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

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

FOR THE THREE MONTHS ENDED MARCH 31, 2017

MAY 18, 2017

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following managementqs discussion and analysis (%MD&A+) of the condensed consolidated interim financial results of Starlight U.S. Multi-Family (No. 5) Core Fund (the %Fund+) dated May 18, 2017, for the three months ended March 31, 2017, should be read in conjunction with the Fundqs unaudited condensed consolidated interim financial statements and accompanying notes for the same period as well as the audited consolidated financial statements and accompanying notes for the period from August 26, 2016 to December 31, 2016. 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 Fundqs financial performance, financial position and cash flows as at and for the periods ended on certain dates and to present information about managementqs 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 Fundqs 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 Fundqs 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 managementqs 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 Starlight Group Property Holdings Inc., (the %Manager+ or %Starlight+) 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 Fundqs projections, expectations and beliefs at this time, such information involves known and unknown risks and uncertainties which may cause the Fundqs 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 Fundqs 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 unaudited condensed consolidated interim financial statements for the three months ended March 31, 2017 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 as the Manager considers this non-IFRS measure to be an important measure of the Fund's financial condition.

Indebtedness is defined as the face value of mortgages payable and the Fund's credit facility. Indebtedness is presented in this MD&A as 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 as 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 as 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 of the Fund ("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 as 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 (normalized to remove the impact from International Financial Reporting Interpretations Committee (%IFRIC+) 21 for each reporting period), 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 as the Manager considers this non-IFRS measure to be an important measure of the Fundq$ operating performance and uses this measure to assess the Fundq$ property operating performance on an unlevered basis.

Same property operating results and NOI (revenue less property operations costs and realty taxes) are presented in this MD&A as the Manager considers this non-IFRS measure to be an important measure of the Fundq$ 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 during or subsequent to the reporting period.

Cash provided by operating activities, including interest paid, is a measure of the amount of cash generated from operating activities including interest paid and is presented in this MD&A as the Manager considers this non-IFRS measure when determining the sustainability of future distributions paid to 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 units classified as financial liabilities, 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 as 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 as 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. AFFO has not been calculated in accordance with the Real Property Association of Canada definition, as the Fund makes adjustments for non-cash items to better measure the sustainability of future distributions. This MD&A does not include a presentation of adjusted cash flow from operations as defined by the Real Property Association of Canada.

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 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 M8X 2X3. 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 apartment suites in 20 properties located in the States of Florida, Georgia, North Carolina and Texas, in the United States (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 Fundqs public offering (the %Offering+) of 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 United States (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 Fundqs 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 Fundqs 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 Fundqs 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 the U.S. multi-family real estate sector presents a compelling investment opportunity and provides competitive long-term returns when compared to other real estate asset classes. The Manager believes the Properties will benefit from their locations in strong submarkets with favourable demographics, and expects the Properties held have excellent prospects for rental growth going forward. The Properties also benefit from the Managerqs active asset management strategies designed to enhance rental income and reduce expenses going forward.

In order to meet its investment objectives, the Fundqs 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 Managerqs relationships with principals, operators, and brokers located in the Fundqs target markets and by its ability to source %off-market+ opportunities.
2. Target multi-family assets that are:
    a. constructed in 2012 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; and
    c. located in mature areas with barriers to new development.

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; and
   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 friendlyq 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 to be primarily realized through NOI growth.
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 newer vintage properties having greater potential NOI growth, while achieving improved geographical diversification of the Fundqs overall portfolio and achieving a more balanced distribution of Properties within the Primary Markets.

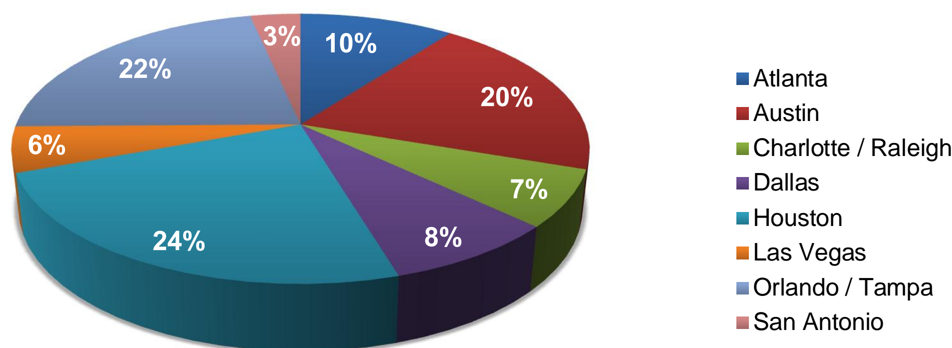
PORTFOLIO SUMMARY

The Fund as at March 31, 2017 had an aggregate 6,792 suites located in the states of Florida, Georgia, Nevada, North Carolina, and Texas. The Properties are geographically diversified across Orlando and Tampa, Florida; Atlanta, Georgia; 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 Views 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 Parkway 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 Towne 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
Yorktown 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**
Boardwalk 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**

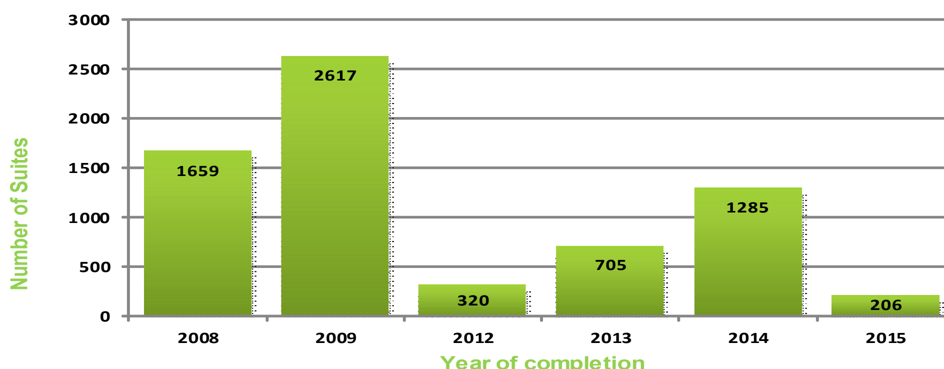
The Properties geographically diversification based on NOI for the three months ended March 31, 2017 as follows:

PROPORTION OF NOI BY GEOGRAPHICAL MARKETS



As at March 31, 2017, the Properties suites by year of completion were as follows:

NUMBER OF SUITES BY YEAR OF COMPLETION



Sorelle

Sorelle Apartments is located at 2399 Parkland Drive, Atlanta, Georgia, 11 kilometers northeast of downtown Atlanta. Completed in 2009, the property is located in an upscale neighborhood and is a mid-rise, Class “A+” apartment complex comprised of a four to five-storey mid-rise building on a 5.09 acre site and offers 401 suites ranging in size from one bedroom to two bedrooms.

The Views at Coolray Field

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

Palm Valley

Palm Valley Apartments is located at 1301 North A.W. Grimes Boulevard, Round Rock, Texas, approximately 31 kilometers north of downtown Austin. Completed in 2009, the property is comprised of 17, three-storey, garden style buildings on a 18.6 acre site and offers 340 suites ranging in size from one bedroom to three bedrooms.

The Allure

The Allure is located at 701 North Vista Ridge, Cedar Park, Texas, approximately 32 kilometers northwest of downtown Austin. Completed in 2013, the property is comprised of 22, three-storey buildings, including walk-up and two-storey

townhouse suites, with a central clubhouse, on a 19.97 acre site and offers 334 suites ranging in size from one bedroom to three bedrooms.

TRAVESIA APARTMENTS

Travesia Apartments is 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. Completed in 2008, the property is a garden style, Class %A+, apartment complex comprised of 18, three-storey walk-up buildings, with a central clubhouse on a 19.4 acre site and offers 396 suites ranging in size from one, two and three bedrooms.

CITY NORTH AT SUNRISE RANCH

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

BELLE HAVEN APARTMENTS

Belle Haven Apartments is located at 9005 Post Canyon Lane, Charlotte, North Carolina, approximately 13 kilometers northeast of downtown Charlotte. Completed in 2014, the property is comprised of seven, three-storey walk-up buildings on a 12.89 acre site and offers 176 suites ranging in size from one bedroom to three bedrooms.

THE VILLAGE AT MARQUEE STATION

The Village at Marquee Station (%Marquee Station+) is located at 2110 Cinema Drive, Fuquay-Varina, North Carolina, 25 kilometers southwest of downtown Raleigh. Completed in 2014, the property is comprised of 12, three-storey walk-up buildings, with a central clubhouse, on a 18 acre site and offers 265 suites ranging in size from one, two and three bedrooms.

GREENHAVEN APARTMENTS

Greenhaven Apartments is located in a small suburb of Dallas at 8690 Virginia Parkway, McKinney, Texas, approximately 55 kilometres north of downtown Dallas. Completed in 2009, the property is a garden style, Class %A+, apartment complex comprising ten, two and three-storey buildings, with a central clubhouse, on a 11.24 acre site and offers 216 suites ranging in size from one bedroom to three bedrooms.

SOHO PARKWAY APARTMENTS

Soho Parkway Apartments is located at 6653 McKinney Ranch Parkway in McKinney, Texas, approximately 55 kilometers north of downtown Dallas. Completed in 2008, the property is a garden style, Class %A+ apartment complex comprised of 16, three storey walk-up buildings, with a central clubhouse, on a 15.04 acre site and offers 379 suites ranging in size from one, two and three bedrooms.

FALLS AT COPPER LAKE

Falls at Copper Lake is located at 9140 Hwy 6 N, Houston, Texas, approximately 36 kilometres north-west of downtown Houston. Completed in 2008, the property is comprised of 29 two and three-storey buildings, with a central clubhouse, on a 18.18 acre site and offers 374 suites ranging in size from one bedroom to three bedrooms.

VILLAGES OF TOWNE LAKE

Villages of Towne Lake is located at 4055 Village Drive, Pearland, Texas, approximately 32 kilometers southeast of downtown Houston. Completed in 2008, the property is a seniors apartment community (55+) and offers 126 suites in 21 single-storey buildings on a 14.53 acre site ranging in size from one bedroom to two bedrooms.

THE VILLAGES OF SUNSET RIDGE

The Villages at Sunset Ridge is located at 14807 Woodland Hills Drive, Humble Texas, approximately 31 kilometers northeast of downtown Houston. Completed in 2013, the property is a Class %A+, garden style apartment community comprised of 9 three-storey apartment buildings, with a central clubhouse, on a 11.45 acre site and offers 257 suites ranging in size from one bedroom to three bedrooms.

FALLS AT EAGLE CREEK

Falls at Eagle Creek is located at 9702 N. Sam Houston Parkway East, Humble, Texas, approximately 26 kilometers northeast of downtown Houston and 16 kilometers southeast of George Bush Intercontinental Airport. Completed in 2009 the property is comprised of 18, three-storey, walk-up buildings, with a central clubhouse, on a 22.13 acre site and offers 412 suites ranging in size from one bedroom to two bedrooms.

RESIDENCES AT CINCO RANCH

Residences at Cinco Ranch is located in the Katy submarket in west Houston at 20900 Farm to Market 1093, Richmond, Texas. Completed in 2009, the property is a Class %A+, garden style apartment community comprised of 13, three-storey and one two-storey apartment buildings, with a central clubhouse, on a 16.34 acre site and offers 300 suites ranging in size from one bedroom to three bedrooms.

YORKTOWN CROSSING

Yorktown Crossing is located at 15903 Yorktown Crossing Parkway, Houston, Texas, northwest of downtown Houston. Completed in 2009, the property is a garden style, Class %A+, apartment complex comprised of 13, three storey walk-up buildings on a 12.18 acre site and offers 312 suites ranging in size from one bedroom and two bedrooms.

THE RESERVE AT JONES ROAD

The Reserve at Jones Road is located at 11925 Jones Rd, Houston, Texas, 41 kilometers north-west of downtown Houston. Completed in 2013, the property is a Class %A+ apartment complex comprised of four, three-storey apartment buildings, with a central clubhouse, on a 4.23 acre site and offers 114 suites ranging in size from one bedroom to two bedrooms.

SOUTH BLVD APARTMENTS

South Blvd Apartments (%South Blvd+) is located at 10200 Giles Street, Las Vegas, Nevada, 23 kilometers south of downtown Las Vegas. Completed in 2012, the property is a Class %A+, luxury rental community comprised of 29, two-storey apartment buildings, with a central clubhouse, on a 14.25 acre site and offers 320 suites ranging in size from one bedroom to three bedrooms.

GRAND CYPRESS

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

VERANO APARTMENTS

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

PURE LIVING HEATHROW

Pure Living Heathrow is located at 740 Savory Place, Heathrow, Florida, 29 kilometers north of downtown Orlando. Completed in 2009, the property is a Class %A+, garden style apartment community comprised of 13, two and three-storey apartment buildings, with a central clubhouse and guardhouse, on a 28.53 acre site and offers 252 suites ranging in size from one bedroom to three bedrooms.

THE RESERVES AT ALAFAYA

The Reserves at Alafaya is located at 3715 Alafaya Heights Road in Orlando, Florida. Completed in 2014, the property is a garden style, Class %A+, apartment complex comprised of nine, three-storey walk-up buildings on a 46.26 acre site and offers 264 suites ranging in size from one, two and three bedrooms.

BOARDWALK MED CENTER

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

FINANCIAL AND OPERATIONAL HIGHLIGHTS

This section includes highlights of the financial and operational performance of the Fund as at March 31, 2017, and for the three months ended March 31, 2017, including a comparison to the Fund's financial forecast (the "Forecast") included in the Fund's final prospectus dated October 12, 2016 (the "Prospectus").

FIRST QUARTER HIGHLIGHTS:

- Recognized a $9,695 fair value increase on its Properties. The increase was predominantly driven by NOI increases across the Properties.
- Fund NOI margin was higher than Forecast at 56.9% compared to 56.5% and NOI was $184 or 1.3% below Forecast.
- The Fund's AFFO payout ratio was 88.5% (Forecast – 85.7%), an improvement from 90.4% in the Fund's initial reporting period. Since inception of the Fund, the AFFO payout ratio has been 89.4% (Forecast – 88.4%). AFFO per unit was $0.14 (Forecast – $0.15).
- Indebtedness to Gross Book Value was 64.4% representing a reduction from 65.4% as of December 31, 2016 and within the Fund's targeted range.
- Interest Coverage Ratio was strong at 2.45x.
- As at March 31, 2017, the weighted average interest rate on mortgages payable was 3.10% and the weighted average term to maturity was 3.99 years.
- The Fund entered into a variable rate collar contract to provide protection from the impact of any potential weakening of the U.S. dollar on the Fund's Canadian dollar distributions. The twelve month contract allows the Fund to exchange U.S. funds each month within a range of C$1.33 to C1.3850 to fund Canadian dollar distributions.

The following are property level highlights for the three months ended March 31, 2017 including comparison to the ownership period relating to the Arrangement Funds.

- Portfolio AMR increased by 1.7% to $1,170 driven by strong increases of 5.4% in Dallas and Orlando / Tampa and economic occupancy remained stable at 92.0%.
- Same property AMR increased by 2.3% reflecting strong growth specifically in Dallas, Orlando / Tampa, Atlanta and Austin.
- NOI at $13,825 was a 26.6% increase over the corresponding period in 2016 and the NOI margin at 56.9% was a 70 basis point improvement.
- Same property NOI at $10,865 was a 1.7% increase over the corresponding period in 2016 and the NOI margin at 56.4% was a 40 basis point improvement driven by significant margin increases in the Dallas and Orlando / Tampa markets due to strong AMR growth, stable occupancy and effective cost management.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

	As at March 31, 2017	As at December 31, 2016
Operational Information		
Number of properties	23	23
Total suites	6,792	6,792
Weighted average portfolio occupancy %	92.4%	93.1%
AMR (in actual dollars)	$ 1,170	$ 1,167
Average monthly rent per square foot (in actual dollars)	$ 1.21	$ 1.21
Summary of Financial Information		
Gross Book Value	$1,072,584	$1,056,414
Indebtedness	$690,826	$691,088
Indebtedness to Gross Book Value [(1)]	64.41%	65.42%
Weighted average mortgage interest rate	3.10%	2.90%
Weighted average mortgage term to maturity	3.99 years	4.23 years

	Three months ended March 31, 2017
Summary of Financial Information	
Revenue from property operations	$24,311
Property operating costs	($6,232)
Realty taxes	($4,254)
NOI	$13,825
Net income and comprehensive income	$4,334
FFO	$6,632
FFO per unit - basic and diluted	$0.13
AFFO	$6,978
AFFO per unit - basic and diluted	$0.14
Interest Coverage Ratio	2.45 x
Indebtness Coverage Ratio	2.27 x
FFO payout ratio	93.2%
AFFO payout ratio	88.5%
Weighted average units Outstanding (000s) - basic and diluted	49,273

Notes:
(1) Defined as Indebtedness divided by Gross Book Value.

FINANCIAL PERFORMANCE

The Fund does not, as a matter of course, publish its business plans, budgets, strategies or make external projections or forecasts, including its anticipated financial position and results of operations. Pursuant to applicable Canadian 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 March 31 2017 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 March 31, 2017.

	Three months ended March 31, 2017	Forecast
Revenue from property operations	$ 24,311	$ 24,775
Property operating costs	(6,232)	(6,231)
Property taxes	(16,898)	(18,140)
Income from rental operations	1,181	404
Finance costs	(5,292)	(5,390)
Distributions to Unitholders	(6,178)	(6,362)
Dividends to Preferred Shareholders - U.S. REITs series A	(19)	-
Fund and trust expenses	(1,421)	(1,286)
Unrealized foreign exchange loss	(86)	-
Realized foreign exchange loss	(10)	-
Fair value adjustment of investment properties	9,695	-
Fair value adjustment IFRIC 21	12,644	-
Income taxes:		
Current	(106)	(147)
Deferred	(6,074)	(2,515)
Net income (loss) and comprehensive income (loss)	$ 4,334	$ (15,296)

RESULTS OF OPERATIONS

The following discussion compares the Fund¢ actual results for the three months ended March 31, 2017 to the Forecast for the same period.

	Three months ended March 31, 2017	Forecast [1]
Revenue from property operations	$ 24,311	$ 24,775
Property operating costs	6,232	6,231
Realty taxes [1]	4,254	4,535
NOI	$ 13,825	$ 14,009
NOI margin	56.9%	56.5%

(1) Realty taxes were adjusted to remove the impact of IFRIC 21 in order to calculate NOI and NOI margin reflecting realty taxes accrued over the course of the year rather than at the point they become an obligation under IFRIC 21.

REVENUE FROM PROPERTY OPERATIONS

Revenue from property operations for the three months ended March 31, 2017 was $24,311 compared to $24,775 in the Forecast, a reduction of $464 or 1.9%, due to lower occupancy and AMR relative to the Forecast. Occupancy was 92.4% for the three months ended March 31, 2017 (Forecast . 93.1%). AMR increased to $1,170 as at March 31, 2017 compared to $1,167 as at December 31, 2016 representing an annualized increase of 1.0%. The Fund expects AMR increases to accelerate during the spring and summer leasing season consistent with the forecasted annual rental growth of 3.2%.

Property Operating Costs

Property operating costs for the three months ended March 31, 2017 were in line with the Forecast at $6,232.

Realty Taxes

The Fund's realty taxes for the purposes of calculating NOI were $4,254 compared to the Forecast of $4,535, a reduction of $281 or 6.2%. The Fund successfully appealed 2016 assessed values for a number of Properties in late 2016 and early 2017. As a result the estimated taxes for 2017 have been reduced. The Fund actively manages realty tax assessed values in order to minimize the expense amount by utilizing third party consultants in the respective markets. Realty taxes in the condensed consolidated interim financial statements for the three months ended March 31, 2017 have been presented under IFRS and IFRIC 21, which reflect the entire year's estimated tax expense for all Properties. The Fund recorded its annual realty taxes for the year during the three months ended March 31, 2017 at $16,898, which is 6.8% lower than the Forecast amount of $18,140.

NOI

NOI for the three months ended March 31, 2017 was $13,825 compared to the Forecast of $14,009 representing a shortfall of $184 or 1.3%, due to lower revenues from property operations being partly offset by lower realty taxes compared to Forecast.

NOI margin for the three months ended March 31, 2017 was 56.9% compared to 56.5% in the Forecast, a 0.4% increase in NOI margin due to the reduction in realty taxes and effective cost management.

Finance Costs

The Fund's finance costs for the three months ended March 31, 2017 are summarized below:

	Three months ended March 31, 2017	Forecast
Interest on mortgages payable	$ 4,964	$ 4,929
Interest and standby charges on credit facility	109	-
Amortization of premiums on mortgage payable	3	-
Amortization of financing costs	562	461
Fair value adjustments on derivative instruments	(349)	-
Other interest	3	
Total	$ 5,292	$ 5,390

Interest on mortgages payable for the three months ended March 31, 2017 of $4,964 was $35 or 0.7% higher than Forecast. The increase was due to increases in U.S. 30-day LIBOR during the period from August 26 to December 31, 2016 and the three months ended March 31, 2017 which was partly offset by a reduction in finance costs due to the Fund's mortgages payable being lower than stated in the Forecast.

Finance costs also increased due to interest and standby charges on the Fund's credit facility of $109. The Forecast included a higher amount for mortgages payable and did not include the credit facility.

Amortization of premiums on mortgages payable for the three months ended March 31, 2017 was $3. (Forecast - $nil).

Amortization of financing costs for the three months ended March 31, 2017 was $562 compared to $461 in the Forecast. The increase of $101 is attributable to the amortization of financing costs on the pooled mortgage for five of the Properties refinancing completed on November 21, 2016.

Fair value adjustment on derivative instruments for the three months ended March 31, 2017 was ($349) (Forecast - $nil). This was mainly attributable to a $355 unrealized gain on the Fund's variable rate collar contract entered into on March 9, 2017 with a maturity date on March 12, 2018. The Fund entered into the contract with a Canadian chartered bank in order to provide protection from the impact of any potential weakening of the U.S. dollar up to the date of declaration of distributions on Canadian dollar units. The contract ensures an exchange rate between C$1.33 and C$1.385 for distributions payable until March 2018. The unrealized gain was slightly offset by a $6 unrealized loss on the Fund's interest rate cap derivative instruments.

DISTRIBUTIONS TO UNITHOLDERS

Effective October 18, 2016, the Fund began paying distributions to Unitholders of C$0.65 or $0.65 per unit per annum depending on the corresponding denomination, with the exception of class H Unitholders at C$0.35 per unit, per annum. Actual distributions to Unitholders were $6,178 during the three months ended March 31, 2017 (Forecast - $6,362). The reduction in Unitholder distributions of $184 or 0.03% was primarily due to the Forecast assuming a higher number of units issued in the Offering.

DIVIDENDS TO PREFERRED SHAREHOLDERS – U.S. REITS SERIES A

The Fundqs Real Estate Investment Trusts (%REITs+) 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 three months ended March 31, 2017, the Fund incurred $19 in dividends (Forecast - $nil).

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 relation expenses, directorsq and officersq insurance premiums, expenses relating to the administration of the Fundqs 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. See %Related Party Transactions and Arrangements . Arrangements with Starlight+.

Fund and trust expenses for the three months ended March 31, 2017 were $1,421 compared to the Forecast of $1,286, an increase of $135 or 1.0%. The increase was entirely due to one-time costs associated with the Plan of Arrangement of $151 (Forecast - $nil). Also included in Fund and trust expenses are asset management fees and service fees of $918 and $163, respectively (Forecast - $929 and $232, respectively). Actual service fees were $69 or 29.7% lower than the Forecast as the Forecast assumed a higher number of class A units and class U units to be outstanding as at March 31, 2017. The asset management fee for the three months ended March 31, 2017 was $11 lower than the Forecast. Excluding the one-time costs associated with the Plan of Arrangement of $151, Fund and trust expenses were $16 lower than forecasted.

UNREALIZED FOREIGN EXCHANGE LOSS

The Fund recognized an unrealized foreign exchange loss of $86 for the three months ended March 31, 2017 (Forecast - $nil). The unrealized loss relates to the impact of the exchange rate movement on the Canadian dollar denominated credit facility during the three months ended March 31, 2017.

REALIZED FOREIGN EXCHANGE LOSS

The realized foreign exchange loss for the three months ended March 31, 2017 of $10 related to operating expenses incurred in Canadian dollars.

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 and market data. 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 fair value increase on its investment properties of $9,695 for the three months ended March 31, 2017. The majority of the fair value increase was due to increases in projected NOI across the Fund's portfolio. The following table summarizes the change in investment properties held by the Fund for the three months ended March 31, 2017.

		Amount
Balance, as at December 31, 2016	$	1,056,414
Capital additions		1,357
Fair value adjustment		9,695
IFRIC 21 realty tax liability adjustments		5,118
Fair value	$	1,072,584

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

		As at March 31, 2017		As at December 31, 2016
Cost	$	1,053,166	$	1,051,809
Cumulative fair value adjustment		10,785		1,090
IFRIC 21 realty tax liability adjustment		8,633		3,515
Fair value	$	1,072,584	$	1,056,414

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

	As at March 31, 2017	As at December 31, 2016
Capitalization rates - range	4.63% to 5.50%	4.75% to 5.50%
Capitalization rate - weighted average	5.04%	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 March 31, 2017		As at December 31, 2016
Weighted average:					
Capitalization rate	10-basis-point increase	$	(21,521)	$	(20,709)
Capitalization rate	10-basis-point decrease		21,279	$	21,549

The impact of a 1% change in NOI used to value the investment properties as at March 31, 2017 would affect the fair value by approximately $10,765.

INCOME TAXES – CURRENT

The Fund's current income taxes for the three months ended March 31, 2017 were $106, including approximately $94 relating to Texas and North Carolina franchise taxes. In addition, withholding taxes of $12 were paid in relation to distributions received by a taxable Fund subsidiary. Current income taxes were lower than in the Forecast amount by $41 or 27.9% due to the Forecast including a higher withholding tax amount for the Funds taxable subsidiary.

INCOME TAXES - DEFERRED

The Fund recognized $6,074 relating to deferred taxes (Forecast - $2,515), an increase of $3,559 resulting from the fair value increase on the Funds investment properties of $9,695.

NON-IFRS FINANCIAL MEASURES – FFO AND AFFO

Non-IFRS financial measures have been prepared for the three months ended March 31, 2017 with a comparison to Forecast.

FUNDS FROM OPERATIONS

Reconciliation of net income and comprehensive income, determined in accordance with IFRS to FFO is presented below for the three months ended March 31, 2017 with a comparison to the Forecast.

	Three months ended March 31, 2017	Forecast
Net income (loss) and comprehensive income (loss)	$ 4,334	$ (15,296)
Add / (Less):		
Distributions to Unitholders	6,178	6,362
Deferred taxes	6,074	2,515
Unrealized foreign exchange loss	86	-
Realized foreign exchange loss	10	-
Fair value adjustment on derivative financial instruments	(355)	-
Fair value adjustment of investment properties (1)	(9,695)	-
IFRIC 21 adjustment for property taxes (1)	-	13,605
FFO	$ 6,632	$ 7,186
FFO per unit - basic and diluted	$0.13	$0.14
Distributions declared (2)	$ 6,178	$ 6,362
FFO payout ratio	93.2%	88.5%
Weighted average units outstanding:		
Basic and diluted - class A, C, D, E, F, H & U - (000s)	49,273	49,658

(1) 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.
(2) Distributions declared are calculated based on the monthly distribution per unit.

Basic and diluted FFO and FFO per unit for the three months ended March 31, 2017 was $6,632 and $0.13 respectively, (Forecast - $7,186 and $0.14). FFO was $554 lower than Forecast. The reduction in FFO compared to the Forecast was due to the NOI variance of $184, the increase in financing costs of $257 that was primarily due to interest expense on mortgages payable and the credit facility, along with higher amortization of financing costs, an increase in Fund and trust expenses of $135 due to one-time Plan of Arrangement costs and dividends paid and accrued to preferred shareholders . U.S. REITs Series A of $19. These reductions to FFO were partly offset by lower current taxes. The Fund FFO payout ratio was 93.2% compared to Forecast at 88.5%.

The Fund distributions paid and declared for the three months ended March 31, 2017 per unit were as follows:

Class A	Class C	Class D	Class E	Class F	Class H	Class U
C$0.16251	C$0.16251	C$0.16251	$0.16251	C$0.16251	C$0.08751	$0.16251

ADJUSTED FUNDS FROM OPERATIONS

Reconciliation of FFO to AFFO for the three months ended March 31, 2017 with a comparison to the Forecast.

	Three months ended March 31, 2017	Forecast
FFO	$ 6,632	$ 7,186
Add / (Deduct):		
Amortization of mortgage premium	3	-
Amortization of financing costs	562	461
Current taxes - U.S. withholding taxes	12	96
Service fees related to class A units and class U units	163	232
One-time Plan of Arrangement costs	152	-
Fair value adjustment on interest rate cap	6	
Sustaining capital expenditures and suite renovation reserves	(552)	(552)
AFFO	$ 6,978	$ 7,423
AFFO per unit - basic and diluted	$ 0.14	$ 0.15
Distributions declared [(1)]	$ 6,178	$ 6,362
AFFO payout ratio	88.5%	85.7%
Weighted average Units outstanding:		
Basic and diluted - Class A, C, D, E, F, H & U - (000s)	49,273	49,658

Notes:

(1) 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 three months ended March 31, 2017 is provided below:

	Three months ended March 31, 2017
Cash provided by operating activities	$ 10,447
Less: interest paid	(5,076)
Cash provided by operating activities - including interest paid	5,371
Add / (Deduct):	
Change in non-cash operating working capital	(637)
Change in restricted cash	(2,640)
One-time Plan of Arrangement costs	152
Fair value adjustment of investment properties relating to IFRIC 21	5,118
Realized foreign exchange loss	10
Current taxes - U.S. withholding taxes	12
Service fees related to class A and class U units	163
Dividends on Preferred Shareholders - U.S. REITs Series A	(19)
Sustaining capital expenditures and suite renovation reserve	(552)
AFFO	$ 6,978

Basic and diluted AFFO and AFFO per unit for the three months ended March 31, 2017 was $6,978 and $0.14 respectively, (Forecast - $7,423 and $0.15). The $445 or 6.0% reduction in AFFO compared to Forecast was due to lower NOI, higher finance costs and higher current taxes (excluding withholding taxes). The AFFO payout ratio for the three months ended March 31, 2017 was 88.5% (Forecast - 85.7%).

The Fund's distributions to Unitholders of $6,178 for the three months ended March 31, 2017 was in excess of net income and comprehensive income due to the inclusion of one-time costs of $151, deferred taxes of $2,680 and distributions to Unitholders of $6,178 being included in net income and comprehensive income. Net income and comprehensive income includes significant non-cash amounts and distributions to Unitholders. As a result, distributions to Unitholders during 2017 may exceed the Fund's net income (loss) and comprehensive income (loss). See "Risks and Uncertainties".

The Fund's distributions to Unitholders of $6,178 for the three months ended March 31, 2017 were in excess of cash flow provided by operating activities, including interest paid, mainly due to the timing of realty tax payments which are included in the IFRIC 21 adjustment. The Fund does not expect distributions to exceed cash flow provided by operating activities, including interest paid in 2017. See "Risks and Uncertainties".

AVERAGE MONTHLY RENT AND OCCUPANCY

The following table presents AMR (in actual dollars) as at March 31, 2017 and March 31, 2016 and economic occupancy of the Properties for the three months ended March 31, 2017 and March 31, 2016. Same property AMR and economic occupancy have been presented for those properties that were owned by the Arrangement Funds for the three months ended March 31, 2016 (representing 5,341 suites).

	Total Portfolio for the three months ended March 31, 2017 and March 31, 2016						Same property for the three months ended March 31, 2017 and March 31, 2016						Properties Acquired Since December 31, 2015		
Market	**Suites**	**2017 AMR**	**2016 AMR**	**%**	**2017 Occ. %**	**2016 Occ. %**	**Suites**	**2017 AMR**	**2016 AMR**	**%**	**2017 Occ. %**	**2016 Occ. %**	**Suites**	**2017 AMR**	**2017 Occ %**
Atlanta	607	$ 1,311	$1,275	2.8%	91.5%	95.9%	401	$ 1,322	$1,275	3.7%	92.0%	95.9%	206	$1,288	90.4%
Austin	1,454	1,128	1,122	0.5%	91.6%	95.4%	1,070	1,154	1,122	2.9%	91.9%	95.4%	384	1,055	90.4%
Charlotte / Raleigh	441	1,130	1,088	3.9%	91.8%	93.5%	176	1,087	$1,086	0.1%	92.8%	93.7%	265	1,159	91.2%
Dallas	595	1,113	1,056	5.4%	92.0%	93.2%	595	1,113	1,056	5.4%	92.0%	93.2%	-	-	N/A
Houston	1,895	1,131	1,145	-1.2%	91.2%	91.2%	1,895	1,131	1,145	-1.2%	91.2%	92.2%	-	-	N/A
Las Vegas	320	1,112	-	N/A	93.2%	NA	-	-	N/A	N/A	N/A	N/A	320	1,112	93.2%
Orlando / Tampa	1,204	1,276	1,211	5.4%	94.1%	92.9%	1,204	1,276	1,211	5.4%	94.1%	92.9%	-	-	N/A
San Antonio	276	1,115	-	N/A	90.1%	NA	-	-	N/A	N/A	N/A	N/A	276	1,115	90.1%
Total	6,792	1,170	1,150	1.7%	92.0%	93.1%	5,341	1,179	1,153	2.3%	92.2%	93.1%	1,451	$1,131	91.1%

Portfolio AMR as at March 31, 2017 was $1,170 compared to $1,150 as at March 31, 2016, an increase of $20 or 1.7%. Increases in AMR were realized in all markets with the exception of Houston that had a slight reduction. Strong AMR growth of 5.4% was achieved in both the Dallas and Orlando / Tampa markets. In addition, Charlotte / Raleigh recorded a 3.9% increase reflecting the acquisition of Marquee Station in 2016 and the Atlanta market had 2.8% AMR growth. The Fund's economic occupancy remained stable at 92.0% for the three months ended March 31, 2017 compared to 93.1% for the three months ended March 31, 2016. Economic occupancy increased in Orlando / Tampa during the three months ended March 31, 2017 with slight decreases across the other markets with the exception of Houston where occupancy remained consistent at 91.2%. The Fund maintained occupancy within its targeted range during this typically slower leasing quarter. The spring and summer months represent the peak leasing periods.

Same property AMR as at March 31, 2017 was $1,179, an increase of $26 or 2.3% compared to March 31, 2016. The Dallas and Orlando / Tampa markets both achieved strong same property AMR increases of 5.4%. Solid same property AMR increases in Atlanta and Austin of 3.7% and 2.9%, respectively, were partly offset by a 1.2% reduction in same property AMR in Houston. Excluding Houston, same property AMR increased 4.1% across the Fund's portfolio. Same property economic occupancy for the three months ended March 31, 2017 was 92.2% compared to 93.1% for the three months ended March 31, 2016, a reduction of 90 basis points. Same property economic occupancy increased in the Orlando / Tampa market and the other markets showed slight reductions in comparison to the three months ended March 31, 2016. With the exception of Houston, all markets achieved economic occupancy within the Fund's targeted range for the first three months of 2017.

QUARTERLY AMR AND OCCUPANCY

The following table presents AMR (in actual dollars) as at March 31, 2017, December 31, 2016, September 30, 2016 and June 30, 2016 and the economic occupancy for the Properties for the three month periods ended March 31, 2017, December 31, 2016, September 30, 2016 and June 30, 2016.

	As at March 31, 2017			As at December 31, 2016			As at September 30, 2016			As at June 30, 2016		
Market	**Suite**	**AMR**	**Occ %**	**Suites**	**AMR**	**Occ %**	**Suites**	**AMR**	**Occ %**	**Suites**	**AMR**	**Occ %**
Atlanta	607	$1,311	91.5%	607	$ 1,306	93.9%	401	$ 1,312	95.0%	401	$ 1,287	92.2%
Austin	1,454	1,128	91.6%	1,454	1,128	92.3%	1,070	1,156	94.8%	1,070	1,142	95.5%
Charlotte / Raleigh	441	1,130	91.8%	441	1,131	92.6%	441	1,129	93.6%	441	1,104	93.0%
Dallas	595	1,113	92.0%	595	1,111	92.3%	595	1,094	94.4%	595	1,077	95.8%
Houston	1,895	1,131	91.2%	1,895	1,133	90.5%	1,895	1,140	92.3%	1,895	1,142	91.8%
Las Vegas	320	1,112	93.2%	320	1,112	94.2%	-	-	NA	-	-	NA
Orlando / Tampa	1,204	1,276	94.1%	1,204	1,260	93.9%	1,204	1,250	93.8%	1,204	1,233	93.9%
San Antonio	276	1,115	90.1%	276	1,113	93.4%	267	1,102	NA	-	-	NA
Total	6,792	$1,170	92.0%	6,792	$ 1,167	92.4%	5,873	$ 1,170	93.6%	5,606	$ 1,162	93.5%

As at March 31, 2017, the portfolio AMR was $1,170, which was an increase of $3 from December 31, 2016, or an increase on an annualized basis of 1.0%. Historically, the majority of AMR growth is achieved in the peak leasing months during the spring and summer. AMR increased in Atlanta, Dallas, Orlando / Tampa and San Antonio. AMR in Orlando / Tampa increased by 1.3% during the three months ended March 31, 2017 (annualized . 5.1%). Charlotte / Raleigh and Houston saw slight reductions in AMR during the three months ended March 31, 2017. The Fund is optimizing property revenues in Houston by maintaining net effective rent levels in a concession driven market. Excluding Houston, AMR increased on an annualized basis by 1.7% during the three months ended March 31, 2017.

Economic occupancy reduced 40 basis points to 92.0% during the three months ended March 31, 2017 but remained within the Fund's targeted range.

RESULTS OF OPERATIONS – ALL PROPERTIES

The following discussion highlights operational performance of the Properties for the three months ended March 31, 2017 and March 31, 2016, which includes periods in which the Arrangement Properties were owned by the Arrangement Funds.

	Three months ended March 31, 2017	Three months ended March 31, 2016	% Change
Revenue from property operations	$ 24,311	$ 19,438	25.1%
Property operating costs	6,232	4,992	(24.8%)
Property taxes [1]	4,254	3,529	(20.5%)
NOI	$ 13,825	$ 10,917	26.6%
NOI margin	56.9%	56.2%	

(1) Realty taxes were adjusted to exclude the IFRIC 21 adjustment and treat realty taxes as an expense that is amortized during the fiscal year.

PROPERTY REVENUE FROM PROPERTY OPERATIONS – ALL PROPERTIES

Revenue from property operations for the three months ended March 31, 2017 was $24,311, which was $4,873 or 25.1% higher than the three months ended March 31, 2016. The increase in revenue was attributable to the acquisitions of Marquee Station, Boardwalk, South Blvd, Coolray Field and City North during the year ended December 31, 2016 and rent growth across the portfolio.

PROPERTY OPERATING COSTS – ALL PROPERTIES

Property operating costs for the three months ended March 31, 2017 at $6,232 represented an increase of $1,240 or 24.8% compared to the three months ended March 31, 2016. 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 management initiatives to drive cost efficiencies resulted in operating expenses across the same property portfolio remaining flat year over year.

REALTY TAXES – ALL PROPERTIES

The following discussion of results of operations treats realty taxes as an expense that is amortized during the fiscal year. Realty taxes do not reflect the IFRIC 21 adjustment.

Realty taxes for the three months ended March 31, 2017 were $4,254, an increase of $725 or 20.5% compared to the three months ended March 31, 2016. The increase in realty 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.

NOI – ALL PROPERTIES

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

The following table presents NOI and NOI margin for the Properties by market for the three months ended March 31, 2017 and 2016. NOI and NOI margin are included for periods in which the Arrangement Properties were owned by the Arrangement Funds.

	Three months ended March 31, 2017			Three months ended March 31, 2016		
Market		NOI	Margin %		NOI	Margin %
Atlanta	$	1,415	59.8%	$	965	62.8%
Austin		2,745	53.6%		2,230	54.7%
Charlotte / Raleigh		933	60.2%		565	56.6%
Dallas		1,147	56.5%		1,050	53.9%
Houston		3,367	52.5%		3,479	51.8%
Las Vegas		750	68.7%		-	NA
Orlando / Tampa		3,008	62.3%		2,628	66.7%
San Antonio		460	51.2%		-	NA
Total	$	13,825	56.9%	$	10,917	56.2%

NOI for the three months ended March 31, 2017 was $13,825, an increase of $2,908 or 26.6% compared to the three months ended March 31, 2016. 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 March 31, 2017 was 56.9%, an increase of 70 basis points compared to the three months ended March 31, 2016 driven by strong margin increases in Charlotte / Raleigh and Dallas.

RESULTS OF OPERATIONS – SAME PROPERTY

Same property results for the three months ended March 31, 2017 includes the Arrangement Properties owned by the Arrangement Funds for the entire three months ended March 31, 2016, (representing 5,341 suites).

	Three months ended March 31, 2017	Three months ended March 31, 2016	% Change
Revenue from property operations	$ 19,252	$ 19,083	0.9%
Property operating costs	4,892	4,895	0.1%
Property taxes (1)	3,495	3,501	0.2%
NOI	$ 10,865	$ 10,687	1.7%
NOI margin	56.4%	56.0%	

(1) Realty taxes were adjusted to exclude the IFRIC 21 adjustment and treat realty taxes as an expense that is amortized during the fiscal year.

REVENUE FROM PROPERTY OPERATIONS – SAME PROPERTY

Same property revenue from property operations for the three months ended March 31, 2017 of $19,252 was $169 or 0.9% higher than the three months ended March 31, 2016. This increase was attributable to the increase in same property AMR of 2.3% driven by particularly strong rental rate growth in Dallas and Orlando / Tampa, as well as Atlanta and Austin. These increases were partially offset by slightly lower AMR in Houston. The increase in same property revenue from AMR growth and increases in ancillary income were partly offset by slightly lower economic occupancy in all markets except Orlando / Tampa.

PROPERTY OPERATING COSTS – SAME PROPERTY

Same property operating costs for the three months ended March 31, 2017 of $4,892 were $3 or 0.1% lower than the three months ended March 31, 2016. Higher repair and maintenance expenses were offset by lower insurance, advertising and administrative expenses.

REALTY TAXES – SAME PROPERTY

Same property realty taxes for the three months ended March 31, 2017 at $3,495 were $6 or 0.2% lower than the three months ended March 31, 2016, reflecting the Fund's successful appeals of assessed valuations in certain markets.

NOI – SAME PROPERTY

The following table shows the same property NOI and NOI margin by market for the three months ended March 31, 2017 and 2016.

	Three months ended March 31, 2017		Three months ended March 31, 2016	
Market	NOI	Margin %	NOI	Margin %
Atlanta	$ 971	60.9%	$ 965	60.4%
Austin	2,108	54.3%	2,230	57.0%
Charlotte / Raleigh	339	59.0%	334	57.5%
Dallas	1,147	56.5%	1,050	54.2%
Houston	3,293	51.9%	3,479	53.2%
Orlando / Tampa	3,008	62.3%	2,628	58.1%
Total	$ 10,865	56.4%	$ 10,687	56.0%

For the three months ended March 31, 2017, same property NOI at $10,865 was $178 or 1.7% higher than the three months ended March 31, 2016. NOI increased by 9.2% in Dallas and by 14.5% in Orlando / Tampa driven by strong rent growth and effective expense management in both markets. Same property NOI in Houston and Austin were slightly lower slightly due to a reduction in AMR in Houston of 1.2% reflecting the impact of the downturn of the oil and gas industry, on market demand and a reduction in economic occupancy and higher realty taxes in Austin.

Same property NOI margin increased to 56.4% during the three months ended March 31, 2017 from 56.0% during the three months ended March 31, 2016. The improvement was driven by margin increases in the Dallas, Orlando / Tampa, Atlanta and Charlotte / Raleigh markets due to AMR growth, solid occupancy and cost efficiencies.

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 March 31, 2017, 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 three months ended March 31, 2017:

		Three months ended March 31, 2017
Cash provided by operating activities	$	10,447
Cash used in financing activities		(13,104)
Cash used in investing activities		(1,357)
Decrease in cash		(4,014)
Cash, beginning of period		7,669
Cash, end of period	$	3,655

Cash on hand at March 31, 2017 was $3,655.

Cash provided by operating activities for the three months ended March 31, 2017 was $10,448 and related primarily to the net cash generated from property operations, as well as changes in non-cash working capital.

Cash used by financing activities for the three months ended March 31, 2017 was $13,105, including distributions to Unitholders of $6,178, distributions to preferred shareholders of the U.S. REITs Series A shares of $19, finance costs paid of $5,098, unit purchases under the NCIB of $1,411 and principal payments on mortgages of $399.

Cash used in investing activities for the three months ended March 31, 2017 was $1,357 relating to capital additions to investment properties.

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, as the Fund continues to build Unitholder value and maintain sufficient capital contingency amounts. As at March 31, 2017 the total capital of the Fund was as follows:

		As at March 31, 2017
Mortgages payable	$	681,899
Credit facility		8,927
Net liabilities attributable to Unitholders		306,214
Total capital	$	997,040

As at March 31, 2017, the Fund had unused capacity on its credit facility of C$11,000 including C$8,300 available for drawdown as C$2,700 was provided as collateral for the Fund's variable rate collar agreement that was entered into with a Canadian chartered bank. This derivative instrument allows the Fund to provide some protection for the holders of Canadian dollar units against the potential weakening of the U.S. dollar to the date of declaration of distributions. The Fund is obligated to purchase a monthly amount of C$2,450 over a twelve-month period between a floor exchange rate of C$1.33 to $1.00 and a ceiling rate of C$1.3850 to $1.00. See "Financing Costs".

DEBT PROFILE

As at March 31, 2017, the overall leverage, as represented by the ratio of Indebtedness to Gross Book Value was 64.17%. The maximum allowable ratio under the Fund's limited partnership agreement is 75%. The weighted average mortgage interest rate for the Fund, as at March 31, 2017, was 3.10% and the weighted average term to maturity of the mortgage portfolio was 3.99 years.

The following table summarizes key liquidity metrics:

	As at March 31, 2017
Indebtedness to Gross Book Value	64.41%
Weighted average mortgage interest rate	3.10%
Weighted average mortgage term to maturity	3.99 years
	Three months ended March 31, 2017
Interest Coverage Ratio	2.45 x
Indebtness Coverage Ratio	2.27 x

The Interest Coverage Ratio and the Indebtedness Coverage Ratio for the three months ended March 31, 2017 was 2.45 times and 2.27 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 loss of $6 relating to the fair value of the interest rate cap agreements was recorded in finance costs in the condensed consolidated interim statement of net income and comprehensive income for the three months ended March 31, 2017.

The following is a summary of the Fund's interest rate cap agreements as at March 31, 2017:

	Notional Amount	Maturity Date	Interest Rate Cap	Carrying Value and Fair Value at March 31, 2017
Commonwealth Bank of Australia	$19,700	1-Nov-17	3.78%	$ -
Commonwealth Bank of Australia	34,350	1-Nov-17	4.06%	-
SMBC Capital Markets, Inc.	31,575	1-Mar-18	4.00%	-
Commonwealth Bank of Australia	33,900	1-Jun-18	3.54%	-
Commonwealth Bank of Australia	21,695	1-Jul-18	4.08%	-
Commonwealth Bank of Australia	36,909	1-Jul-18	4.00%	-
Commonwealth Bank of Australia	37,600	1-Jan-19	4.00%	1
SMBC Capital Markets, Inc.	38,000	1-Feb-19	3.75%	1
	$253,729			$ 2

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 may 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 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 March 31, 2017:

	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	$ 2,404	$ 91,178	$ 93,582	13.72%	2.82%	$ 13,934
2018	4,281	98,470	102,751	15.07%	2.89%	15,951
2019	4,847	58,571	63,418	9.30%	2.94%	14,629
2020	5,530	-	5,530	0.81%	-	13,293
2021	5,291	219,835	225,126	33.01%	3.27%	12,495
Thereafter	7,798	183,694	191,492	28.09%	3.17%	10,801
	$ 30,151	$ 651,748	$ 681,899	100.00%	3.10%	$ 81,103
Mortgage discounts			(77)			
Unamortized financing costs			(5,703)			
			$ 676,119			

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 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 bankers' acceptance ("BA") stamping fee plus a weighted average of 4.39% over the life of the credit facility. As at March 31, 2017, the Fund had drawn C$10,000 from Tranche A and C$2,000 from Tranche B, the U.S. dollar equivalent of $8,927, net of unamortized credit facility costs of $97. All amounts drawn were BA advances. A 0.50% standby fee is charged on the undrawn amount of the credit facility. Finance costs included $100 related to the BA advances and $9 for the standby fee during the three months ended March 31, 2017.

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 income and comprehensive income 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 E	Class F	Class H	Class U	Total
Net liabilities attributable to Unitholders, December 31, 2016	$ 86,599	$ 83,852	$ 78,619	$17,907	$ 20,985	$ 887	$ 14,442	$ 303,291
Units repurchased and cancelled under NCIB	(1,411)	-	-	-	-	-	-	(1,411)
Re-allocation due to unit conversions	3,126	(58)	(1,955)	509	(1,081)	(8)	(533)	-
Net income and comprehensive income	1,268	1,203	1,101	264	286	12	200	4,334
Net liabilities attributable to Unitholders, March 31, 2017	$ 89,582	$ 84,997	$ 77,765	$18,680	$ 20,190	$ 891	$ 14,109	$ 306,214

On October 26, 2016, the Fund announced the TSX Venture Exchange had accepted the Fund's notice of intention to make the 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 or (ii) the date on which the Fund has purchased the maximum number of units permitted under the NCIB. During the three months ended March 31, 2017, the Fund purchased and cancelled 204,300 class A units at a total cost of $1,411.

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 three months ended March 31, 2017:

(in thousands of units)	Class A	Class C	Class D	Class E	Class F	Class H	Class U	Total
Outstanding, as at December 31, 2016	14,728	13,512	13,371	2,318	3,459	151	1,869	49,408
Class A units repurchased and cancelled under NCIB	(204)	-	-	-	-	-	-	(204)
Units reallocated due to conversions	506	-	(324)	68	(176)	(1)	(68)	5
Units as at March 31, 2017	15,030	13,512	13,047	2,386	3,283	150	1,801	49,209

As at March 31, 2017, there were 49,209,000 units issued and outstanding, comprised of 15,029,777 class A units, 13,511,772 class C units, 13,047,091 class D units, 2,385,486 class E units, 3,283,469 class F units, 149,614 class H units and 1,801,791 class U units.

RELATED PARTY TRANSACTIONS AND ARRANGEMENTS

ARRANGEMENTS WITH STARLIGHT

The Fund engaged Starlight to perform certain management services, as outlined below. Starlight 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 three months ended March 31, 2017, asset management fees of $918 and service fees of $163 were charged to the Fund and trust expenses. The amount payable to the Manager as at March 31, 2017 was $480.

(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 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 three months ended March 31, 2017, the Fund incurred acquisition fees of $nil under the Management Agreement. 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 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 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, 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 March 31, 2017, the Fund had not recognized a liability to SIP in relation to the carried interest.

SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES

A summary of the significant accounting policies is available in Note 2 in the 2016 audited consolidated financial statements of the Fund for the period August 26, 2016 (date of formation) to December 31, 2016. 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$ 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 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.

FUTURE ACCOUNTING POLICY CHANGES

The future accounting policy changes are discussed in the Fund's audited consolidated financial statements for the period from August 26, 2016 (date of formation) to December 31, 2016 and the notes contained therein as well as the Fund's condensed consolidated interim financial statements for the three months ended March 31, 2017.

RISKS AND UNCERTAINTIES

There are certain risks inherent in an investment in the units of the Fund and in the activities of the Fund. Risks and uncertainties are disclosed in the Fund's MD&A for the period from August 26, 2016 (date of formation) to December 31, 2016 in the Risks and Uncertainties section that is available at www.sedar.com. If any of the risks outlined in such disclosure or those outlined in the Prospectus 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. Other than set out or contemplated herein, management is not aware of any significant changes in risk and uncertainties since March 7, 2017, the date of the Fund's MD&A for the period from August 26, 2016 (date of formation) to December 31, 2016.

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 March 31, 2017.

SUBSEQUENT EVENTS

Subsequent to March 31, 2017, the Fund purchased and cancelled 112,400 class A units at a total cost of C$1,067, the U.S. dollar equivalent of $789.

FUTURE OUTLOOK

Starlight believes the Properties will continue to benefit from stable demand for residential rental accommodation. The Primary Markets exhibit sustained job and population growth and benefit from the continued shift away from home ownership, including as a result of lifestyle choices. 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 $29.20 in January 2016 to $46.41 in March 2017. 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, rental and NOI growth. The Fund expects to continue to produce consistent investment returns for Unitholders while seeking opportunities to recycle capital into new properties in its Primary Markets that will enhance average age and geographical diversification of the portfolio.

QUARTERLY INFORMATION

	Three months ended March 31, 2017	Three months ended December 31, 2016 [1]	For the period August 26, 2016 to September 30, 2016 [2]
Revenue from property operations	$ 24,311	$ 19,679	$ -
Property operating costs	(6,232)	(5,241)	-
Realty taxes	(4,254)	(3,027)	-
NOI	13,825	11,411	-
Distributions to Unitholders	(6,178)	(5,108)	
Dividends to Preferred Shareholders - U.S. REIT's series A	(19)	(31)	
Finance costs	(5,292)	(5,273)	
Fund expenses	(1,421)	(7,906)	
Unrealized foreign exchange gain (loss)	(86)	204	
Realized foreign exchange gain (loss)	(10)	444	
Fair value adjustment of investment properties	9,695	1,090	
Income taxes:			
Current	(106)	(49)	
Deferred	(6,074)	(2,680)	-
Net income (loss) and comprehensive income (loss) for the period	$ 4,334	$ (7,898)	$ -
FFO	$6,632	($1,854)	n/a [2]
AFFO	$6,978	$5,649	n/a [2]
Distributions	6,178	$5,108	n/a [2]
FFO per Unit - basic and diluted	$0.13	($0.04)	n/a [2]
AFFO per Unit - basic and diluted	$0.14	$0.11	n/a [2]
Distributions per Unit [3]	$0.13	$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 outstandings during the period.

Additional information relating to the Fund can be found on SEDAR at www.sedar.com.

Dated: May 18, 2017

Toronto, Ontario, Canada