IFRIC 21 adjustment for property taxes w as deducted to calculate Forecast FFO.

(3) Distributions declared is calculated based on the monthly distribution per unit.

Basic and diluted FFO and FFO per unit for the period from August 26, 2016 to December 31, 2016 was ($1,854) and ($0.04), respectively, (Forecast - ($1,313) and ($0.03)). FFO was $541 lower than Forecast due to a $159 decrease in NOI, an increase in financing costs of $852 and an increase in Fund and trust expenses of $67 which was partly offset by a decrease in current taxes of $70, along with a decrease in property taxes of $467 which is primarily related to negotiated settlements that led to reductions in assessed value at certain Houston and Austin properties.

The Fund distributions paid and declared for the period ended December 31, 2016 per unit were as follows:

Class A	Class C	Class D	Class E	Class F	Class H	Class U
C$0.13280	C$0.13280	C$0.13280	$0.13280	C$0.13280	C$0.07151	$0.13280

ADJUSTED FUNDS FROM OPERATIONS

Reconciliation of FFO to AFFO for the period from August 26, 2016 (Date of Formation) to December 31, 2016 is detailed below:

	Period from August 26, 2016 to December 31, 2016 (1)	Forecast (1)
FFO	$ (1,854)	$ (1,313)
Add / (Deduct):		
Loss on early extinguishment of debt	596	-
Amortization of mortgage premium	(7)	-
Amortization of financing costs	591	384
Current taxes - U.S. w ithholding taxes	10	78
Service fees related to class A units and class U units	134	189
One-time Plan of Arrangement costs	6,633	6,587
Sustaining capital expenditures and suite renovation reserves	(454)	(454)
AFFO	$ 5,649	$ 5,471
AFFO per unit - basic and diluted	$ 0.11	$ 0.11
Distributions declared (2)	$ 5,108	$ 5,155
AFFO payout ratio	90.4%	94.2%
Weighted average Units outstanding:		
Basic and diluted - Class A, C, D, E, F, H & U - (000s)	49,469	49,658

Notes:

(1) Includes the Arrangement Properties from October 18, 2016 and the IPO Properties from the date of acquisitions (South Blvd - October 18, 2016, Coolray Field - October 20, 2016 and City North - October 31, 2016).

(2) Distributions declared is calculated based on the monthly distribution per unit.

Reconciliation of cash provided by operating activities determined in accordance with IFRS, to AFFO for the period from August 26, 2016 to December 31, 2016 is provided below:

	Period from August 26, 2016 to December 31, 2016 (1)
Cash provided by operating activities	$ 8,306
Less: interest paid	(4,099)
Cash provided by operating activities - including interest paid	4,207
Add / (Deduct):	
Change in non-cash operating w orking capital	(5,918)
Change in restricted cash	(3,148)
One-time Plan of Arrangement costs	6,633
Fair value adjustment of investment properties including IFRIC 21	4,660
Realized foreign exchange gain	(444)
Current taxes - U.S. w ithholding taxes	10
Service fees related to class A and class U units	134
Dividends on Preferred Shareholders - U.S. REIT's Series A	(31)
Sustaining capital expenditures and suite renovation reserve	(454)
AFFO	$ 5,649

Basic and diluted AFFO and AFFO per unit for the period from August 26, 2016 to December 31, 2016 was $5,649 and $0.11, respectively, (Forecast - $5,471 and $0.11). The AFFO payout ratio for the period from August 26, 2016 to December 31, 2016 was 90.4% (Forecast - 94.2%).

The Fund's distributions to Unitholders of $5,108 for the period from August 26, 2016 to December 31, 2016 were in excess of net loss and comprehensive loss due to one-time Plan of Arrangement costs of $6,633, along with deferred taxes of $2,680 and distributions to Unitholders of $5,108. Net loss and comprehensive loss includes significant non-cash components and distributions to Unitholders. As a result, distributions to Unitholders during 2017 may exceed the Fund's net income (loss) and comprehensive income (loss). The Fund does not expect distributions to exceed operational cash flow adjusted to AFFO in 2017. See "Risks and Uncertainties".

The Fund's distributions to Unitholders of $5,108 for the period from August 26, 2016 to December 31, 2016 were in excess of cash flow provided by operating activities - including interest paid primarily due to one-time Plan of Arrangement costs of $6,633. The Fund does not expect distributions to exceed cash flow provided by operating activities - including interest paid in 2017. See "Risks and Uncertainties".

ANNUAL AVERAGE MONTHLY RENT AND OCCUPANCY

The following table presents AMR (in actual dollars) as at December 31, 2016 and December 31, 2015 and economic occupancy of the Properties for the twelve months ended December 31, 2016 and December 31, 2015. These highlights of property performance are included for periods in which the Arrangement Properties were owned by the Arrangement Funds. Same property AMR and economic occupancy have been presented for those properties that were owned by the Arrangement Funds for the twelve months ended December 31, 2015 (representing 3,852 suites).

	Total Portfolio for the twelve months ended December 31						Same Property for the twelve months ended December 31						Properties Acquired Since December 31, 2014		
Market	Suites	2016 AMR	2015 AMR	%	2016 Occ. %	2015 Occ. %	Suites	2016 AMR	2015 AMR	%	2016 Occ. %	2015 Occ. %	Suites	2016 AMR	2016 Occ %
Atlanta	607	$1,306	$1,263	3.4%	94.2%	95.8%	-	$ -	$ -	N/A	0.0%	0.0%	607	$1,306	94.2%
Austin	1,454	1,128	1,105	2.1%	94.4%	95.3%	674	1,177	1,128	4.4%	94.5%	95.3%	780	1,085	94.1%
Charlotte / Raleigh	441	1,131	1,089	3.9%	93.1%	92.7%	-	-	-	N/A	0.0%	0.0%	441	1,131	93.1%
Dallas	595	1,111	1,048	6.0%	93.9%	95.3%	595	1,111	1,048	6.0%	93.9%	95.3%	-		0.0%
Houston	1,895	1,133	1,140	(0.6%)	91.4%	93.8%	1,895	1,133	1,140	(0.6%)	91.4%	93.8%	-		0.0%
Las Vegas	320	1,112	-	N/A	94.2%		-	-	-	N/A	0.0%	0.0%	320	1,112	94.2%
Orlando / Tampa	1,204	1,260	1,202	4.8%	93.6%	93.6%	688	1,196	1,133	5.6%	94.8%	94.4%	516	1,346	92.2%
San Antonio	276	1,113	-	N/A	93.4%	0.0%	-	-	-	N/A	0.0%	0.0%	276	1,113	93.4%
Total	6,792	$1,167	$1,144	2.0%	93.1%	94.3%	3,852	$1,149	$1,122	2.4%	93.0%	94.4%	2,940	$1,190	93.4%

AVERAGE MONTHLY RENT

Portfolio AMR as at December 31, 2016 was $1,167 compared to $1,144 as at December 31, 2015, an increase of $23 or 2.0%. Solid AMR increases were achieved in all markets except Houston, which reported a slight decrease in AMR, which was largely a result of the impact on the local economy from the lower price of West Texas Intermediate (WTI) Crude oil during 2016. The average monthly WTI crude oil price increased from $31.68 in January 2016 to $51.97 in December 2016. Excluding Houston, portfolio AMR increased by 2.9% during 2016.

The portfolio's economic occupancy for the twelve months ended December 31, 2016 was 93.1% compared to 94.3% for the twelve months ended December 31, 2015. Occupancy was within management's targeted range in all markets except Houston. Excluding Houston, portfolio economic occupancy was 93.9% during the twelve months ended December 31, 2016.

Same property AMR as at December 31, 2016 increased $27 or 2.4% to $1,149 compared to December 31, 2015. Austin, Dallas and Orlando / Tampa had increases in same property AMR of 4.4%, 6.0% and 5.6%, respectively, during the twelve months ended December 31, 2016. These increases were partly offset by the decrease in Houston of 0.6%, largely due to the impact on the local economy of the oil price reduction. Excluding Houston same property AMR increased by 5.3%.

Same property economic occupancy for the twelve months ended December 31, 2016 was 93.0% compared to 94.4% for the twelve months ended December 31, 2015. Same property economic occupancy was within management's targeted range in all markets except Houston. Excluding Houston, portfolio economic occupancy was 93.9% for the twelve months ended December 31, 2016.

QUARTERLY AMR AND OCCUPANCY

The following table presents AMR (in actual dollars) as at December 31, 2016, September 30, 2016, June 30, 2016 and March 31, 2016 and the economic occupancy for the Properties for the three month periods ended December 31, 2016, September 30, 2016, June 30, 2016 and March 31, 2016.

	As at December 31, 2016			As at September 30, 2016			As at June 30, 2016			As at March 31, 2016		
Market	Suites	AMR	Occ %	Suites	AMR	Occ %	Suites	AMR	Occ %	Suites	AMR	Occ %
Atlanta	607	$ 1,306	93.9%	401	$ 1,312	95.0%	401	$ 1,287	92.2%	401	$ 1,275	95.9%
Austin	1,454	1,128	92.3%	1,070	1,156	94.8%	1,070	1,142	95.5%	1,070	1,122	95.4%
Charlotte / Raleigh	441	1,131	92.6%	441	1,129	93.6%	441	1,104	93.0%	441	1,088	93.5%
Dallas	595	1,111	92.3%	595	1,094	94.4%	595	1,077	95.8%	595	1,056	93.2%
Houston	1,895	1,133	90.5%	1,895	1,140	92.3%	1,895	1,142	91.8%	1,895	1,145	91.2%
Las Vegas	320	1,112	94.2%	-	-	NA	-	-	NA	-	-	NA
Orlando / Tampa	1,204	1,260	93.9%	1,204	1,250	93.8%	1,204	1,233	93.9%	1,204	1,211	92.9%
San Antonio	276	1,113	93.4%	267	1,102	NA	-	-	NA	-	-	NA
Total	6,792	$ 1,167	92.4%	5,873	$ 1,170	93.6%	5,606	$ 1,162	93.5%	5,606	$ 1,150	93.1%

As at December 31, 2016, the portfolio AMR was $1,167, which was a decrease of $3 from September 30, 2016, reflecting the typical seasonal trend of slower leasing activity in the final three months of the year. AMR increased in Charlotte / Raleigh, Dallas, Orlando / Tampa and San Antonio; however, these increases were offset by decreases in Atlanta, Austin and Houston.

Economic occupancy decreased from 93.6% to 92.4% during the three months ended December 31, 2016 due to the slower leasing levels typically experienced during the final three months of the year.

RESULTS OF OPERATIONS – ALL PROPERTIES

The following discussion highlights operational performance of the Properties for the three and twelve months ended December 31, 2016 and the three and twelve months ended December 31, 2015, which includes periods in which the Arrangement Properties were owned by the Arrangement Funds.

	Three months ended December 31, 2016	Three months ended December 31, 2015	% Change	Twelve months ended December 31, 2016	Twelve months ended December 31, 2015	% Change
Revenue from property operations	$ 23,458	$ 18,937	23.9%	$ 83,683	$ 66,651	25.6%
Property operating costs	6,291	5,355	17.5%	22,678	18,306	23.9%
Property taxes	3,580	2,910	23.0%	14,027	11,358	23.5%
NOI	$ 13,587	$ 10,672	27.3%	$ 46,978	$ 36,987	27.0%
NOI margin	57.9%	56.4%		56.1%	55.5%	

PROPERTY REVENUE FROM PROPERTY OPERATIONS – ALL PROPERTIES

Revenue from property operations for the three months ended December 31, 2016 of $23,458 was $4,521 or 23.9% higher than the three months ended December 31, 2015. The increase in revenues was primarily attributable to the acquisitions of Marquee Station, Boardwalk, South Blvd, Coolray Field and City North during the year ended December 31, 2016. In addition, revenue increased due to rent growth across the Properties being slightly offset by lower economic occupancy.

Revenue from property operations for the twelve months ended December 31, 2016 of $83,683 was $17,032 or 25.6% higher than the twelve months ended December 31, 2015. The increase in revenue was primarily attributable to the acquisitions of Marquee Station, Boardwalk, South Blvd, Coolray Field and City North during the twelve months ended December 31, 2016 and the acquisitions of Belle Haven, Travesia, Grand Cypress, Verano, Pure Living, Alafaya and Sorelle during the twelve months ended December 31, 2015. AMR growth across the portfolio also contributed to the revenue increase.

PROPERTY OPERATING COSTS – ALL PROPERTIES

Property operating costs for the three months ended December 31, 2016 increased $936 or 17.5% compared to the three months ended December 31, 2015. The increase in property operating costs was attributable to the acquisitions of Marquee Station, Boardwalk, South Blvd, Coolray Field and City North during the year ended December 31, 2016.

Property operating costs the twelve months ended December 31, 2016 increased $4,372 or 23.9% compared to the twelve months ended December 31, 2015. The increase in property operating costs was attributable to the acquisitions of Marquee Station, Boardwalk, South Blvd, Coolray Field and City North during the twelve months ended December 31, 2016 and the acquisitions of Belle Haven, Travesia, Grand Cypress, Verano, Pure Living, Alafaya and Sorelle during the twelve months ended December 31, 2015.

PROPERTY TAXES – ALL PROPERTIES

This discussion of results of operations treats property taxes as an expense that is amortized during the fiscal year. Property taxes do not reflect the IFRIC 21 adjustment.

Property taxes for the three months ended December 31, 2016 were $3,580, an increase of $670 or 23.0% compared to the three months ended December 31, 2015. The increase in property taxes was primarily attributable to the acquisitions of Marquee Station, Boardwalk, South Blvd, Coolray Field and City North during the year ended December 31, 2016.

Property taxes for the twelve months ended December 31, 2016 were $14,027, an increase of $2,669 or 23.5% compared to the twelve months ended December 31, 2015. The increase in property taxes was primarily attributable to the acquisitions of Marquee Station, Boardwalk, South Blvd, Coolray Field and City North during the twelve months ended December 31, 2016 and the acquisitions of Belle Haven, Travesia, Grand Cypress, Verano, Pure Living, Alafaya and Sorelle during the twelve months ended December 31, 2015.

RESULTS OF OPERATIONS – SAME PROPERTY

Same property results for the three and twelve months ended December 31, 2016 include those properties owned by the Arrangement Funds for the entire three months ended December 31, 2015, (representing 5,341 suites) and those properties owned by the Arrangement Funds for the entire twelve months ended December 31, 2015, (representing 3,852 suites), respectively.

	Three months ended December 31, 2016	Three months ended December 31, 2015	% Change	Twelve months ended December 31, 2016	Twelve months ended December 31, 2015	% Change
Revenue from property operations	$ 19,218	$ 18,937	1.5%	$ 54,025	$ 52,949	2.0%
Property operating costs	5,291	5,355	1.2%	14,212	14,142	(0.5%)
Property taxes	2,929	2,910	(0.7%)	10,045	9,601	(4.6%)
NOI	$ 10,998	$ 10,672	3.1%	$ 29,768	$ 29,206	1.9%
NOI margin	57.2%	56.4%		55.1%	55.2%	

REVENUE FROM PROPERTY OPERATIONS – SAME PROPERTY

Same property revenue from property operations for the three months ended December 31, 2016 of $19,218 was $281 or 1.5% higher than the three months ended December 31, 2015. The increase in same property revenue from property operations was attributable to increases in same property AMR of 2.0% driven by strong increases in same property AMR in Austin, Dallas, and Orlando / Tampa, which were partly offset by slightly lower AMR in Houston. The increases in same property revenue due to AMR growth were partly offset by lower economic occupancy.

Same property revenue from property operations for the twelve months ended December 31, 2016 of $54,025 was $1,076 or 2.0% higher than the twelve months ended December 31, 2015. The increase in same property revenue from property operations was attributable to increases in AMR in Austin, Dallas and Orlando / Tampa for the twelve months ended December 31, 2016. Same property AMR increased $27 or 2.4% during the twelve months ended December 31, 2016, which was partly offset by lower same property occupancy. Excluding Houston, same property AMR increased $59 or 5.3% during the twelve months ended December 31, 2016.

PROPERTY OPERATING COSTS – SAME PROPERTY

Same property operating costs for the three months ended December 31, 2016 of $5,291 were $64 or 1.2% lower than the three months ended December 31, 2015. The same property operating cost decrease was primarily due to cost reductions in insurance, salaries and repairs and maintenance expenses in the Houston and Orlando / Tampa markets.

For the twelve months ended December 31, 2016, same property operating costs at $14,212 were $70 or 0.5% higher than the twelve months ended December 31, 2015. Higher salaries, repairs and maintenance and advertising costs were partly offset by lower insurance expenses.

PROPERTY TAXES – SAME PROPERTY

Same property, property taxes for the three months ended December 31, 2016 at $2,929 were $19 or 0.7% higher than the three months ended December 31, 2015. For the twelve months ended December 31, 2016, same property, property taxes at $10,045 were $444 or 4.6% higher than the twelve months ended December 31, 2015. The increase in property taxes during the twelve months ended December 31, 2016 was attributable to higher assessed property values in Austin, Dallas and Houston.

NOI – ALL PROPERTIES

NOI includes all property revenue from property operations, less direct property operating costs such as salaries, utilities, repairs and maintenance, administrative and advertising expense and property taxes.

The following table presents the NOI and NOI margin for the Properties by market for the three and twelve months ended December 31, 2016 and 2015. The NOI and NOI margin are included for periods in which the Arrangement Properties were owned by the Arrangement Funds.

	Three months ended December 31, 2016		Three months ended December 31, 2015		Twelve months ended December 31, 2016		Twelve months ended December 31, 2015	
Market	NOI	Margin %	NOI	Margin %	NOI	Margin %	NOI	Margin %
Atlanta	$ 1,385	62.8%	$ 976	62.0%	$ 4,194	60.1%	$ 1,227	62.6%
Austin	2,608	54.7%	2,141	56.4%	9,325	55.9%	8,228	56.2%
Charlotte / Raleigh	883	56.6%	348	60.0%	3,294	58.6%	1,135	59.0%
Dallas	1,116	53.9%	1,085	55.7%	4,461	55.0%	4,452	57.8%
Houston	3,287	51.8%	3,482	53.1%	13,325	51.4%	13,608	51.8%
Las Vegas	597	71.2%	-	NA	597	71.2%	-	NA
Orlando / Tampa	3,191	66.7%	2,640	58.9%	11,251	60.3%	8,337	58.8%
San Antonio	520	56.4%	-	NA	531	56.9%	-	NA
Total	$ 13,587	57.9%	$ 10,672	56.4%	$ 46,978	56.1%	$ 36,987	55.5%

NOI for the three months ended December 31, 2016 was $13,587, an increase of $2,915 or 27.3% compared to the three months ended December 31, 2015. The increase was primarily attributable to the acquisitions of Marquee Station, Boardwalk, South Blvd, Coolray and City North. In addition, NOI growth across the existing portfolio contributed to the increase in NOI.

NOI Margin for the three months ended December 31, 2016 was 57.9%, an increase of 150 basis points compared to the three months ended December 31, 2015 driven by a strong margin increase in Orlando / Tampa. NOI margins also improved due to the acquired Properties generating above average NOI margins.

NOI for the twelve months ended December 31, 2016 increased $9,991 or 27.0% compared to the twelve months ended December 31, 2015. The increase in NOI was primarily attributable to the acquisitions of Marquee Station, Boardwalk, South Blvd, Coolray Field and City North during the twelve months ended December 31, 2016 and the acquisitions of Belle Haven, Travesia, Grand Cypress, Verano, Pure Living, Alafaya and Sorelle during the twelve months ended December 31, 2015. In addition, strong NOI growth in the Orlando / Tampa and Austin markets was partly offset by a reduction in Houston.

NOI margin for the twelve months ended December 31, 2016 was 56.1%, an increase over the 55.5% margin generated during the twelve months ended December 31, 2015. The increase was mainly attributable to the margin contributions from the acquired Properties and an increase in the NOI margin for Orlando / Tampa.

NOI – Same Property

The following table shows the same property NOI and NOI margin by market for the three and twelve months ended December 31, 2016 and 2015.

	Three months ended December 31, 2016		Three months ended December 31, 2015		Twelve months ended December 31, 2016		Twelve months ended December 31, 2015	
Market	NOI	Margin %	NOI	Margin %	NOI	Margin %	NOI	Margin %
Atlanta	$ 969	61.5%	$ 976	62.0%	$ -	NA	$ -	NA
Austin	2,141	54.5%	2,140	56.4%	5,668	55.3%	5,406	55.2%
Charlotte / Raleigh	292	53.5%	347	60.0%	-	NA	-	NA
Dallas	1,116	53.9%	1,085	55.7%	4,459	55.0%	4,450	57.8%
Houston	3,288	51.8%	3,484	53.1%	13,325	51.4%	13,608	51.8%
Orlando / Tampa	3,192	66.7%	2,640	58.9%	6,316	64.5%	5,742	62.5%
Total	$ 10,998	57.2%	$ 10,672	56.4%	$ 29,768	55.1%	$ 29,206	55.2%

For the three months ended December 31, 2016 same property NOI at $10,998 was $326 or 3.1% higher than the three months ended December 31, 2015. NOI increased substantially in Orlando / Tampa due to AMR growth of 5.6%, an increase in occupancy and cost reductions. With the exception of Houston and Charlotte / Raleigh, NOI across the other markets was generally in-line with the comparative period.

Same property NOI margin increased to 57.2% during the three months ended December 31, 2016 from 56.4% during the three months ended December 31, 2015. The improvement was driven by a significant margin increase in Orlando / Tampa due to strong AMR growth, occupancy and cost efficiencies.

Same property NOI at $29,768, increased $562 or 1.9% in the twelve months ended December 31, 2016 compared to twelve months ended December 31, 2015. The same property NOI increase in Orlando / Tampa was 10.0% driven by strong rent growth, improved occupancy and lower expenses. Solid rent growth in Austin and Dallas was partly offset by lower occupancy and higher property taxes. The same property NOI reduction in Houston was due to lower occupancy given the impact of the downturn in the oil and gas industry on market demand.

NOI margin was 55.1% for the twelve months ended December 31, 2016 compared to 55.2% during the twelve months ended December 31, 2015. The margin increases in Orlando / Tampa and Austin were offset by margin decreases in Dallas and Houston.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

The Fund expects to be able to meet all of its obligations, including distributions to Unitholders and property maintenance and capital expenditure commitments as they become due. The Fund has financing sources to fulfill its commitments including cash flow from its operating activities, mortgage debt secured by investment properties and its credit facility. As at December 31, 2016, the Fund was in compliance with all of its financial covenants.

CASH FLOWS

Cash flow provided by operating activities represents the primary source of liquidity to fund distributions, debt service and capital improvements. The Fund's cash flow from operating activities is dependent upon the occupancy level of its investment properties, the rental rates on its leases, the collectability of rent from its tenants, the level of operating and other expenses and other factors. Material changes in these factors may adversely affect the Fund's net cash flow from operating activities and liquidity. A more detailed discussion of these risks is found under the "Risks and Uncertainties" section.

The following table details the changes in cash for the period from August 26, 2016 to December 31, 2016:

		Period from August 26, 2016 to December 31, 2016 [(1)]
Cash provided by operating activities	$	8,306
Cash provided by financing activities		143,362
Cash used in investing activities		(143,999)
Increase in cash		7,669
Cash, beginning of period		-
Cash, end of period	$	7,669

Cash on hand at December 31, 2016 was $7,669.

Cash provided by operating activities for the period August 26, 2016 to December 31, 2016 was $8,306 and related primarily to the net cash generated from property operations, as well as changes in non-cash working capital.

Cash provided by financing activities during the period August 26, 2016 to December 31, 2016 was $143,362 due to net proceeds from the issuance of units of $44,073 pursuant to the closing of the Offering, the pooled mortgage refinancing of Pure, Alafaya, Yorktown, Marquee Station and Copper Lake for net proceeds of $169,047, proceeds from new financings relating to the acquisitions of South Blvd, City North and Coolray of $92,454, proceeds of $8,782 from the credit facility and cash assumed on the Plan of Arrangement of $5,423. These amounts were offset by the repayment of mortgages on Pure Living, Alafaya, Yorktown Crossing, Marquee Station and Copper Lake of $137,158, the repayment of mezzanine loans on Sorelle, Belle Haven, Marquee Station and Boardwalk of $29,723, distributions to Unitholders of $5,108, distributions to preferred shareholders of the U.S. REITs of $31, financing costs paid of $2,651, unit purchases under the NCIB of $1,296 and principal payments on mortgages of $212.

Cash used in investing activities for the period from August 26, 2016 to December 31, 2016 was $143,999 and related to amounts invested to complete the acquisition of the IPO Properties of $142,807 and investment property capital additions of $1,192.

CAPITAL STRUCTURE AND DEBT PROFILE

CAPITAL STRUCTURE

The Fund's capital is the aggregate of Indebtedness and net liabilities attributable to Unitholders'. The Fund's capital management is designed to maintain a level of capital that allows it to implement its business strategy while complying with investment and debt restrictions as well as existing debt covenants, while continuing to build Unitholder value and maintaining sufficient capital contingencies. As at December 31, 2016 the total capital of the Fund was as follows:

		As at December 31, 2016
Mortgage payable	$	682,298
Credit facility		8,792
Net liabilities attributable to Unitholders		303,291
Total capital	$	994,381

DEBT PROFILE

As at December 31, 2016, the overall leverage, as represented by the ratio of Indebtedness to Gross Book Value was 65.42%. The maximum allowable ratio under the Fund's limited partnership agreement is 75%. The weighted average mortgage interest rate for the Fund, as at December 31, 2016, was 2.90% and the weighted average term to maturity of the mortgage portfolio was 4.23 years.

The following table summarizes key liquidity metrics:

	As at December 31, 2016
Indebtedness to Gross Book Value	65.42%
Weighted average interest rate - mortgages	2.90%
Weighted average term to maturity - mortgages	4.23 years
	Period from August 26, 2016 to December 31, 2016 (1)
Interest Coverage Ratio	2.99 x
Indebtedness Coverage Ratio	2.84 x

(1) Includes the Arrangement Properties from October 18, 2016 and the IPO Properties from the dates of acquisition (South Blvd - October 18, 2016, Coolray Field - October 20, 2016 and City North - October 31, 2016).

The Interest Coverage Ratio and the Indebtedness Coverage Ratio for the period August 26, 2016 to December 31, 2016 were 2.99 times, and 2.84 times, respectively.

The Fund utilizes interest rate cap agreements to provide protection on the rate of interest payable on eight of its variable rate mortgages as required by the applicable lenders. As the Fund has elected not to use hedge accounting, an unrealized gain of $6 relating to the fair value of the interest rate cap agreements was recorded in finance costs in the consolidated statement of net loss and comprehensive loss for the period ended December 31, 2016.

The following is a summary of the Fund's interest rate cap agreements as at December 31, 2016:

	Notional Amount	Maturity Date	Interest Rate Cap	Carrying Value and Fair Value at December 31, 2016
Commonwealth Bank of Australia	$19,700	01-Nov-17	3.78%	$0
Commonwealth Bank of Australia	34,350	01-Nov-17	4.06%	0
SMBC Capital Markets, Inc.	31,575	01-Mar-18	4.00%	0
Commonwealth Bank of Australia	33,900	01-Jun-18	3.54%	0
Commonwealth Bank of Australia	21,695	01-Jul-18	4.08%	0
Commonwealth Bank of Australia	36,909	01-Jul-18	4.00%	0
Commonwealth Bank of Australia	37,600	01-Jan-19	4.00%	3
SMBC Capital Markets, Inc.	38,000	01-Feb-19	3.75%	5
	$253,729			$8

The Fund's objective in managing interest rate risk is to minimize the volatility of the Fund's income. The Fund has the ability to enter into interest rate cap agreements for all its floating rate mortgages. Loan agreements for some of the Properties require the Fund to enter into an interest rate cap agreement once 30-day U.S. LIBOR reaches stipulated levels.

MORTGAGES PAYABLE

The following table sets out, as at December 31, 2016, scheduled principal and interests payments and amounts maturing on the mortgages over each of the next five fiscal years and the weighted average interest rate of maturing mortgages based on the Fund's consolidated financial statements as at December 31, 2016:

	Scheduled principal payments	Debt maturing during the year	Total mortgages payable	Percentage of total mortgages payable	Weighted average interest rate of maturing mortgages	Scheduled interest payments
2017	$ 3,130	$ 91,178	$ 94,308	13.82%	2.61%	$ 17,186
2018	4,525	98,470	102,995	15.10%	2.68%	13,791
2019	5,140	58,571	63,711	9.34%	2.94%	12,487
2020	5,755	-	5,755	0.84%	0.00%	11,168
2021	5,478	219,285	224,763	32.94%	3.06%	10,250
Thereafter	7,818	182,948	190,766	27.96%	2.93%	8,502
	$ 31,846	$ 650,452	$ 682,298	100.00%	2.90%	$ 73,384
Mortgage discounts			(80)			
Unamortized financing costs			(6,195)			
			$ 676,023			

CREDIT FACILITY

On October 19, 2016, the Fund entered into a credit facility agreement with a Canadian chartered bank with a maturity date of October 19, 2017, which is secured by a general charge over all of the Properties, assets and undertakings and is subordinate to any permitted liens. The credit facility has two tranches: Tranche A allows the Fund to borrow up to C$10,000; and Tranche B allows the Fund to borrow up to C$13,000.

Both tranches consist of interest and fees payable on the first day of each month in arrears, up to and including the maturity date, at either the prime rate plus a weighted average of 3.39% over the life of the credit facility or the banker's acceptance ("BA") stamping fee plus a weighted average of 4.39% over the life of the credit facility. As at December 31, 2016, the Fund had drawn C$10,000 from Tranche A and C$2,000 from Tranche B, the U.S. dollar equivalent of $8,792, net of unamortized credit facility costs of $145. All amounts drawn were BA advances. A 0.50% standby fee is charged on the undrawn amount of the credit facility. Finance costs included $62 related to the BA advances and $7 for the standby fee during the period ended December 31, 2016.

COMMITMENTS AND CONTINGENCIES

From time to time in the normal course of business, the Fund may be involved in litigation and claims in relation to its investment properties. As at the date hereof, in the opinion of management, none of the litigation or claims, individually or in aggregate, would result in a liability that would have a significant adverse effect on the financial position of the Fund. The Fund has agreed to indemnify, in certain circumstances, the directors and officers of the Fund and its subsidiaries.

NET LIABILITIES ATTRIBUTABLE TO UNITHOLDERS'

The Fund is authorized to issue an unlimited number of units. The beneficial interest in the net loss and comprehensive loss of the Fund is divided into seven classes of units: class A units; class C units; class D units; class E units; class F units; class H units; and class U units.

	Class A	Class C	Class D	Class F	Class H	Class U	Class E	Total
Net liabilities attributable to Unitholders, August 26, 2016	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Changes during the Period								
Units issued upon Plan of Arrangement, net of issue costs	111,235	80,970	33,334	12,720	2,031	20,008	8,114	268,412
Units issued on Offering, net of issue costs	14,068	3,720	10,299	10,827	-	1,116	4,043	44,073
Units repurchased and cancelled under NCIB	(1,296)	-	-	-	-	-	-	(1,296)
Re-allocation due to unit conversions	(35,153)	1,346	37,033	(2,015)	(1,121)	(6,306)	6,216	-
Net loss and comprehensive loss	(2,255)	(2,184)	(2,047)	(547)	(23)	(376)	(466)	(7,898)
Net liabilities attributable to Unitholders, December 31, 2016	$ 86,599	$ 83,852	$ 78,619	$ 20,985	$ 887	$ 14,442	$ 17,907	$ 303,291

On October 26, 2016, the Fund announced that the TSX Venture Exchange had accepted the Fund's notice of intention to make a NCIB. Under the NCIB, the Fund may purchase for cancellation up to a maximum of 2,042,526 class A units and 268,912 class U units, representing 10% of the Fund's public float of class A units and class U units, respectively. The Fund may not purchase more than 2% of the issued and outstanding class A units or class U units during any 30-day period, which as at October 21, 2016 represented 417,231 class A units and 54,066 class U units, respectively. The NCIB commenced on November 1, 2016 and will remain in effect until the earlier of (i) October 31, 2017 and (ii) the date on which the Fund has purchased the maximum number of units permitted under the NCIB. During the period ended December 31, 2016, the Fund purchased and cancelled 196,000 class A units at a total cost of $1,296.

A copy of TSX Venture Exchange Form 5G - Notice of Intention to Make a Normal Course Issuer Bid is available, without charge by contacting the Fund.

UNITS

The following table summarizes the changes in units outstanding for the period from August 26, 2016 (Date of Formation) to December 31, 2016:

(in thousands of units)	Class A	Class C	Class D	Class F	Class H	Class U	Class E	Total
Outstanding as at August 26, 2016	-	-	-	-	-	-	-	-
Units issued in connection with the Plan of Arrangment, October 15, 2016	18,866	13,012	5,654	2,091	344	2,583	1,047	43,597
Units issued in connection with the Offering, October 18, 2016	1,996	500	1,461	1,489	-	120	437	6,003
Units reallocated due to conversions	(5,938)	-	6,256	(121)	(193)	(385)	385	4
Units repurchased and cancelled under NCIB	(196)	-	-	-	-	-	-	(196)
Outstanding, as at December 31, 2016	14,728	13,512	13,371	3,459	151	2,318	1,869	49,408

As at December 31, 2016, there were 49,407,735 units issued and outstanding, comprised of 14,727,721 class A units, 13,511,722 class C units, 13,370,598 class D units, 3,459,420 class F units, 150,947 class H units, 2,317,979 class E units and 1,869,298 class U units.

RELATED PARTY TRANSACTIONS AND ARRANGEMENTS

ARRANGEMENTS WITH STARLIGHT

The Fund engaged Starlight to perform certain management services, as outlined below. Starlight Investments is a related party as it is controlled by a significant Unitholder of the Fund.

(a) Pursuant to the management agreement dated October 15, 2016 (the "Management Agreement"), the Manager is to perform asset management services for fees equal to 0.35% of the sum of:

  I. the appraised values of the properties acquired in connection with the Plan of Arrangement, or in the case of future acquisitions including the IPO Properties, the purchase price of the properties in U.S. dollars; and

  II. the cost of any capital expenditures in respect of the Properties since the date of acquisition by the Fund in U.S. dollars

(b) In addition, the manager is to receive an amount equal to the service fee paid to registered dealers of the Fund's Class A and Class U units, paid quarterly in arrears.

For the period August 26, 2016 to December 31, 2016, asset management fees of $753 and service fees of $134 were charged to Fund and trust expenses. The amount payable to the Manager as at December 31, 2016 was $450.

(c) Pursuant to the Management Agreement, Starlight is entitled to receive an acquisition fee in respect of Properties acquired, directly or indirectly, by the Fund as a result of such properties having been presented to the Fund by Starlight Investments calculated as follows:

- 1.0% of the purchase price of a property, on the first $100,000 of properties acquired in each calendar year;
- 0.75% of the purchase price of a property, on the next $100,000 of properties acquired in each calendar year; and
- 0.50% of the purchase price on properties in excess of $200,000 of properties acquired in each calendar year.

For the period ended December 31, 2016, the Fund incurred acquisition fees of $1,596 under the Management Agreement, for the acquisitions of Boardwalk, South Blvd, City North and Coolray. Acquisition fees are paid at the time of acquisition and are initially capitalized to investment properties on acquisition.

In addition, the Fund reimburses the Manager for all reasonable and necessary actual out-of-pocket costs and expenses incurred by the Manager in connection with the performance of the services described in the management agreement or such other services which the Fund and the Manager agree in writing are to be provided from time to time by the Manager.

The management agreement expires on the winding-up or dissolution of the Fund, unless and until the management agreement is terminated in accordance with the termination provisions.

CARRIED INTEREST

The Manager and the President of the Fund, as holders of the class B partnership units of Starlight Investment Partnership ("SIP") are entitled to 25% of the excess distributable cash after returning: (i) 6.5% per annum on the initial investment amount contributed, less the aggregate agents fees payable, if any, in respect of the limited partnership units of the Fund calculated on a cumulative basis from the effective date of the Plan of Arrangement (the "Minimum Return"); and (ii) the return of the initial investment amount contributed for limited partnership units of the Fund pursuant to the Plan of Arrangement and the Offering, less the aggregate agents fees payable.

In the event that the Minimum Return is not received by Unitholders of the Fund, an amount of up to 20% of the deemed value, net of taxes payable, paid as a carried interest in connection with the Plan of Arrangement shall be payable to the Fund.

As at December 31, 2016, the Fund had not recognized a liability to SIP in relation to the carried interest.

AUDIT COMMITTEE

AUDIT COMMITTEE CHARTER

The Board has adopted a written charter for the audit committee which sets out the audit committee's responsibility in accordance with applicable laws including reviewing the financial statements of the Fund and public disclosure documents containing financial information and reporting on such review to the Board, oversight of the work and review of the independence of the external auditors of the Fund and reviewing, evaluating and approving the internal control procedures that are implemented and maintained by management. A copy of the audit committee charter is attached to this MD&A as "Schedule A".

COMPOSITION OF THE AUDIT COMMITTEE

The audit committee of the Fund is comprised of Daniel Drimmer, Harry Rosenbaum and Graham Rosenberg (Chair). Harry Rosenbaum and Graham Rosenberg are "independent" within the meaning of National Instrument 52-110 – Audit Committees ("NI 52-110"). As a "venture issuer" under applicable securities laws, the Fund is permitted to have an audit committee not comprised exclusively of independent directors and the Fund is relying on such an exemption in Section 6.1 of NI 52-110. Each of Daniel Drimmer, Harry Rosenbaum and Graham Rosenberg are financially literate within the meaning of applicable securities laws. Each of the audit committee members has an understanding of the accounting principles used to prepare the Fund's financial statements and possesses the ability to assess the general application of such principles in connection with the Fund's accounting for estimates, accruals and provisions. In addition, each audit committee member has experience preparing, auditing, analyzing, evaluating or actively supervising, comparable financial statements with the breadth and complexity of the Fund's 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.

The biographies of each of Daniel Drimmer, Harry Rosenbaum and Graham Rosenberg are set out below which provide a description of the experience that is relevant to the performance of their responsibilities as audit committee members.

DANIEL DRIMMER

Daniel Drimmer is the founder, President and Chief Executive Officer of the Manager, a Canadian real estate asset management company focused on the acquisition, ownership and management of residential and commercial properties across Canada and the U.S., with a portfolio of approximately 34,000 residential suites and over 3,000,000 square feet in commercial properties. In addition to the formation of the Manager, Daniel Drimmer established and is the Chairman of the Board of True North Commercial Real Estate Investment Trust and founded TransGlobe Investment Management Ltd., TransGlobe Property Management Services Ltd. and TransGlobe Apartment Real Estate Investment Trust ("TransGlobe Apartment REIT" and, collectively, "TransGlobe") and was TransGlobe's President from November 1996 to August 2011. Under Mr. Drimmer's guidance, TransGlobe expanded its original portfolio of seven properties to a portfolio exceeding 30,000 residential suites (including those owned by TransGlobe Apartment REIT, as at September 1, 2011), and approximately one million square feet of gross leasable area of commercial space. Daniel Drimmer also served as TransGlobe Apartment REIT's Chairman and trustee from May 2010 to August 2011. Mr. Drimmer is currently a director of the Fund as well as a trustee of Northview Apartment Real Estate Investment Trust which acquired True North Apartment Real Estate Investment Trust, founded by Mr. Drimmer. Mr. Drimmer was formerly a director of Fund No.1, Fund No.2, Fund No.3, and Fund No.4. Over the last ten years, Mr. Drimmer has sourced, acquired and financed in excess of 85,000 suites. Over the last seven years, Daniel Drimmer has led more than C$15 billion in real estate transactions, including four initial public offerings. Daniel Drimmer was born and raised in Berlin, Germany and is the third generation of the Drimmer family to be involved in real estate. He obtained a Bachelor of Arts degree from the University of Western Ontario, and a Master of Business Administration degree and a Masters' degree in Contemporary European Policy Making from European University in Geneva, Switzerland.

HARRY ROSENBAUM

Harry Rosenbaum is a founding principal of the Great Gulf Group of Companies, one of North America's premier real estate conglomerates. He has been instrumental in manifesting such iconic projects as One Bloor East, Toronto, Ontario. Mr. Rosenbaum is a principal of Ashton Woods Homes, one of the largest private homebuilders in the United States and was formerly a director of Fund No.1, Fund No.2, Fund No.3, and Fund No.4 as well formerly being a trustee of WPT Industrial Real Estate Investment Trust. Prior to the creation of Great Gulf Group in 1983, Mr. Rosenbaum practiced commercial and real estate law at a Toronto law firm. Mr. Rosenbaum is active as a board member of various charitable organizations including the ACL (Advocates for Civil Liberties) and Sunnybrook Hospital Foundation. Mr. Rosenbaum attended Osgoode Hall Law School, graduating in 1974. He also holds a degree in Economics from York University, completed in 1971.

GRAHAM ROSENBERG

Graham Rosenberg is the Co-Chief Executive Officer and President of Dental Corporation of Canada Inc., a company that he founded in 2011 to acquire and partner with dental practices across Canada. Mr. Rosenberg is also a trustee of Northview Apartment Real Estate Investment Trust and a member of the audit committee. Prior to founding Dental Corporation of Canada Inc., Mr. Rosenberg founded and was the President of BCM Bancorp Inc., a boutique merchant bank providing mid-market North American companies with strategic and financial resources to accelerate growth and maximize value. Previously, Mr. Rosenberg was a Managing Director of MDC Partners Inc., a marketing and communications firm listed on the TSX and NASDAQ, from 2003 to 2009, holding various senior executive positions within the firm, and a former trustee and audit committee member of TransGlobe Apartment REIT. Prior to that, Mr. Rosenberg spent eight years as a Managing Partner at Clairvest Group Inc., a TSX-listed merchant bank. Mr. Rosenberg is qualified as a Chartered Professional Accountant.

PRE-APPROVAL OF NON AUDIT SERVICES

In accordance with the independence standards for auditors, the Fund is restricted from engaging its external auditors to provide certain non-audit services to the Fund, including bookkeeping or other services related to the accounting records or financial statements, financial information systems design and implementation, valuation services, actuarial services, internal audit services, corporate finance services, management functions, human resources functions, legal services and expert services unrelated to the audit.

The Fund may engage its external auditors from time to time, to provide certain non-audit services other than the restricted services. The Audit committee reviews and approves the nature of and fees for any non-audit service performed by the Fund's external auditors in accordance with applicable requirements and Board of Directors of Starlight U.S. Multi-Family (No.5) Core Fund GP, Inc. ("Starlight GP), (the "Board" or "Directors") approved policies and procedures.

EXTERNAL AUDITOR SERVICE FEES

The following table sets forth the approximate amounts of fees paid and accrued to the Fund's auditor, BDO Canada LLP, for services rendered for the period from August 26, 2016 to December 31, 2016:

Fee Category	August 26, 2016 to December 31, 2016
Audit fees	$89
Audit-related fees(1)	$384
Tax fees(2)	$165
All other fees	$nil
Total	$638

Notes:

(1) "Audit related fees" include fees paid and accrued in connection with the Fund's offering prospectus, including carve-out audit fees for the Properties.

(2) "Tax fees" include fees paid and accrued for tax compliance, tax planning and tax advisory services, including the review and preparation of tax returns.

REMUNERATION OF MANAGEMENT OF THE FUND

OVERVIEW

As at the date hereof, the Fund, through its general partner, Starlight GP, does not directly employ any persons who would be considered a named executive officer ("NEO") of the Fund as such term is defined in Form 51-102F6V – Statement of Executive Compensation – Venture Issuers in National Instrument 51-102 - Continuous Disclosure Obligations. The services of Messrs. Daniel Drimmer, Evan Kirsh and Martin Liddell, as Chief Executive Officer, President and Chief Financial Officer, respectively, are provided by Starlight. No compensation is paid by the Fund or its subsidiaries to those persons provided by Starlight as officers of the Fund, 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 Fund or its subsidiaries to Starlight for services rendered is calculated in accordance with the management agreement dated October 15, 2016. See "Related Party Transactions and Arrangements – Arrangements with Starlight". Starlight provides such administrative, executive and management personnel as may be reasonably necessary to perform its obligations by using its own employees and consultants and is therefore responsible for all matters with respect to such employees and consultants. All references to the officers of the Fund named in the "Summary Compensation Table" below, namely Messrs. Daniel Drimmer, Evan Kirsh and Martin Liddell, are references to officers of, or consultants to, Starlight GP, in its capacity as general partner of the Fund, and are either officers or employees of, or consultants to, Starlight.

COMPENSATION DISCUSSION AND ANALYSIS

The Fund's executive team is employed by Starlight. The Fund is obligated to pay Starlight certain amounts pursuant to terms of the management agreement, as discussed in "Related Party Transactions and Arrangements – Arrangements with Starlight". As such, any variability in compensation paid by Starlight to the NEOs does not impact the Fund's financial obligations. The Board may hire officers and employees, but such hiring, if not of Starlight officers, consultants or employees, would be at the sole expense of the Fund. Further, any officer that is an officer, consultant or employee provided by Starlight may be removed from such position with the Fund, at the discretion of the Board. The Fund is not responsible for any change of control, severance, termination or constructive dismissal payments that may be provided, or required to be provided, by Starlight to the NEOs.

The following discussion is intended to describe the portion of the compensation of the NEOs that is attributable to time spent on the activities of the Fund, and supplements the more detailed information concerning compensation that appears in the table below and the accompanying narrative that follows.

PRINCIPAL ELEMENTS OF COMPENSATION

As a private company, Starlight's process for determining executive compensation is straightforward, with no specific formula for determining the amount of each element of compensation, 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 Fund. Objectives and performance measures may vary from year to year as determined to be appropriate by Starlight without reference to any formal benchmarking.

The compensation of the NEOs includes two major elements: (i) base salary; and (ii) an annual cash bonus. The Fund does not have any long-term equity incentive plans, such as a Unit option plan, pursuant to which cash or non-cash compensation has been or will be paid or distributed to any NEO or Director. In addition, the Fund does not have any stock appreciation rights, incentive plans, medium term incentives or pension plans. Perquisites and personal benefits are not a significant element of compensation of the NEOs.

These two 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 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 Fund, the position and responsibilities of the NEOs and competitive industry pay practices for other real estate funds, real estate investment trusts and corporations of comparable size. Starlight does not benchmark compensation to a specific peer group. Increases in base salary are at the sole discretion of Starlight. The Board may review the compensation payable to its officers by Starlight and provide recommendations to Starlight, which are 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 Fund or the NEO individually. The determination of the performance of the Fund may vary from year to year depending on economic conditions and conditions in the real estate industry, and may be based on measures such as Unit price performance, the meeting of financial targets against budget, the meeting of acquisition objectives and balance sheet performance. Individual performance factors vary, and may include completion of specific projects or transactions and the execution of day-to-day management responsibilities. The Board may review the bonuses payable to its officers by Starlight, and provide recommendations to Starlight, which are considered in good faith by Starlight but are not binding upon Starlight.

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES

The following table sets out compensation information concerning the persons determined to be NEOs of the Fund pursuant to applicable securities laws. All amounts below are set out in Canadian dollars.

Name and position	Year(1)	Salary, consulting fee, retainer or commission(2) (C$)	Bonus (C$)	Committee or meeting fees (C$)	Value of perquisites(3) (C$)	Value of all other compensation (C$)	Total compensation (C$)
Daniel Drimmer(4), *Chief Executive Officer, Director*	2016	Nil	Nil	Nil	Nil	Nil	Nil
Evan Kirsh(5), *President*	2016	Nil(5)	Nil	Nil	Nil	Nil	Nil(6)
Martin Liddell(7)(8), *Chief Financial Officer*	2016	95,000	45,000	Nil	Nil	Nil	135,000(6)
Graham Rosenberg(9), *Director*	2016	2,650	Nil	Nil	Nil	Nil	2,650
Harry Rosenbaum(9), *Director*	2016	2,650	Nil	Nil	Nil	Nil	2,650

(1) The Fund was established on August 26, 2016 and accordingly, information is presented only for the four months period ended December 31, 2016 and is not presented with respect to prior years.

(2) On an annualized basis, salaries, consulting fees, retainers or commissions paid to the NEOs and Directors for the period ended December 31, 2016 would have been as follows: Daniel Drimmer**,** Nil; Martin Liddell, C$230,000; Graham Rosenberg, C$12,500; and Harry Rosenbaum C$12,500. See also Note 5.

(3) None of the NEOs or the Board of Directors or Starlight GP are entitled to perquisites, which, in the aggregate, are more than C$15,000.

(4) Daniel Drimmer is not compensated by the Fund for serving as a Director and is not compensated by Starlight for providing services as the Chief Executive Officer or as a member of the Board of Directors of the Fund. Mr. Drimmer is the principal of Starlight. See "Related Party Transactions and Arrangements – Arrangements with Starlight".

(5) Evan Kirsh serves as the President of Starlight GP. A corporation controlled by Evan Kirsh (the "Service Provider") receives compensation from Starlight for services provided to the Fund pursuant to the terms of a fee agreement (the "Fee Agreement") among Starlight, Evan Kirsh and the Service Provider. The Fee Agreement provides that commencing on January 1, 2017 in consideration for, among other things, providing the services of Mr. Kirsh to act as President of the Fund, Starlight pays the Service Provider a fee. Pursuant to the Fee Agreement, the Service Provider is entitled to receive the aggregate of: (i) an agreed percentage of the gross asset management fees paid by the Fund to Starlight pursuant to the management agreement; (ii) an agreed percentage of the gross acquisition fees paid by the Fund to Starlight pursuant to the management agreement; and (iii) an agreed percentage of the gross disposition transaction fees paid by the Fund to Starlight pursuant to the management agreement. Starlight (and not the Fund) is responsible for any such

amounts payable to the Service Provider. Also see Related Party Transactions and Arrangements – Arrangements with Starlight" for amounts paid or payable to Starlight for the period October 15, 2016 to December 31, 2016.

(6) Compensation is paid by Starlight and there is no charge back to the Fund for such compensation.

(7) Martin Liddell is the Chief Financial Officer of Starlight GP. Mr. Liddell receives compensation from Starlight for services provided to the Fund. In addition, pursuant to an agreement between Mr. Liddell and Starlight, Mr. Liddell is entitled to a portion of the amount received by Starlight from or in respect of its holdings of class B partnership units of SIP. Starlight (and not the Fund) is responsible for any such amounts payable to Mr. Liddell. See "Related Party Transactions and Arrangements – Arrangements with Starlight", specifically the carried interest section.

(8) The amounts allocated in the table represent the portion of Martin Liddell's compensation that is attributable to the activities of the Fund and was determined by Starlight solely for the purposes of this table, based on the role, responsibility and time spent by Mr. Liddell to fulfill the requirements of the office of Chief Financial Officer of the Fund.

(9) Director compensation is determined by the Board of Directors of Starlight GP. The Fund pays its independent directors annual compensation in the amount of C$12,500 per annum which amount was set on establishment of the Fund is reviewed annually by the Board of Directors or Starlight GP and is expected to be unchanged for the duration of the Fund. See also Note 4.

REMUNERATION OF THE DIRECTORS OF STARLIGHT GP

REMUNERATION OF DIRECTORS

Any Director who is an officer of, or is otherwise employed by Starlight, is not entitled to any remuneration from the Fund for serving as a Director (including as Chair of the Board, or as the Chair or as a member of the audit committee). Each Director, other than Daniel Drimmer, receives an annualized base retainer from the Fund in the amount for C$12,500 for services provided during 2016. There were no fees paid or payable for each day on which a Director attended a meeting of the Board, whether in person or by telephone, and the members of the audit committee did not receive any fees for services provided.

SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES

A summary of the significant accounting policies is provided in Note 2 to the audited consolidated financial statements of the Fund. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities at each financial statement date, and revenues and expenses for the periods indicated. Actual results could differ from those estimates.

CRITICAL JUDGMENTS AND ESTIMATES

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

In making estimates and judgments, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. Those estimates and judgments have been applied in a manner consistent with prior periods and there are no known trends, commitments, events or uncertainties that it believes will materially affect the methodology or assumptions utilized in making those estimates and judgments in these consolidated financial statements.

The estimates used in determining the recorded amount for assets and liabilities in the consolidated financial statements include the following:

Accounting for Acquisitions

Management must assess whether the acquisition of a property should be accounted for as an asset purchase or business combination. This assessment affects the accounting treatment of transaction costs, the allocation of the costs associated with the acquisition and whether or not goodwill is recognized. The Fund's acquisitions are generally determined to be asset purchases, as the Fund does not acquire an integrated set of processes as part of the acquisition transaction. The acquisition of Fund 1, Fund 2, Fund 3 and Fund 4 and their subsidiaries was considered by management to be out of the scope of IFRS 3 – business combinations as the Funds are commonly controlled.

Investment Properties

The estimates used when determining the fair value of investment properties are capitalization rates and stabilized future cash flows. The capitalization rate applied is reflective of the characteristics, location and market of each investment property.

The stabilized future cash flows of each investment property are based upon rental income from current leases and assumptions about occupancy rates and market rent from future leases reflecting current conditions, less future cash outflows relating to such current and future leases. Management determines fair value internally utilizing internal financial information, external market data and capitalization rates provided by independent industry experts and third party appraisals.

Financial Instruments

Critical judgments and estimates are also made in the determination of fair value of financial instruments and include assumptions and estimates regarding future interest rates, the relative creditworthiness of the Fund to its counterparties, the credit risk of the Fund's counterparties relative to the Fund, the estimated future cash flows, and discount rates.

Leases

The Fund makes judgments in determining whether certain leases, in particular tenant leases are accounted for under IFRS as either operating or finance leases. The Fund has determined that all of its leases are operating leases.

Income Taxes

The Fund applies judgment in determining the tax rates applicable to its subsidiaries and identifying the temporary differences in each of such legal subsidiaries in respect of which deferred income taxes are recognized. Deferred taxes relate to temporary differences arising from its subsidiaries and are measured based on tax rates that are expected to apply in the year when the asset is realized or the liability is settled.

Temporary differences are differences that are expected to reverse in the future and arise from differences between accounting and tax asset values.

The Fund's estimate of deferred taxes is based on the assumption that the Fund's liquidating event occurs either through a direct sale of the properties or through a disposition of its ownership interests in its U.S. subsidiaries.

Should the Fund's liquidating event occur through a sale of the Fund's limited partnership interests, the estimated deferred taxes would not be incurred by the Fund.

Carried Interest

The determination by the Fund as at each Statement of Financial Position date as to whether a provision for carried interest should be recognized to holders of the class B limited partnership units of SIP is based, among other criteria, on the Fund's analysis of the net liabilities attributable to Unitholders, distributions paid to Unitholders since the formation of the Fund and the Fund's ability to meet the requirement to return the initial investment amount contributed from the limited partners of the Fund and the minimum return.

RISKS AND UNCERTAINTIES

The ownership of units involves a number of risk factors. The risks described below are not the only risks and readers should carefully review the risks and uncertainties disclosed in the Fund's prospectus dated October 12, 2016, under the heading "Risk Factors", at www.sedar.com. If any of the following risks or those outlined in the Fund's prospectus dated October 12, 2016 occur, or if others occur, the Fund's business, operating results and financial condition could be seriously harmed and investors may lose all of their investment. Risks affecting the Fund will affect its ability to make distributions on its Units. Some of these risk factors are described below:

(a) *Acquisition Risk* – The Manager intends to recommend properties for acquisition by the Fund or its subsidiaries selectively. The acquisition of properties entails risks that investments will fail to perform in accordance with expectations. In undertaking such acquisitions, Fund or its subsidiaries will incur certain risks, including the expenditure of funds, including non-refundable deposits, due diligence costs and inspection fees, and the devotion of the Manager's time to transactions that may not come to fruition. The operation of properties may not generate sufficient funds to make the payments of principal and interest due on the mortgage loans and, upon default, one or more lenders could exercise their rights including foreclosure or the sale of properties.

(b) *Experience of Directors and Officers* – While the officers of the Fund and the Directors have significant experience in multi-family real estate in Canada, their direct experience in multi-family real estate in the U.S. is more limited. Investors are cautioned that the experience of the officers of the Fund and the directors of its general partner may not be relevant to the acquisition of multi-family real estate in the U.S. or to their achievement of the investment objectives of the Fund.

(c) *General Real Estate Ownership Risks* – All real property investments are subject to a degree of risk and uncertainty. The value of real property and any improvements thereto depend on the credit and financial stability of tenants and upon the vacancy rates of such properties. The Properties generate revenue through rental payments made by the tenants thereof. The ability to rent vacant suites in the Properties will be affected by many factors, including changes in general economic conditions (such as the availability and cost of mortgage funds), local conditions (such as an oversupply of space or a reduction in demand for real estate in the area), government regulations, changing demographics, competition from other available properties, and various other factors. If a significant number of tenants are unable to meet their obligations under their leases or if a significant amount of available space in the Properties becomes vacant and cannot be re-leased on economically favourable terms, the Properties may not generate revenues sufficient to meet operating expenses, including debt service and capital expenditures, and distributable cash will be adversely affected.

    Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether a Property is producing any income. Real property investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relationship with demand for and the perceived desirability of such investments. Such illiquidity will tend to limit the Fund's ability to vary its portfolio promptly in response to changing economic or investment conditions. If the Fund were to be required to quickly liquidate its real property investments, the proceeds might be significantly less than the aggregate carrying value of the Properties or less than what could be expected to be realized under normal circumstances. The Fund may, in the future, be exposed to a general decline of demand by tenants for space in the Properties. As well, certain of the leases of the Properties held by the Fund or its Subsidiaries may have early termination provisions, which, if exercised, would reduce the average lease term.

    Historical occupancy rates and revenues are not necessarily an accurate prediction of the future occupancy rates for the Properties or revenues to be derived therefrom. There can be no assurance that, upon the expiry or termination of existing leases, the average occupancy rates and revenues will be higher than historical occupancy rates and revenues, and it may take a significant amount of time for market rents to be recognized by the Fund due to internal and external limitations on its ability to charge these new market-based rents in the short-term.

(d) *Co-investment/Joint Ventures* – The Fund may, on advice from the Manager, invest in, or be a participant in, directly or indirectly, joint ventures and partnerships with third parties in respect of the Properties. A joint venture or partnership involves certain additional risks, including:

I. the possibility that such co-venturers/partners may at any time have economic or business interests or goals that will be inconsistent with the Fund's or take actions contrary to the Manager's instructions or requests or to the Manager's policies or objectives with respect to the Properties;

II. the co-venturer/partner may have control over all of the day to day and fundamental decisions relating to a property;

III. the risk that such co-venturers/partners could experience financial difficulties or seek the protection of bankruptcy, insolvency or other laws, which could result in additional financial demands to maintain and operate such properties or repay the co-venturers'/partners' share of property debt guaranteed by the Fund or its subsidiaries or for which the Fund or its subsidiaries will be liable and/or result in the Fund suffering or incurring delays, expenses and other problems associated with obtaining court approval of joint venture or partnership decisions;

IV. the risk that such co-venturers/partners may, through their activities on behalf of or in the name of the ventures or partnerships, expose or subject the Fund or its subsidiaries to liability; and

V. the need to obtain co-venturers'/partners' consents with respect to certain major decisions or inability to have any decision making authority, including the decision to distribute cash generated from such properties or to refinance or sell a property.

In addition, the sale or transfer of interests in certain of the joint ventures and partnerships may be subject to certain requirements, such as rights of first refusal, rights of first offer or drag-along rights, and certain of the joint venture and partnership agreements may provide for buy-sell or similar arrangements. Such rights may inhibit the Fund's ability to sell an interest in a property or a joint venture/partnership within the time frame or otherwise on the basis the Manager desires. Additionally, drag-along rights may be triggered at a time when the Manager may not advise the Fund to sell its interest in a property, but the Fund may be forced to do so at a time when it would not otherwise be in its best interest.

(e) *Inability to Dispose of Properties or Geographical Diversify* – The Fund may be unable to reduce its exposure in any one of the Primary Markets by disposing of certain Properties during the term of the Fund and by replacing such Properties with new properties in Primary Markets having greater potential NOI growth and value, or to achieve further geographical diversification of the Fund's overall portfolio or a more balanced distribution of Properties within Primary Markets through dispositions and acquisitions of Properties in the Primary Markets. As a result, the Fund may face exposure to downturns in any one of the Primary Markets or from a lack of geographical diversification or an unbalanced distribution of properties within Primary Markets.

(f) *Substitutions for Residential Rental Suites* – Demand for rental suites in the Properties is impacted by and inversely related to the relative cost of home ownership. The cost of home ownership depends upon, among other things, interest rates offered by financial institutions on mortgages and similar home financing transactions. Notwithstanding recent increases in interest rates in the U.S., interest rates offered by financial institutions for financing home ownership have been at historically low levels. If the interest rates offered by financial institutions for home ownership financing remain low or fail to rise, demand for rental suites may be adversely affected. A reduction in the demand for rental suites may have an adverse effect on the Fund's ability to lease suites in the Properties and on the rents charged.

(g) *Government Regulation* – Certain states in the U.S. have enacted residential tenancy legislation, which may impose, among other things, rent control guidelines that limit the Fund's ability to raise rental rates at the Properties. Limits on the Fund's ability to raise rental rates at the Properties may adversely affect the Fund's ability to increase income from the Properties. The States of Florida, Georgia, Nevada, North Carolina and Texas have not currently enacted residential tenancy legislation that imposes rent control guidelines that could limit the Fund's ability to raise rental rates at its Properties.

In addition to limiting the Fund's ability to raise rental rates, residential tenancy legislation in such states may provide certain rights to tenants, while imposing obligations upon landlords. Certain states may also prescribe procedures, which must be followed by a landlord in order to terminate a residential tenancy. As certain proceedings may need to be brought before the respective judicial or administrative body governing residential tenancies as appointed under a state's residential tenancy legislation, it may take several months to terminate a residential lease, even where the tenant's rent is in arrears.

Further, residential tenancy legislation in certain states may provide tenants with the right to bring certain claims to the respective judicial or administrative body seeking an order to, among other things, compel landlords to comply with health, safety, housing and maintenance standards. As a result, the Fund may, in the future, incur capital expenditures, which may not be fully recoverable from tenants.

Residential tenancy legislation may be subject to further regulations or may be amended, repealed or enforced, or new legislation may be enacted, in a manner, which will materially adversely affect the ability of the Fund to maintain the historical level of earnings of the Properties.

(h) *Currency Risk* – Currency risk is the risk that the Fund encounters from fluctuations in the Canadian/U.S. dollar exchange rate. The revenues and expenses of the Properties are denominated in U.S. dollars and distributions made to the Fund Unitholders are in both Canadian and U.S. dollars. The Fund converts such distribution amounts into Canadian dollars, as applicable, before distributions are paid to Unitholders. As a consequence, distributions are impacted by the prevailing exchange rates. As at December 31, 2016, the Fund had not entered into any hedging or forward contract arrangements to limit the impact of the changes in the Canadian/U.S. dollar exchange rate.

(i) *Financing Risks* – There is no assurance that the Manager will be able to obtain sufficient mortgage loans to finance the acquisition of properties, or, if available, that the Manager will be able to obtain mortgage loans on commercially acceptable terms. Further, there is no assurance or guarantee that any mortgage loans, if obtained, will be renewed when they mature or, if renewed, renewed on the same terms and conditions (including the rate of interest). In the absence of mortgage financing, the number of properties, which the Fund is able, to purchase will decrease and the return from the ownership of properties (and ultimately the return on an investment in units) will be reduced.

(j) *Interest Rate Fluctuations* – The Fund's mortgage loans may include indebtedness with interest rates based on variable lending rates that will result in fluctuations in the Fund's cost of borrowing.

(k) *Environmental Matters* – Under various environmental and ecological laws, the Fund or its subsidiaries could become liable for the costs of removal or remediation of certain hazardous or toxic substances released on or in one or more of the Properties or disposed of at other locations. The failure to deal effectively with such substances may adversely affect the Manager's ability to sell such property or to borrow using the property as collateral, and could potentially also result in claims against the Fund or its subsidiaries by third parties.

(l) *Uninsured Losses* – The Fund or its subsidiaries have comprehensive insurance, including fire, liability and extended coverage, of the type and in the amounts customarily obtained for the Properties similar to those to be owned by the Fund or its subsidiaries and also has obtained coverage where warranted against earthquakes and floods. However, in many cases certain types of losses (generally of a catastrophic nature) are either uninsurable or not economically insurable. Should such a disaster occur with respect to any of the Properties, the Fund could suffer a loss of capital invested and not realize any profits, which might be anticipated from the disposition of such properties.

(m) *Reliance on Property Management* – The Manager may rely upon independent management companies to perform property management functions in respect of each of the Properties. To the extent the Manager relies upon such management companies, the employees of such management companies will devote as much of their time to the management of the Properties as in their judgment is reasonably required and may have conflicts of interest in allocating management time, services and functions among the Properties and their other development, investment and/or management activities.

(n) *Competition for Real Property Investments or Tenants* – The Manager will compete for suitable real property investments with individuals, corporations, REITs and similar vehicles and institutions (both Canadian, U.S. and foreign) which are presently seeking or which may seek in the future real property investments or tenants similar to those sought by the Manager. Such competition could have an impact on the Fund's ability to lease suites in the Properties and on the rents charged. An increased availability of investment funds allocated for investment in real estate would tend to increase competition for real property investments and increase purchase prices, reducing the yield on such investments. There is a risk that continuing increased competition for real property acquisitions may increase purchase prices to levels that are not accretive.

(o) *Holding Entity Structure* – As a holding entity the Fund's ability to meet its obligations, including payment of interest, other operating expenses and distributions, and to complete current or desirable future enhancement opportunities or acquisitions generally depends on the receipt by the Fund of dividends, distributions and / or interest payments from its subsidiaries as the principal source of cash flow to pay distributions on the units. As a result, the Fund's cash flow and ability to pay distributions, including on the units, are dependent upon earnings of its subsidiaries and the distribution of those earnings and other funds by its subsidiaries to it. The payment of interest, dividends and / or distributions by certain of the Fund's subsidiaries may be subject to restrictions set out in relevant corporate laws and regulations, constating documents or other governing provisions, which may require that certain subsidiaries remain solvent following payment of any such interest, dividend and/or distributions. Substantially all of the Fund's business is currently conducted through its subsidiaries, and the Fund expects this to continue.

(p) *Revenue Shortfalls* – Revenues from the Properties may not increase sufficiently to meet increases in operating expenses or debt service payments under the mortgage loans or to fund changes in the variable rates of interest charged in respect of such loans.

(q) *Fluctuations in Capitalization Rates* – As interest rates fluctuate in the lending market, generally capitalization rates will as well, which affects the underlying value of real estate. As such, when interest rates rise, generally capitalization rates should be expected to rise. Over the period of investment, capital gains and losses at the time of disposition can occur due to the increase or decrease of these capitalization rates.

(r) *Reliance on the Manager* – Prospective purchasers assessing the risks and rewards of this investment will, in large part, be relying on the expertise of the Manager and its principal, Daniel Drimmer. In particular, prospective purchasers will have to rely on the discretion and ability of the Manager in determining the composition of the portfolio of Properties, and in negotiating the pricing and other terms of the agreements leading to the acquisition and disposition of Properties. The ability of the Manager to successfully implement the Fund's investment strategy will depend in large part on the continued employment of Daniel Drimmer, Martin Liddell and/or Evan Kirsh. If the Manager loses the services of Daniel Drimmer, Martin Liddell or Evan Kirsh, the business, financial condition and results of operations of the Fund may be materially adversely affected.

(s) *Distributions May be Reduced or Suspended* – Although the Fund intends to distribute its available cash to Unitholders, such cash distributions may be reduced or suspended. The ability of the Fund to pay Unitholders a targeted annual pre-tax distribution yield of 6.5% across all unit classes and the actual amount distributed or paid to Unitholders on termination of the Fund will vary as between the classes of units based on the proportionate entitlements of each class of unit, applicable unit class expenses, and any unhedged exposure to Canadian/U.S. dollar exchange rates and will also depend on the Fund to manage the ongoing operations of the Properties. The minimum return is a preferred return, but is not guaranteed and may not be paid on a current basis in each year or at all. As a result, the cash distributions payable to Unitholders may not be paid on a current basis in each year or at all. The return on an investment in the units is not comparable to the return on an investment in a fixed income security. Cash distributions, including a return of a Unitholder's original investment, are not guaranteed and their recovery by an investor is at risk and the anticipated return on investment is based upon many performance assumptions. It is important for investors to consider the particular risk factors that may affect the real estate investment markets generally and therefore the availability and stability of the distributions to Unitholders.

(t) *Assumption of Liabilities* – Pursuant to the Plan of Arrangement the Fund assumed all liabilities arising out of or related to the Arrangement Fund's and Campar Capital Corporation's past business, operations and assets. Pursuant to the Plan of Arrangement, the Fund assumed unknown liabilities that could be significant.

(u) *Possible Loss of Limited Liability of Limited Partners* – Unitholders may lose their limited liability in certain circumstances, including by taking part in the control of the Fund's business. The principles of law in the various jurisdictions of Canada recognizing the limited liability of the limited partners of limited partnerships subsisting under the laws of one province, but carrying on business in another jurisdiction, have not been authoritatively established. If limited liability is lost, there is a risk that Unitholders may be liable beyond their contribution and share of the Fund's undistributed net income in the event of judgment on a claim in an amount exceeding the sum of the General Partner's net assets and the Fund's net assets. A transferee of a unit will become a Unitholder and shall be subject to the obligations and entitled to the rights of Unitholders under the Fund's limited partnership agreement on the date on which the Fund's record of Unitholders is amended to reflect that the transferee is a Unitholder or at such time as the general partner of the Fund,, in its sole discretion, recognizes the transferee as a Unitholder.

(v) *Cyber-security* – A cyber incident is considered to be any adverse event that threatens the confidentiality, integrity or availability of the Fund's information resources. More specifically, a cyber-incident is an intentional attack or an unintentional event that can include gaining unauthorized access to information systems to disrupt operations, corrupt data or steal confidential information. The Fund's primary risks that could directly result from the occurrence of a cyber-incident include operational interruption, damage to its reputation and damage to the Fund's business relationships with its tenants. The Fund has implemented processes, procedures and controls to help mitigate these risks, including installing firewalls and antivirus programs on its networks, servers and computers, but these measures, as well as its increased awareness of a risk of a cyber-incident, do not guarantee that its financial results will not be negatively impacted by such an incident.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Fund maintains information systems, procedures and controls to ensure all information disclosed externally is as complete, reliable and timely as possible. Such internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS.

Because of the inherent limitations in all control systems, including well-designed and operated systems, no control system can provided complete assurance that the objectives of the control system will be met. Furthermore, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, will be detected or prevented. These inherent limitations include, without limitation, the possibility that management's assumptions and judgements may ultimately prove to be incorrect under varying conditions and circumstances and the impact of isolated errors.

Additionally, controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people, or by management override. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential conditions.

Based on their evaluations, the Chief Executive Officer and the Chief Financial Officer have concluded that the Fund's internal controls over financial reporting were effective and do not contain any material weaknesses, as at December 31, 2016.

SUBSEQUENT EVENTS

Subsequent to December 31, 2016, the Fund purchased and cancelled 155,900 class A units at a total cost of C$1,426, the U.S. dollar equivalent of $1,082.

FUTURE OUTLOOK

Starlight believes that the Properties will continue to benefit from stable demand for residential rental accommodation. The Primary Markets exhibit sustained job and population growth and a continued shift away from home ownership, including as a result of lifestyle choice. The supply of comparable, multi-unit residential rental properties continues to be at reasonable levels given the strength of the demand drivers. The Properties are located in ten attractive U.S. sun-belt markets and this diversification mitigates risk in any one market. The strong economic performance across the U.S. and in the Primary Markets in particular is supportive for multi-family real estate fundamentals and the U.S. economy. While rent growth and occupancy in 2016 in the Houston market were impacted by lower demand due to the impact on the Houston economy from the reduction in the WTI crude oil price during 2015 and the early months of 2016, the WTI crude oil price has increased from an average of $31.68 in January 2016 to an average of $51.97 in December 2016. This is expected to have a stabilizing effect on both occupancy and rent growth during 2017 and beyond. The Properties are performing well with strong occupancy and rental and NOI growth. The Fund expects to produce consistent investment returns for Unitholders.

QUARTERLY INFORMATION

	Three months ended December 31, 2016 (1)	For the period August 26, 2016 to September 30, 2016 (2)
Revenue from property operations	$ 19,679	$ -
Property operating costs	(5,241)	-
NOI	14,438	-
Distributions to Unitholders	(5,108)	
Dividends to Preferred Shareholders - U.S. REIT's series A	(31)	
Finance costs	(5,273)	
Fund expenses	(7,906)	
Unrealized foreign exchange gain (loss)	204	
Realized foreign exchange gain (loss)	444	
Fair value adjustment of investment properties	1,090	
Fair value adjustment IFRIC 21	(3,027)	
Income taxes:		
Current	(49)	
Deferred	(2,680)	-
Net loss and comprehensive loss for the period	$ (7,898)	$ -
FFO	($1,854)	n/a (2)
AFFO	$5,649	n/a (2)
Distributions	$5,108	n/a (2)
FFO per Unit - basic and diluted	($0.04)	n/a (2)
AFFO per Unit - basic and diluted	$0.11	n/a (2)
Distributions per Unit (3)	$0.10	n/a (2)

Notes:

(1) Includes the Arrangement Properties from October 18, 2016 and the IPO Properties from the date of acquisitions (South Blvd - October 18, 2016, Coolray Field - October 20, 2016 and City North - October 31, 2016).

(2) During the period August 26, 2016 to September 30, 2016 no properties w ere held by the Fund.

(3) Distributions per unit for each period are based on the total distributions per w eighted average unit declared during the period.

Additional information relating to the Fund can be found on SEDAR at WWW.SEDAR.COM.

Dated: March 7, 2017

Toronto, Ontario, Canada

SCHEDULE A – AUDIT COMMITTEE CHARTER

1. PURPOSE

1.1 Starlight U.S. Multi-Family (No. 5) Core GP, Inc. as the general partner of the Fund (the "General Partner") shall appoint an audit committee (the "Committee") to assist the board of directors (the "Board") of the General Partner in fulfilling its responsibilities. The overall purpose of the Committee of the Fund is to monitor the Fund's system of internal financial controls, to evaluate and report on the integrity of the financial statements of the Fund, to enhance the independence of the Fund's external auditors and to oversee the financial reporting process of the Fund.

2. PRIMARY DUTIES AND RESPONSIBILITIES

2.1 The Committee's primary duties and responsibilities are to:

(a) serve as an objective party to monitor the Fund's financial reporting and internal control system and review the Fund's financial statements;

(b) review the performance of the Fund's external auditors; and

(c) provide an open avenue of communication among the Fund's external auditors, the Board and senior management of Starlight Group Property Holdings Inc., in its capacity as manager of the Fund (the "Manager").

3. COMPOSITION, PROCEDURES AND ORGANIZATION

3.1 The Committee shall be comprised of at least three directors of the Fund as determined by the Board, two of whom shall be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee.

3.2 At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of this Audit Committee Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Fund's financial statements.

3.3 The General Partner shall appoint the members of the Committee. The General Partner 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 director of the Fund shall cease to be a member of the Committee.

3.4 Unless a chair is elected by the Board, the members of the Committee shall elect a chair from among their number (the "Chair"). The Chair shall be responsible for leadership of the Committee, including preparing the agenda, presiding over the meetings and reporting to the Board.

3.5 The Committee, through its Chair, shall have access to such officers and employees of the Fund and the Manager and to the Fund's external auditors and its legal counsel, and to such information respecting the Fund as it considers to be necessary or advisable in order to perform its duties.

3.6 Notice of every meeting shall be given to the external auditors, who shall, at the expense of the Fund, be entitled to attend and to be heard thereat.

3.7 Meetings of the Committee shall be conducted as follows:

(a) the Committee shall meet four times annually, or more frequently as circumstances dictate, at such times and at such locations as the Chair shall determine;

(b) the external auditors or any member of the Committee may call a meeting of the Committee;

(c) any director of the Fund may request the Chair 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; and

(d) the external auditors and the Manager shall, when required by the Committee, attend any meeting of the Committee.

3.8 The external auditors shall be entitled to communicate directly with the Chair and may meet separately with the Committee. The Committee, through the Chair, may contact directly any employee in the Manager as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper practices or transactions.

3.9 Compensation to members of the Committee shall be limited to directors' fees, either in the form of cash or equity, and members shall not accept consulting, advisory or other compensatory fees from the Fund.

3.10 The Committee is granted the authority to investigate any matter brought to its attention, with full access to all books, records, facilities and personnel of the Fund. The Committee has the power to engage and determine funding for outside and independent counsel or other experts or advisors as the Committee deems necessary for these purposes and as otherwise necessary or appropriate to carry out its duties and to set Committee members compensation. The Committee is further granted the authority to communicate directly with internal and external auditors.

4. DUTIES

4.1 The overall duties of the Committee shall be to:

(a) assist the Board in the discharge of their duties relating to the Fund's accounting policies and practices, reporting practices and internal controls and the Fund's compliance with legal and regulatory requirements;

(b) establish and maintain a direct line of communication with the Fund's external auditors and assess their performance and oversee the co-ordination of the activities of the external auditors; and

(c) be aware of the risks of the business and ensure the Manager has adequate processes in place to assess, monitor, manage and mitigate these risks as they arise.

4.2 The Committee shall be directly responsible for overseeing the work of the external auditor, who shall report directly to the Committee, engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Fund, including the resolution of disagreements between the Manager and the external auditors and the overall scope and plans for the audit, and in carrying out such oversight, the Committee's duties shall include:

(a) recommending to the Board the selection and compensation and, where applicable, the replacement of the external auditor nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Fund;

(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 NI 51-102 or any successor legislation, and the planned steps for an orderly transition;

(c) reviewing all reportable events, including disagreements, unresolved issues and consultations, as defined in NI 51-102 or any successor legislation, on a routine basis, whether or not there is to be a change of external auditor;

(d) reviewing and pre-approving all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Fund's external auditors to the Fund or any subsidiary entities;

(e) reviewing the engagement letters of the external auditors, both for audit and non-audit services;

(f) consulting with the external auditor, without the presence of the Manager about the quality of the Fund's accounting principles, internal controls and the completeness and accuracy of the Fund's financial statements;

(g) reviewing annually the performance of the external auditors, who shall be ultimately accountable to the Board and the Committee as representatives of the unitholders of the Fund, including the fee, scope and timing of the audit and other related services and any non-audit services provided by the external auditors; and

(h) 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.

4.3 The duties of the Committee as they relate to document and reports reviews shall be to:

(a) review the Fund's financial statements, management's discussion and analysis of financial results ("MD&A") and any financial press releases before the Fund publicly discloses this information; and

(b) review and periodically assess the adequacy of procedures in place for the review of the Fund's public disclosure of financial information extracted or derived from the Fund's financial statements, other than the Fund's financial statements, MD&A and financial press releases.

4.4 The duties of the Committee as they relate to audits and financial reporting shall be to:

(a) in consultation with the external auditor, review with the Manager the integrity of the Fund's financial reporting process, both internal and external, and approve, if appropriate, changes to the Fund's auditing and accounting practices;

(b) review the audit plan with the external auditor and the Manager;

(c) review with the external auditor and the Manager any proposed changes in accounting policies, the presentation of the impact of significant risks and uncertainties, and key estimates and judgments of the Manager that may in any such case be material to financial reporting;

(d) review the contents of the audit report;

(e) question the external auditor and the Manager regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;

(f) review the scope and quality of the audit work performed;

(g) review the adequacy of the General Partner's financial and auditing personnel;

(h) review the co-operation received by the external auditor from the Manager's and the General Partner's personnel during the audit, any problems encountered by the external auditors and any restrictions on the external auditor's work;

(i) review the internal resources used;

(j) review the evaluation of internal controls by the internal auditor (or persons performing the internal audit function) and the external auditors, together with the Manager's response to the recommendations, including subsequent follow-up of any identified weaknesses;

(k) review the appointments of the chief financial officer, internal auditor (or persons performing the internal audit function) of the General Partner and any key financial executives involved in the financial reporting process;

(l) review and approve the Fund's annual audited financial statements and those of any subsidiaries in conjunction with the report of the external auditors thereon, and obtain an explanation from the Manager of all significant variances between comparative reporting periods before release to the public;

(m) establish procedures for (A) the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters; and (B) the confidential, anonymous submission of concerns regarding questionable accounting or auditing matters; and

(n) review the terms of reference for an internal auditor or internal audit function.

4.5 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 Fund's financial reporting as reported to the Committee by the Manager and the external auditors;

(b) review the appropriateness of the accounting policies used in the preparation of the Fund'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 the Manager or the external auditors;

(d) review the status of income tax returns and potentially significant tax problems as reported to the Committee by the Manager;

(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 and annual information forms, as applicable; and

(g) oversee and review all financial information and earnings guidance provided to analysts and rating agencies.

4.6 The other duties of the Committee shall include:

(a) reviewing any related-party transactions not in the ordinary course of business;

(b) reviewing any inquires, investigations or audits of a financial nature by governmental, regulatory or taxing authorities;

(c) formulating clear hiring policies for partners, employees or former partners and employees of the Fund's external auditors;

(d) reviewing annual operating and capital budgets;

(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 Manager 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 Fund of concerns regarding such; and

(h) reviewing any other questions or matters referred to it by the Board.