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

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

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017

NOVEMBER 9, 2017

TABLE OF CONTENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's 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 November 9, 2017, for the three and nine months ended September 30, 2017, should be read in conjunction with the Fund's 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 Fund's financial performance, financial position and cash flows as at and for the periods ended on certain dates and to present information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. Forward-looking information may relate to future results, performance, achievements, events, prospects or opportunities for the Fund or the real estate industry and may include statements regarding the financial position, business strategy, budgets, litigation, projected costs, capital expenditures, financial results, occupancy levels, average monthly rents ("AMR"), taxes, the Fund's use of its normal course issuer bid (the "NCIB"), and plans and objectives of or involving the Fund. Particularly, matters described as "Future Outlook" are forward-looking information. In some cases, forward-looking information can be identified by terms such as "may", "might", "will", "could", "should", "would", "occur", "expect", "plan", "anticipate", "believe", "intend", "seek", "aim", "estimate", "target", "goal", "project", "predict", "forecast", "potential", "continue", "likely", "schedule", or the negative thereof or other similar expressions concerning matters that are not historical facts.

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

Information contained in forward-looking information is based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including management's perceptions of historical trends, current conditions and expected future developments, as well as other considerations that are believed to be appropriate in the circumstances, including the following: the inventory of multi-family real estate properties; the availability of properties for acquisition and the price at which such properties may be acquired; the availability of mortgage financing and current interest rates; the extent of competition for properties; the population of multi-family real estate market participants; assumptions about the markets in which the Fund operates; the ability of 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 Fund's projections, expectations and beliefs at this time, such information involves known and unknown risks and uncertainties which may cause the Fund's actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking information. Important factors that could cause actual results to differ materially from the Fund's expectations include, among other things, the availability of suitable properties for purchase by the Fund, the availability of mortgage financing for such properties, and general economic and market factors, including interest rates, business competition and changes in government regulations or in tax laws. See "Risks and Uncertainties". The reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking information, as there can be no assurance that actual results will be consistent with such forward-looking information.

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

BASIS OF PRESENTATION

The Fund's unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 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"), average monthly rent ("AMR"), economic occupancy, funds from operations ("FFO") and 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, AMR, economic occupancy, 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 ("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 Indebtedness divided by 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, property taxes (normalized to remove the impact from International Financial Reporting Interpretations Committee 21 ("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 operating performance and uses this measure to assess property operating performance on an unlevered basis.

Same property operating results and NOI are presented in this MD&A as the Manager considers this non-IFRS measure to be an important measure of operating performance for the 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 property 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 ("RPAC").

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; (v) transaction costs on disposition of investment properties; (vii) loss on the early extinguishment of debt; and (viii) 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 RPAC 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 RPAC.

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 property 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 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 units of the Fund (the "Plan of Arrangement").

Subsequent to the completion of the Plan of Arrangement and following completion of the Fund's public offering (the "Offering") of units, the Fund indirectly acquired three additional properties comprised of an aggregate of 910 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 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 unit classes, class C units, class D units, class F units, and class H units, which are Canadian dollar denominated, and class E units, which are U.S. dollar denominated.

INVESTMENT OBJECTIVES

The Fund's investment objectives are to:

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

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

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

1. Identify additional acquisition opportunities in the U.S. multi-family residential market by leveraging the Manager's relationships with principals, operators, and brokers located in the Fund's target markets and by its ability to source "off-market" opportunities.
2. Target multi-family assets that are:
   a. constructed in 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;
   c. located in mature areas with barriers to new development; and
   d. stabilized with the potential to benefit from an active asset management strategy.
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 friendly' legal environments; and

c) comfortable climates and quality of life.

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

VALUE REALIZATION THROUGH DISPOSITION PROCESS

1. Asset value increases are expected 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 Fund's overall portfolio and achieving a more balanced distribution of Properties within the Primary Markets.

During the three months ended September 30, 2017, the Fund acquired Copperfield Apartments, a 288 suite Class "A" apartment community constructed in 2015 and located in Nashville, Tennessee. This represents the Fund's first investment into the high growth Nashville market and enhances the geographical diversification of the Fund's portfolio while improving the average age of construction (See related party transactions).

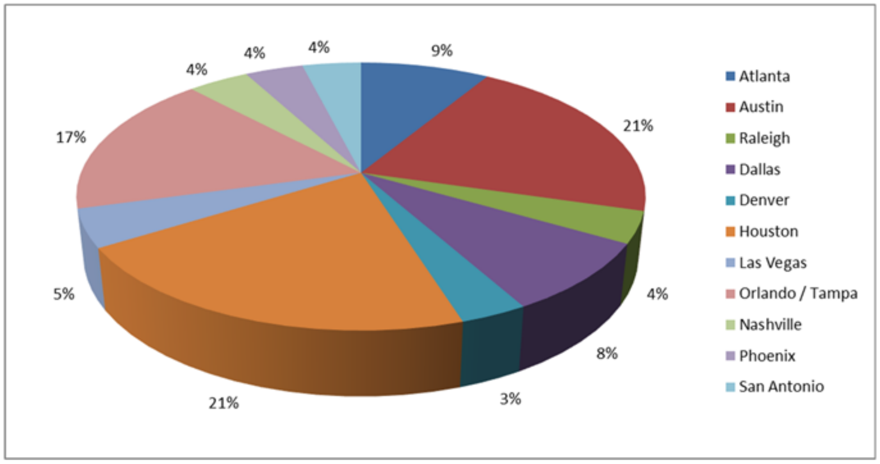
PORTFOLIO SUMMARY

The Fund as at September 30, 2017 had an aggregate of 6,980 multi-family suites located in the states of Arizona, Colorado, Florida, Georgia, Nevada, North Carolina, Tennessee and Texas. The Properties are geographically diversified across Orlando and Tampa, Florida; Atlanta, Georgia; Las Vegas, Nevada; Raleigh, North Carolina; Austin, Dallas, Houston and San Antonio, Texas; Denver, Colorado; Nashville, Tennessee; and Phoenix, Arizona. The weighted average year of completion for the Properties is 2011.

Property	Location	Suites	Year Completed	Rentable Area (Sq. Ft)	Average Suite Size (Sq. Ft)	Land Area (Acres)	Date of Original Acquisition
Sorelle Apartments	2399 Parkland Drive, Atlanta, Georgia	401	2009	352,347	879	5.09	September 9, 2015
The Views at Coolray Field	755 Braves Avenue, Lawrenceville, Georgia	206	2015	333,576	1,042	2.51	October 20, 2016
Atlanta, Georgia		**607**	**2012**	**685,923**	**958**	**7.60**	
Palm Valley Apartments	1301 North A.W. Grimes Boulevard, Round Rock, Texas	340	2009	330,300	971	18.60	November 18, 2013
The Allure	701 N. Vista Ridge Blvd, Cedar Park, Texas	334	2013	329,104	985	19.97	July 10, 2014
Travesia Apartments	3701 Quick Hill Road, Austin, Texas	396	2008	343,332	867	19.40	March 2, 2015
City North at Sunrise Ranch	2800 Sunrise Road, Round Rock, Texas	384	2009	169,455	823	20.60	October 31, 2016
Austin, Texas		**1,454**	**2010**	**1,172,191**	**923**	**78.57**	
The Village at Marquee Station	2110 Cinema Drive, Fuquay Varina, North Carolina	265	2014	263,940	996	17.69	February 26, 2016
Raleigh, North Carolina		**265**	**2014**	**263,940**	**996**	**17.69**	
Greenhaven Apartments	8690 Virginia Parkway, McKinney, Texas	216	2009	191,540	887	11.24	July 29, 2013
Soho Parkway Apartments	6653 McKinney Ranch Parkway, McKinney, Texas	379	2008	364,383	961	15.04	April 1, 2014
Dallas, Texas		**595**	**2008**	**555,923**	**936**	**26.28**	
Carrick Bend	11525 Community Center Drive, North Glenn, Colorado	228	2014	211,946	930	9.00	June 26, 2017
Denver, Colorado		**228**	**2014**	**211,946**	**930**	**9.00**	
Falls at Copper Lake	9140 Highway 6 North, Houston, Texas	374	2008	375,396	1,004	18.18	April 23, 2013
The Villages of Sunset Ridge	14807 Woodland Hills Drive, Humble, Texas	257	2013	235,465	916	11.45	May 21, 2014
Falls at Eagle Creek	9702 North Sam Houston Parkway, Humble Texas	412	2009	380,756	924	22.13	September 16, 2013
Yorktown Crossing	15903 Yorktown Crossing Parkway, Houston, Texas	312	2009	278,292	892	12.18	August 28, 2014
The Reserve at Jones Road	11925 Jones Road, Houston, Texas	114	2013	104,961	921	4.23	November 12, 2014
Houston, Texas		**1,469**	**2010**	**1,374,870**	**938**	**68.16**	
South Blvd Apartments	10200 Giles Street, Las Vegas, Nevada	320	2012	364,432	949	14.25	October 18, 2016
Las Vegas, Nevada		**320**	**2012**	**364,432**	**949**	**14.25**	
Copperfield Apartments	670 Ken Pilkerton Drive, Smyrna, Tennessee	288	2015	311,459	1,081	21.83	August 1, 2017
Nashville, Tennessee		**288**	**2015**	**311,459**	**1,081**	**21.83**	
Spectra North	20425 North 7th Street ,Phoenix Arizona	274	2012	315,360	1,151	15.30	June 16, 2017
Phoenix, Arizona		**274**	**2012**	**315,360**	**1,151**	**15.30**	
Grand Cypress	1901 Cypress Preserve Dr, Tampa, Florida	304	2014	303,426	998	62.11	April 10, 2015
Verano Apartments	2200 Villa Verano Way, Orlando, Florida	384	2008	390,936	1,018	21.94	April 10, 2015
Pure Living Heathrow	740 Savory Place, Heathrow , Florida	252	2009	307,230	1,219	28.53	May 7, 2015
The Reserves at Alafaya	3715 Alafaya Heights Road, Orlando, Florida	264	2014	278,124	1,054	46.26	July 2, 2015
Orlando / Tampa, Florida		**1,204**	**2011**	**1,279,716**	**1,069**	**158.84**	
Boardwalk Med Center	7838 Huebner Road, San Antonio, Texas	276	2011/2014	241,236	874	11.91	September 30, 2016
San Antonio, Texas		**276**	**2013**	**241,236**	**874**	**11.91**	
Total (Average)	**Total**	**6,980**	**(2011)**	**6,776,996**	**(970)**	**429**	

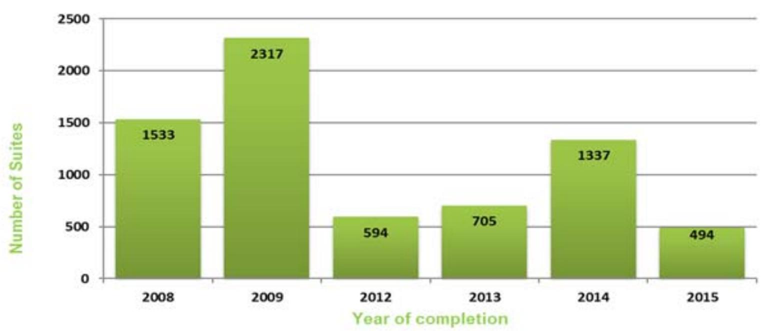
The Properties geographical diversification based on number of suites as at September 30, 2017 is as follows:

PROPORTION OF SUITES BY GEOGRAPHICAL MARKET



As at September 30, 2017, the Properties suites by year of completion were as follows:

NUMBER OF SUITES BY YEAR OF COMPLETION



SORELLE APARTMENTS

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 and adjacent to the Atlanta Braves AAA baseball stadium. 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 APARTMENTS

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.

BROADSTONE TRAVESIA APARTMENTS

Broadstone Travesia Apartments ("Travesia") 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 bedroom to 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.

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 17.69 acre site and offers 265 suites ranging in size from one bedroom to three bedrooms.

GREENHAVEN APARTMENTS

Greenhaven Apartments is located 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 an 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 bedroom to 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 an 18.18 acre site and offers 374 suites ranging in size from one bedroom to three 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 an 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.

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 to 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.

ALTIS AT GRAND CYPRESS

Altis at 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 bedroom to three bedrooms.

BOARDWALK MED CENTER

Boardwalk Med Center ("Boardwalk") 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 an 11.91 acre site and offers 276 suites ranging in size from one bedroom to two bedrooms.

SPECTRA NORTH

Spectra North is located at 20435 North 7th Street, Phoenix, Arizona, 32 kilometers north of downtown Phoenix. Completed in 2012, the property is comprised of 16 garden-style apartment buildings on a 15.3 acre site and offers 274 suites ranging in size from one bedroom to three bedrooms.

CARRICK BEND

Carrick Bend is located at 11525 Community Center Drive, Northglenn, Colorado, 24 kilometers north of downtown Denver. The property is comprised of nine, three storey garden-style apartment buildings on a nine acre site and offers 228 suites ranging in size from one bedroom to three bedrooms.

COPPERFIELD APARTMENTS

Copperfield Apartments ("Copperfield") is located at 670 Ken Pilkerton Drive, Nashville, Tennesse, 40 kilometers south-east of downtown Nashville. The property is comprised of 12, three storey garden-style apartments on a 21.83 acre site and offers 288 suites ranging in size from one bedroom to three bedrooms.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

This section includes highlights of the financial and operational performance of the Fund as at September 30, 2017, and for the three and nine months ended September 30, 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").

HIGHLIGHTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017:

- Continued its program to strategically recycle capital into new properties intended to lower the average age of its portfolio and enhance its geographic diversification.
- Acquired one asset in Nashville, Tennessee, a 288 suite Class "A" apartment community built in 2015. This acquisition represents the Fund's first investment in the high growth market of Nashville. (see Related Party Transactions)
- On October 27, 2017 the Fund sold its smallest property, The Reserve at Jones Road in Houston, Texas. The Fund intends to redeploy the net proceeds into a new property acquisition with greater economies of scale and with the intention of lowering the average age of its portfolio and enhancing its geographic diversification. (see Subsequent Events)
- The Fund extended the term of its Credit Facility to October 19, 2018 and reduced the interest rate to prime rate plus 2.15% or the banker's acceptance ("BA") stamping fee plus 3.15%
- Mortgage refinancing resulted in additional proceeds of $27,168, a portion of which was utilized to partly fund the acquisition of Copperfield.
- 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 12-month contract allows the Fund to exchange U.S. funds each month within a range of C$1.33 to C$1.3850 to fund Canadian dollar distributions.
- Recognized a $81,654 fair value increase on its Properties for the three months ended September 30, 2017. The increase was driven by capitalization rate compression and NOI increases across the portfolio.
- Net income and comprehensive income for the three months ended September 30, 2017 was $40,941, largely driven by fair value increases during the period.
- AFFO for the three months ended September 30, 2017 was $6,267 and for the nine months ended September 30, 2017 was $20,344, both lower than Forecast primarily due to lower NOI, higher finance costs as well as higher Fund and trust expenses.
- AFFO payout ratio was 98.1% (Forecast – 81.5%) for the three months ended September 30, 2017 and 90.5% (Forecast – 81.5%) for the nine months ended September 30, 2017.

PROPERTY LEVEL HIGHLIGHTS FOR THE THREE AND nine MONTHS ENDED September 30, 2017 INCLUDING A COMPARISON TO THE OWNERSHIP PERIOD RELATING TO THE ARRANGEMENT FUNDS:

- Same property AMR for the three months ended September 30, 2017 increased by 1.6% reflecting strong growth in Orlando / Tampa (4.1%), Raleigh (4.4%) and Dallas (2.7%) markets.
- Portfolio AMR increased by 1.2% to $1,188 driven by the strong increases of greater than 4.0% in the Orlando / Tampa and Charlotte / Raleigh markets. Economic occupancy remained stable at 93.1%.
- Same property NOI at $10,516 for the three months ended September 30, 2017 was a 3.3% increase over the corresponding period in 2016 and the NOI margin at 56.2% increased by 100 basis points driven by significant margin increases in the Atlanta, Dallas and Orlando / Tampa markets due to strong AMR growth and effective management of property operating costs.
- NOI at $14,192 was a 26.5% increase over the corresponding three month period in 2016 and the NOI margin at 55.6% represented a 90 basis point improvement.
- Same property NOI for the nine months ended September 30, 2017 at $29,723 was a 3.2% increase over the corresponding period in 2016 and the NOI margin at 56.8% was a 110 basis point improvement.

- NOI at $42,184 was a 26.5% increase over the corresponding nine month period in 2016 and the NOI margin at 56.7% was a 130 basis point improvement.
- The Fund's NOI at $14,192 for the three months ended September 30, 2017 was 2.1% lower than Forecast due to lower AMR and occupancy and higher repairs and maintenance costs, being partly offset by lower property taxes. NOI for the nine months ended September 30, 2017 was $42,184 or 1.8% lower than Forecast.

FINANCIAL POSITION AS AT SEPTEMBER 30, 2017:

- Indebtedness to Gross Book Value was 63.04% representing a decrease from 65.42% as at December 31, 2016.
- Interest Coverage Ratio was 2.10 for the three months ended September 30, 2017.
- As at September 30, 2017, the weighted average interest rate on mortgages payable was 3.27% and the weighted average term to maturity was 3.65 years.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

	As at September 30, 2017	As at December 31, 2016
Operational Information		
Number of properties	23	23
Total suites	6,980	6,792
Weighted average portfolio occupancy %	92.6%	93.1%
AMR (in actual dollars)	$ 1,188	$ 1,167
AMR per square foot (in actual dollars)	$ 1.23	$ 1.21
Summary of Financial Information		
Gross Book Value	$1,215,444	$1,056,414
Indebtedness	$766,158	$691,088
Indebtedness to Gross Book Value (1)	63.04%	65.42%
Weighted average mortgage interest rate	3.27%	2.90%
Weighted average mortgage term to maturity	3.65 years	4.23 years
	Three months ended September 30, 2017	**Nine months ended September 30, 2017**
Summary of Financial Information		
Revenue from property operations	$25,507	$74,329
Property operating costs	$7,048	$19,743
Property taxes	$4,267	$12,439
NOI	$14,192	$42,184
Net income and comprehensive income	$40,941	$48,553
FFO	$6,146	$16,797
FFO per unit - basic and diluted	$0.13	$0.34
AFFO	$6,267	$20,344
AFFO per unit - basic and diluted	$0.13	$0.41
Interest Coverage Ratio	2.10 x	2.24 x
Indebtedness Coverage Ratio	1.91 x	2.05 x
FFO payout ratio	100.1%	109.6%
AFFO payout ratio	98.1%	90.5%
Weighted average units Outstanding (000s) - basic and diluted	49,024	49,126

Notes:

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

(2) Revenue from property operations, property operating costs and property taxes include amounts relating to The Reserve at Jones Road which is designated 'held for sale' during the three months ended September 30, 2017.

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 Forecast assumed the Arrangement Properties and the IPO Properties were owned for the entire three and nine months ended September 30, 2017. The Forecast did not contemplate acquisitions or dispositions. During 2017, the Fund has acquired Spectra North, Carrick Bend and Copperfield and disposed of Belle Haven, Villages of Towne Lake and Cinco Ranch. The impact of acquisitions and dispositions on forecasted revenues and operating costs are discussed below.

	Three months ended September 30, 2017	Three month Forecast	Nine months ended September 30, 2017	Nine month Forecast
Revenue from property operations	$ 25,450	$ 25,687	$ 74,329	$ 75,896
Property operating costs	(7,028)	(6,662)	(19,743)	(19,315)
Property taxes [1]	-	-	(16,898)	(18,140)
Income from rental operations	18,422	19,024	37,688	38,441
Finance costs	(6,715)	(5,488)	(19,689)	(16,359)
Distributions to Unitholders	(6,150)	(6,362)	(18,410)	(18,789)
Dividends to Preferred Shareholders - U.S. REIT's series A	(20)	-	(59)	
Fund and trust expenses	(1,372)	(1,286)	(4,120)	(3,858)
Transaction costs on disposition of investment properties	-	-	(1,056)	-
Unrealized foreign exchange loss	(552)	-	(1,020)	-
Realized foreign exchange gain	85	-	132	-
Fair value adjustment of investment properties	81,654	-	99,650	-
Fair value adjustment IFRIC 21	(4,267)	-	4,458	-
Income from held for sale assets	330	-	330	-
Income taxes:				
Current	(48)	(149)	(253)	(445)
Deferred	(40,426)	(2,519)	(49,098)	(7,551)
Net income (loss) and comprehensive income (loss)	$ 40,941	$ 3,221	$ 48,553	$ (8,561)

(1) Property taxes for the three months ended March 31, 2017 include a full year of property taxes due to the IFRIC 21 adjustment.

RESULTS OF OPERATIONS

The following discussion compares the Fund's actual results for the three and nine months ended September 30, 2017 to the Forecast.

	Three months ended September 30, 2017 [2]	Three months Forecast	% Change	Nine months ended September 30, 2017 [2]	Nine months Forecast	% Change
Revenue from property operations	$ 25,507	$ 25,687	(0.7)%	$ 74,386	$ 75,896	(2.0)%
Property operating costs	7,048	6,662	(5.8)%	19,763	19,315	(2.3)%
Property taxes [1]	4,267	4,535	5.9%	12,439	13,605	8.6%
NOI	$ 14,192	$ 14,489	(2.0)%	$ 42,184	$ 42,975	(1.8)%
NOI margin	55.6%	56.4%		56.7%	56.6%	

(1) Property taxes w ere adjusted to exclude the IFRIC 21 adjustment and treat property taxes as an expense that is amortized during the fiscal year.

(2) Revenue from property operations, property operating costs and property taxes include amounts relating to the Reserve at Jones Road w hich is designated 'held for sale' during the three months ended September 30, 2017

REVENUE FROM PROPERTY OPERATIONS

Revenue from property operations for the three months ended September 30, 2017 was $25,507 which was $180 or 0.7% lower than Forecast. The reduction from Forecast was mainly due to lower AMR and higher vacancy in the Houston and Austin markets which was partly offset by an increase in ancillary revenue and the impact on revenue from the three property acquisitions, net of the three property dispositions being an increase in revenue of $844.

Economic occupancy for the three months ended September 30, 2017 was 93.1% (Forecast - 94.7%). AMR increased by $7 or 2.2% on an annualized basis during the three months ended September 30, 2017.

Revenue from property operations for the nine months ended September 30, 2017 was $74,386 which was $1,510 or 2.0% lower than Forecast. The shortfall to forecast was primarily caused by lower AMR and higher vacancy in the Houston and Austin markets, partly offset by higher revenues of $589 due to the net acquisition activity, as well as an increase in ancillary revenues.

Economic occupancy for the nine months ended September 30, 2017 was 92.8% (Forecast – 94.1%). AMR increased by an annualized 2.4% to $1,188 during the nine months ended September 30, 2017.

PROPERTY OPERATING COSTS

Property operating costs for the three months ended September 30, 2017 at $7,048 were $386 or 5.8% higher than Forecast. Costs were higher than Forecast mainly due to increases in repair and maintenance and administration expenses as well as higher than Forecast expenses of $124 due to net acquisitions during 2017.

Property operating costs for the nine months ended September 30, 2017 at $19,763 were $448 or 2.3% higher than Forecast again due to higher repair and maintenance and administration expenses being partially offset by a reduction in expenses resulting from the dispositions and acquisitions during the period.

PROPERTY TAXES

The Fund's property taxes for the three months ended September 30, 2017 for the purposes of calculating NOI were $4,267 compared Forecast of $4,535, a reduction of $268 or 5.9%. Dispositions net of acquisitions resulted in lower property taxes of $102. In addition, the Fund successfully appealed 2016 assessed values for certain properties in late 2016 and early 2017, reducing the prior period property tax expense.

The Fund actively manages assessed values for property tax purposes in order to minimize the tax expense by utilizing third party consultants in the respective markets. The Fund's property taxes for the nine months ended September 30, 2017 were $12,439 compared to the Forecast of $13,605, a reduction of $1,166 or 8.6% again due to the Fund's success in appealing 2016 assessed values. Property taxes in the condensed consolidated interim financial statements for the three and nine months ended September 30, 2017 have been presented under IFRS and IFRIC 21, which reflect the estimated tax expense for the full fiscal year for all Properties being recorded in the three months ended March 31, 2017.

NOI

For the three months ended September 30, 2017, NOI at $14,192 was $297 or 2.1% lower than Forecast due to lower revenue from property operations and increased property operating costs being partly offset by lower property taxes. NOI margin for the three months ended September 30, 2017 was 55.6%, an 80 basis point decrease from Forecast due to the lower revenue from property operations and higher property operating costs.

For the nine months ended September 30, 2017, NOI at $42,184 was $791 or 1.8% lower than Forecast due to lower revenue from property operations and increased property operating costs being partly offset by lower property taxes. NOI margin for the nine months ended September 30, 2017 was 56.7%, a 10 basis point increase over Forecast.

FINANCE COSTS

The Fund's finance costs for the three and nine months ended September 30, 2017 are summarized below:

	Three months ended September 30, 2017	Three month Forecast	Nine months ended September 30, 2017	Nine month Forecast
Interest on mortgages payable	$ 6,198	$ 5,017	$ 16,553	$ 14,960
Interest and standby charges on credit facility	176	-	359	-
Amortization of premiums on mortgage payable	-	-	5	-
Amortization of financings costs	488	470	1,553	1,398
Loss on early extinguishment of debt	2	-	1,915	-
Fair value adjustments on derivative instruments	(153)	-	(710)	-
Other interest	4		14	
Total	$ 6,715	$ 5,488	$ 19,689	$ 16,359

Interest on mortgages payable for the three months ended September 30, 2017 of $6,198 was $1,181 or 23% higher than Forecast. The increase was partly due to increases in U.S. 30-day LIBOR since the Fund's formation. Additionally refinancing activity and net acquisitions resulted in a net increase to mortgages payable of $27,168 and $52,617, respectively.

Finance costs for the three months ended September 30, 2017 included interest and standby charges on the Credit Facility of $176. The Forecast included a higher initial amount for mortgages payable and did not include the Credit Facility.

Amortization of financing costs for the three months ended September 30, 2017 was $488 (Forecast - $470). The increase is primarily attributable to the amortization of financing costs related to the financing of five of the Properties under a revolving credit facility completed on November 21, 2016 and the addition of Spectra North and Carrick Bend to the facility in June 2017.

Loss on early extinguishment of debt for the three months ended September 30, 2017 was $2 (Forecast - $nil), which was attributable to the expensing of deferred finance costs on property dispositions.

Fair value adjustment on derivative instruments for the three months ended September 30, 2017 was a gain of $153 (Forecast - $nil). This was attributable to an unrealized gain on the Fund's variable rate collar contract entered into on March 9, 2017 with a maturity date of 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.

For the nine months ended September 30, 2017, interest on mortgages payable of $16,553 was $1,593 or 10.6% higher than Forecast. The increase was partly due to increases in U.S. 30-day LIBOR since the Fund's formation. Additionally, mortgages payable increased during the nine months ended September 30, 2017, due to additional refinancing proceeds and an increase in mortgages payable resulting from net property acquisitions.

Finance costs for the nine months ended September 30, 2017 were also higher than Forecast due to interest and standby charges on the Credit Facility of $359. The Forecast included a higher initial amount for mortgages payable and did not include the Credit Facility.

Amortization of premiums on mortgages payable for the nine months ended September 30, 2017 was $5 (Forecast - $nil).

Amortization of financing costs for the nine months ended September 30, 2017 was $1,553 (Forecast - $1,398). The increase is largely attributable to the amortization of financing costs related to the financing of five of the Properties under a revolving credit facility completed on November 21, 2016 and the addition of Spectra North and Carrick Bend into the facility in June 2017.

Loss on early extinguishment of debt for the nine months ended September 30, 2017 was $1,915 (Forecast - $nil), which was attributable to cash paid on the discharge of the mortgage related to Villages of Towne Lake of $881, amounts attributable to the refinancing of debt of $883 and the remainder resulting from deferred finance costs being expensed on property dispositions.

Fair value adjustment on derivative instruments for the nine months ended September 30, 2017 was a gain of $710 (Forecast - $nil). This was attributable to an unrealized gain on the Fund's variable rate collar contract.

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. Distributions declared to Unitholders were $6,150 during the three months ended September 30, 2017 (Forecast - $6,362). The reduction in Unitholder distributions of $212 or 3.3% was primarily due to the Forecast assuming a higher number of units issued in the Offering, as well as a reduction in units outstanding following purchases under the NCIB.

Distributions declared to Unitholders for the nine months ended September 30, 2017 were $18,410 (Forecast - $18,789). The reduction in Unitholder distributions of $379 or 2.0% was primarily due to the Forecast assuming a higher number of units issued in the Offering, as well as a reduction in units outstanding following purchases under the NCIB. During the nine months ended September 30, 2017, the Fund repurchased 390,400 class A units and since inception of the NCIB repurchased 586,400 class A units.

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

The Fund's real estate investment trust subsidiaries ("REITs") 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 and nine months ended September 30, 2017, the Fund incurred $20 and $59, respectively in dividends (Forecast - $nil and $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, directors' and officers' insurance premiums, expenses relating to the administration of the Fund's distributions and other general and administrative expenses associated with the operation of the Fund. Also included in Fund and trust 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 September 30, 2017 were $1,372, an increase of $86 or 6.7% over Forecast. Fund and trust expenses include asset management fees and service fees of $984 and $154, respectively (Forecast - $929 and $232, respectively). Actual service fees were $77 or 33.1% lower than Forecast as the Forecast assumed a higher number of class A units and class U units to be outstanding as at September 30, 2017. Asset management fees were higher than Forecast due to the net acquisition activity relative to the Forecast. Additionally, general and administrative expenses were $107 higher than Forecast.

Fund and trust expenses for the nine months ended September 30, 2017 were $4,120 an increase of $262 or 6.8% over Forecast. The increase was primarily due to one-time costs associated with the Plan of Arrangement of $152 (Forecast - $nil). Also included in Fund and trust expenses are asset management fees and service fees of $2,828 and $473, respectively (Forecast - $2,784 and $696, respectively). Actual service fees were $223 or 31.9% lower than Forecast as the Forecast assumed a higher number of class A units and class U units to be outstanding as at September 30, 2017. Asset management fees were higher than Forecast due to the net acquisition activity relative to the Forecast. Additionally, general and administrative expenses were $291 higher than Forecast.

UNREALIZED FOREIGN EXCHANGE LOSS

The Fund recognized unrealized foreign exchange losses of $552 and $1020 for the three and nine months ended September 30, 2017, respectively, relating to the impact of the exchange rate movement on the Canadian dollar denominated Credit Facility.

REALIZED FOREIGN EXCHANGE GAIN

The realized foreign exchange gain for the three and nine months ended September 30, 2017 of $85 and $132, respectively 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 $81,654 for the three months ended September 30, 2017. The fair value increase was due to capitalization rate compression as well as increases in projected NOI across the Fund's portfolio. For the nine months ended September 30, 2017 the increase in the fair value was $99,650, resulting from capitalization rate compression and increases in projected NOI across the Fund's portfolio.

The following table summarizes the change in investment properties held by the Fund for the nine months ended September 30, 2017.

		Amount
Balance, as at December 31, 2016	$	1,056,414
Acquisitions of investment properties		153,699
Dispositions of investment properties		(83,402)
Capital additions		4,945
Fair value adjustment		99,650
IFRIC 21 realty tax liability adjustments		(1,988)
Investment property held for sale		(13,875)
Fair value	$	1,215,443

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

		As at September 30, 2017		As at December 31, 2016
Cost	$	1,127,051	$	1,051,809
Cumulative fair value adjustment		100,740		1,090
IFRIC 21 realty tax liability adjustment		1,527		3,515
Investment property held for sale		(13,875)		-
Fair value	$	1,215,443	$	1,056,414

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

	As at September 30, 2017	As at December 31, 2016
Capitalization rates - range	4.72% to 5.25%	4.75% to 5.50%
Capitalization rate - weighted average	4.89%	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 September 30, 2017		As at December 31, 2016
Weighted average:					
Capitalization rate	10-basis-point increase	$	(25,541)	$	(20,709)
Capitalization rate	10-basis-point decrease		25,197	$	21,549

The impact of a 1% change in NOI used to value the investment properties as at September 30, 2017 would affect the fair value by approximately $12,402 (December 31, 2016 – $10,654).

INCOME TAXES – CURRENT

The Fund's current income taxes for the three months ended September 30, 2017 were $48 which included $36 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 Forecast by $101 or 67.8% for the three months ended September 30, 2017 due to the Forecast including a higher withholding tax amount for the Fund's taxable subsidiary.

For the nine months ended September 30, 2017 income taxes were $253, including approximately $221 relating to Texas and North Carolina franchise taxes. In addition, withholding taxes of $32 were paid in relation to distributions received by a taxable Fund subsidiary. Current income taxes were lower than the Forecast by $191 or 43% for the nine months ended September 30, 2017 due to a lower actual withholding tax amount required for the Fund's taxable subsidiary.

INCOME TAXES - DEFERRED

For the three months ended September 30, 2017, the Fund recognized $40,426 relating to deferred taxes (Forecast - $2,519), an increase of $37,906 primarily resulting from the fair value increase on the Fund's investment properties of $88,155. For the nine months ended September 30, 2017, the Fund recognized $49,098 in deferred taxes (Forecast – $7,551) representing an increase of $41,547, resulting from fair value increases on investment properties of $99,151.

NON-IFRS FINANCIAL MEASURES – FFO AND AFFO

Non-IFRS financial measures have been prepared for the three and nine months ended September 30, 2017 with a comparison to Forecast.

FUNDS FROM OPERATIONS AND ADJUSTED FUNDS FROM OPERATIONS

Reconciliation of net income (loss) and comprehensive income (loss), determined in accordance with IFRS to FFO and AFFO is presented below for the three and nine months ended September 30, 2017 with a comparison to the Forecast.

	Three months ended September 30, 2017	Three month Forecast	Nine months ended September 30, 2017	Nine month Forecast
Net income (loss) and comprehensive income (loss)	$ 40,941	$ 3,216	$ 48,553	$ (8,561)
Add / (Deduct):				
Distributions to Unitholders	6,150	6,362	18,410	18,789
Dividends to preferred shareholders	20	-	59	-
Deferred taxes	40,426	2,519	49,098	7,552
Unrealized foreign exchange loss	552	-	1,020	-
Realized foreign exchange gain	(85)	-	(132)	-
Fair value adjustment on derivative financial instruments	(205)	-	(562)	-
Fair value adjustment of investment properties (1)	(81,654)	-	(99,650)	-
IFRIC 21 adjustment for property taxes (1)	-	(4,535)	-	4,535
FFO	$ 6,146	$ 7,562	$ 16,797	$ 22,315
Add / (Deduct):				
Loss on early extinguishment of debt	-	-	-	-
Amortization of mortgage premium	-	-	5	-
Amortization of financing costs	488	470	1,553	1,398
Current taxes - U.S. withholding taxes	12	96	36	288
Service fees related to class A units and class U units	155	232	474	696
One-time Plan of Arrangement costs	-	-	152	-
Transaction costs on disposition of investment properties	-	-	1,056	-
Loss on early extinguishment of debt	2	-	1,915	-
Fair value adjustment on interest rate cap	16	-	12	-
Sustaining capital expenditures and suite renovation reserves	(552)	(552)	(1,656)	(1,656)
AFFO	$ 6,267	$ 7,808	$ 20,344	$ 23,040
FFO per unit - basic and diluted	$0.13	$0.15	$0.34	$0.45
FFO payout ratio	100.1%	84.1%	109.6%	84.2%
AFFO per unit - basic and diluted	$ 0.13	$ 0.16	$ 0.41	$ 0.46
AFFO payout ratio	98.1%	81.5%	90.5%	81.5%
Distributions declared (2)	$ 6,150	$ 6,362	$ 18,410	$ 18,789
Weighted average units outstanding:				
Basic and diluted - class A, C, D, E, F, H & U - (000s)	49,024	49,658	49,126	49,658

(1) The Forecast assumes no fair value adjustments of investment properties and therefore the IFRIC 21 adjustment for property taxes was 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 September 30, 2017 was $6,146 and $0.13, respectively, (Forecast - $7,562 and $0.15). For the three months ended September 30, 2017 FFO was $1,416 lower than Forecast due to lower NOI, higher finance costs and higher Fund and trust expenses as compared to Forecast.

During the nine months ending September 30, 2017, FFO was $5,519 lower than Forecast primarily due to disposition costs of $1,057 and the loss on early extinguishment of debt of $1,915. In addition, FFO was lower due to lower NOI, higher finance costs and higher Fund and trust expenses as compared to Forecast.

Basic and diluted AFFO and AFFO per unit for the three months ended September 30, 2017 was $6,267 and $0.13, respectively (Forecast - $7,808 and $0.16). The $1,541 or 20% reduction in AFFO compared to Forecast was primarily due to the lower NOI and higher finance costs and Fund and trust expenses. The AFFO payout ratio for the three months ended September 30, 2017 was 98.1% (Forecast – 80.3%).

For the purposes of calculating AFFO, the Fund utilizes a reserve for sustaining capital expenditures and suite renovations of $552 for the three months ended September 30, 2017. Actual sustaining capital expenditures and suite renovation costs incurred during the three months ended September 30, 2017 were $612. Sustaining capital expenditures and suite renovation costs are typically higher during the spring and summer months.

For the nine months ended September 30, 2017, AFFO and AFFO per unit were $20,344 and $0.41, respectively, (Forecast of $23,040 and $0.46). The $2,696 or 11.7% reduction was due to lower NOI partly due to the timing of dispositions and acquisitions during the nine months ended September 30, 2017, as well as higher finance costs and Fund and trust expenses.

The sustaining capital expenditures and suite renovations reserves for the nine months ending September 30, 2017 were $1,656 and the actual amount incurred by the Fund was $1,657.

The Fund's distributions paid and declared for the nine months ended September 30, 2017 per unit were as follows:

Class A	Class C	Class D	Class E	Class F	Class H	Class U
C$0.48753	C$0.48753	C$0.48753	0.48753	0.48753	C$0.26253	0.48753

Reconciliation of cash provided by operating activities determined in accordance with IFRS to AFFO for the three and nine months ended September 30, 2017 is provided below:

	Three months ended September 30, 2017	Nine months ended September 30, 2017
Cash provided by operating activities	$ 13,976	$ 38,658
Less: interest paid	(6,379)	(16,926)
Cash provided by operating activities - including interest paid	7,597	21,732
Add / (Deduct):		
Change in non-cash operating w orking capital	(633)	(2,644)
Change in restricted cash	3,245	4,209
One-time Plan of Arrangement costs	-	152
Fair value adjustment of investment properties including IFRIC 21	(4,023)	(2,902)
Realized foreign exchange gain	552	1,020
Unrealized foreign exchange loss	(85)	(132)
Current taxes - U.S. w ithholding taxes	12	36
Service fees related to class A and class U units	154	473
Purchase of Interest rate cap agreement	0	54
Sustaining capital expenditures and suite renovation reserve	(552)	(1,656)
AFFO	$ 6,267	$ 20,343

AVERAGE MONTHLY RENT

The following table presents AMR (in actual dollars) as at September 30, 2017 and September 30, 2016. Same property AMR has been presented for those properties that were owned by the Arrangement Funds as at September 30, 2016 (representing 5,004 suites).

Market	Total Portfolio as at September 30, 2017 and September 30, 2016				Same Property as at September 30, 2017 and September 30, 2016			
	Suites	2017 AMR	2016 AMR	%	Suites	2017 AMR	2016 AMR	%
Atlanta	607	$ 1,329	$ 1,312	1.3%	401	1,343	1,312	2.3%
Austin	1,454	1,146	1,156	(0.8)%	1,070	1,177	1,156	1.9%
Charlotte / Raleigh (1)	265	1,196	1,129	5.9%	265	1,196	1,146	4.4%
Dallas	595	1,123	1,094	2.7%	595	1,123	1,094	2.7%
Denver	228	1,398	-	-	-	-	-	-
Houston	1,469	1,109	1,140	(2.7)%	1,469	1,109	1,132	(2.0)%
Las Vegas	320	1,138	-	-	-	-	-	-
Nashville	288	1,186	-	-	-	-	-	-
Phoenix	274	1,113	-	-	-	-	-	-
Orlando / Tampa	1,204	1,302	1,250	4.1%	1,204	1,302	1,250	4.1%
San Antonio	276	1,108	-	-	-	-	-	-
Total	6,980	1,188	1,174	1.2%	5,004	1,195	1,177	1.6%

(1) The Fund ow ns one property in Raleigh follow ing the sale of Belle Haven in Charlotte on June 22, 2017.

Portfolio AMR as at September 30, 2017 was $1,188 compared to $1,174 as at September 30, 2016, an increase of $14 or 1.2%. Increases in AMR were realized in all markets with the exception of Austin and Houston. The slight reduction in Austin was due to the acquisition of a property in late 2016 with lower average rent levels. AMR growth was particularly strong in Charlotte / Raleigh (5.9%) and Orlando / Tampa (4.1%).

Same property AMR as at September 30, 2017 was $1,195, an increase of $18 or 1.6% compared to September 30, 2016. Raleigh and Orlando / Tampa recorded very strong AMR growth at 4.4% and 4.1% respectively, while the Atlanta, Austin and Dallas markets also achieved solid same property AMR increases of 2.3%, 1.9% and 2.7%, respectively. These AMR increases were partly offset by a 2.0% reduction in same property AMR in Houston. Excluding Houston, same property AMR increased 3.5% across the Fund's portfolio.

OCCUPANCY

The following tables present economic occupancy as at September 30, 2017 and September 30, 2016. Same property economic occupancy has been presented for those properties that were owned by the Arrangement Funds for the three and nine months ended September 30, 2017 representing 5,004 suites and 4,739 suites, respectively.

Market	Total Portfolio for the three months ended September 30, 2017 and September 30, 2016			Same Property for the three months ended September 30, 2017 and September 30, 2016		
	Suites	2017 Occ. %	2016 Occ. %	Suites	2017 Occ. %	2016 Occ. %
Atlanta	607	93.4%	95.0%	401	93.6%	95.0%
Austin	1,454	92.3%	94.8%	1,070	92.9%	94.8%
Charlotte / Raleigh	265	95.1%	93.6%	265	95.1%	95.4%
Dallas	595	94.2%	94.4%	595	94.2%	94.4%
Denver	228	92.4%	-	-	-	-
Houston	1,469	92.9%	92.3%	1,469	92.9%	91.5%
Las Vegas	320	90.7%	-	-	-	-
Nashville	288	92.0%	-	-	-	-
Phoenix	274	90.8%	-	-	-	-
Orlando / Tampa	1,204	94.0%	93.8%	1,204	94.0%	93.8%
San Antonio	276	94.4%	-	-	-	-
Total	6,980	93.1%	93.6%	5,004	93.5%	93.6%

The Fund's economic occupancy at 93.1% was within the Fund's targeted range for the three months ended September 30, 2017. At 93.1%, economic occupancy was 50 basis points lower than the corresponding period in the prior year. Occupancy has improved at the Fund's properties in Houston in the aftermath of the hurricane that impacted Houston during the 3 months ended September 30, 2017.

Same property economic occupancy for the three months ended September 30, 2017 was 93.5%, 10 basis points below the comparable period in 2016 at 93.6%. Same property economic occupancy increased in the Houston and Orlando / Tampa markets, while the other markets showed reductions in comparison to the three months ended September 30, 2016.

	Total Portfolio for the nine months ended September 30, 2017 and September 30, 2016			Same Property for the nine months ended September 30, 2017 and September 30, 2016		
Market	Suites	2017 Occ. %	2016 Occ. %	Suites	2017 Occ. %	2016 Occ. %
Atlanta	607	93.0%	94.4%	401	92.7%	94.4%
Austin	1,454	92.1%	95.2%	1,070	92.4%	95.2%
Charlotte / Raleigh	265	93.5%	93.3%	-	-	-
Dallas	595	93.5%	94.5%	595	93.5%	94.5%
Denver	228	92.7%	-	-	-	-
Houston	1,469	91.9%	91.8%	1,469	91.9%	91.6%
Las Vegas	320	92.3%	-	-	-	-
Nashville	288	92.0%	-	-	-	-
Phoenix	274	90.9%	-	-	-	-
Orlando / Tampa	1,204	94.2%	93.6%	1,204	94.2%	93.6%
San Antonio	276	93.2%	-	-	-	-
Total	6,980	92.8%	93.4%	4,739	92.9%	93.5%

For the nine months ended September 30, 2017, economic occupancy for the portfolio was 92.8% as compared to 93.4% in the same period in 2016. While economic occupancy in Houston remained stable, occupancy reductions in Atlanta, Austin, and Dallas were partly offset by increases in Charlotte / Raleigh and Orlando / Tampa.

Same property economic occupancy for the nine months ended September 30, 2017 was 92.9%, a 60 basis point reduction from the same period in 2016, caused by lower economic occupancy in Atlanta, Austin and Dallas being partly offset by a 30 basis point increase in Houston and a 60 basis point increase in Orlando / Tampa.

QUARTERLY AMR AND OCCUPANCY

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

	As at September 30, 2017			As at June 30, 2017			As at March 31, 2017			As at December 31, 2016		
Market	Suites	AMR	Occ %	Suites	AMR	Occ %	Suites	AMR	Occ %	Suites	AMR	Occ %
Atlanta	607	$ 1,329	93.4%	607	$ 1,315	92.7%	607	$ 1,311	91.5%	607	$1,306	93.9%
Austin	1,454	1,146	92.3%	1,454	1,132	92.7%	1,454	1,128	91.6%	1,454	1,128	92.3%
Charlotte / Raleigh	265	1,196	95.1%	265	1,175	93.0%	441	1,130	91.8%	441	1,131	92.6%
Dallas	595	1,123	94.2%	595	1,120	93.2%	595	1,113	92.0%	595	1,111	92.3%
Denver	228	1,398	92.4%	228	1,396	100.0%	-	-	-	-	-	-
Houston	1,469	1,109	92.9%	1,469	1,112	91.5%	1,895	1,131	91.2%	1,895	1,133	90.5%
Las Vegas	320	1,138	90.7%	320	1,126	93.1%	320	1,112	93.2%	320	1,112	94.2%
Nashville	288	1,186	92.0%	-	-	-	-	-	-	-	-	-
Phoenix	274	1,113	90.8%	274	1,114	91.2%	-	-	-	-	-	-
Orlando / Tampa	1,204	1,302	94.0%	1,204	1,286	94.3%	1,204	1,276	94.1%	1,204	1,260	93.9%
San Antonio	276	1,108	94.4%	276	1,109	92.5%	276	1,115	90.1%	276	1,113	93.4%
Total	6,980	$ 1,188	93.1%	6,692	$ 1,181	92.6%	6,792	$ 1,170	92.0%	6,792	$1,167	92.4%

As at September 30, 2017, the portfolio AMR was $1,188, which was an increase of $7 or 0.6% from June 30, 2017. This represents a 2.4% annualized increase. Strong quarterly AMR growth was seen in Atlanta of 1.1%, Austin of 1.2% Charlotte / Raleigh of 1.8% and Orlando / Tampa of 1.2% during the three months ended September, 2017. Economic occupancy improved from 92.6% to 93.1% during the three months ended September 30, 2017.

RESULTS OF OPERATIONS – ALL PROPERTIES

The following discussion highlights operational performance of the Properties for the three and nine months ended September 30, 2017 and September 30, 2016, which include periods in which the Arrangement Properties were owned by the Arrangement Funds.

	Three months ended September 30, 2017	Three months ended September 30, 2016	% Change	Nine months ended September 30, 2017	Nine months ended September 30, 2016	% Change
Revenue from property operations	$ 25,507	20,502	24.4%	$ 74,386	$ 60,225	23.5%
Property operating costs	7,048	5,765	(22.3)%	19,763	16,202	(22.0)%
Property taxes (1)	4,267	3,521	(21.2)%	12,439	10,633	(17.0)%
NOI	$ 14,192	$ 11,216	26.5%	$ 42,184	$ 33,390	26.3%
NOI margin	55.6%	54.7%		56.7%	55.4%	

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

PROPERTY REVENUE FROM PROPERTY OPERATIONS – ALL PROPERTIES

For the three months ended September 30, 2017, revenue from property operations was $25,507 which was $5,005 or 24.4% higher than the three months ended September 30, 2016. Increases in revenues were primarily driven by additional revenue from acquisitions in Austin, Atlanta, Las Vegas and San Antonio in October 2016. In addition, revenue increased due to acquisitions in Denver, Nashville and Phoenix, which were offset by lower revenue due to the dispositions in Houston and Charlotte, during 2017. The Fund's revenue from property operations also increased due to same property rental rate growth and ancillary revenue growth across the portfolio which was partly offset by lower occupancy.

Revenue from property operations for the nine months ended September 30, 2017 was $74,386 which was $14,161 or 23.5% higher than the nine months ended September 30, 2016. The increase in revenue was primarily due to the four property acquisitions in October 2016 together with the acquisitions net of disposition activity in 2017. The Fund's revenue from property operations also increased due to rental rate growth and ancillary revenue growth across the portfolio which was partly offset by lower occupancy.

PROPERTY OPERATING COSTS – ALL PROPERTIES

Property operating costs for the three months ended September 30, 2017 at $7,048 represented an increase of $1,283 or 22.3% compared to the three months ended September 30, 2016. The increase in operating costs was due to the impact of the acquisitions, net of dispositions undertaken by the Fund since September 30, 2016 and equalled $1,233. Excluding the impact of the acquisition growth, operating costs were higher primarily due to higher repairs and maintenance expenses offset by a reduction in salary and administration costs.

For the nine months ended September 30, 2017 property operating costs were $19,763, an increase of $3,561 or 22.0% over the same period in 2016. Again, this increase was largely due to the operating cost growth due to acquisition activity.

PROPERTY TAXES – ALL PROPERTIES

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

Property taxes for the three months ended September 30, 2017 were $4,267, an increase of $746 or 21.2% compared to the three months ended September 30, 2016. The increase in property taxes was due to net acquisition activity partly offset by reductions in tax expense across the portfolio primarily relating to final settlements for assessed values that resulted in reductions to prior year assessments for some of the Properties.

Property taxes for nine months ended September 30, 2017 were $12,439, an increase of $1,806 or 17.0% compared to the nine months ended September 30, 2016. The increase in property taxes was attributable to the impact on property taxes from the new acquisitions and was partly offset by lower property taxes across the portfolio due to reductions in prior period tax expense following a successful appeal process for certain Properties.

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 tables present NOI and NOI margin for the Properties by market for the three and nine months ended September 30, 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 September 30, 2017			Three months ended September 30, 2016		
Market	NOI	Revenues	Margin %	NOI	Revenues	Margin %
Atlanta	$ 1,578	$ 2,428	65.0%	$ 938	$ 1,597	58.7%
Austin	2,736	5,272	51.9%	2,250	4,044	55.6%
Charlotte / Raleigh	628	1,039	60.4%	932	1,575	59.2%
Dallas	1,212	2,116	57.3%	1,148	2,068	55.5%
Denver	443	695	63.8%	-	-	-
Houston	2,152	5,014	42.9%	3,193	6,483	49.3%
Las Vegas	706	1,084	65.1%	-	-	-
Nashville	659	1,046	63.0%	-	-	-
Phoenix	598	940	63.6%	-	-	-
Orlando / Tampa	2,998	4,937	60.7%	2,745	4,726	58.1%
San Antonio	483	936	51.6%	10	10	-
Total	$ 14,192	$ 25,507	55.6%	$ 11,216	$ 20,502	54.7%

NOI for the three months ended September 30, 2017 was $14,192, an increase of $2,976 or 26.5% compared to the three months ended September 30, 2016. The increase was primarily attributable to the acquisitions in Atlanta, Austin, Las Vegas, San Antonio, Denver, Nashville and Phoenix offset by a reduction following dispositions in Charlotte and Houston. In addition, NOI increased due to NOI growth across the existing portfolio driven by increases in Atlanta, Raleigh, Dallas and Orlando / Tampa.

NOI Margin for the three months ended September 30, 2017 was 55.6%, an increase of 90 basis points compared to the three months ended September 30, 2016 driven by strong margin increases in Atlanta, Charlotte / Raleigh, Dallas and Orlando / Tampa. NOI margins are lower at properties in Texas due to a higher level of property taxes relative to the Fund's other markets.

	Nine months ended September 30, 2017			Nine months ended September 30, 2016		
Market	NOI	Revenues	Margin %	NOI	Revenues	Margin %
Atlanta	$ 4,562	$ 7,245	63.0%	$ 2,809	$ 4,771	58.9%
Austin	8,319	15,607	53.3%	6,717	11,917	56.4%
Charlotte / Raleigh	2,731	4,209	64.9%	2,412	4,058	59.4%
Dallas	3,608	6,275	57.5%	3,343	6,035	55.4%
Denver	721	1,043	69.1%	-	-	-
Houston	8,277	17,198	48.1%	10,037	19,560	51.3%
Las Vegas	2,178	3,278	66.4%	-	-	-
Nashville	659	1,046	63.0%	-	-	-
Phoenix	712	1,099	64.7%	-	-	-
Orlando / Tampa	9,013	14,645	61.5%	8,064	13,874	58.1%
San Antonio	1,404	2,739	51.3%	10	10	-
Total	$ 42,184	$ 74,386	56.7%	$ 33,390	$ 60,225	55.4%

NOI for the nine months ended September 30, 2017 was $42,184, an increase of $8,974 or 26.3% compared to the nine months ended September 30, 2016. The increase was primarily attributable to the acquisitions noted above as well as NOI growth in Atlanta, Dallas and Orlando / Tampa.

NOI margin for the nine months ended September 30, 2017 was 56.7%, an increase of 130 basis points compared to the nine months ended September 30, 2016 driven by margin increases in Atlanta, Charlotte / Raleigh, Dallas, and Orlando / Tampa.

RESULTS OF OPERATIONS – SAME PROPERTY

Same property results for the three and nine months ended September 30, 2017 include the Arrangement Properties owned by the Arrangement Funds for the entire three and nine months ended September 30, 2016 (representing 5,004 suites for the three months ended September 30, 2017 and 4,739 for the nine months ended September 30, 2017).

	Three months ended September 30, 2017	Three months ended September 30, 2016	% Change	Nine months ended September 30, 2017	Nine months ended September 30, 2016	% Change
Revenue from property operations	$ 18,710	$ 18,438	1.5%	$ 52,364	$ 51,768	1.2%
Property operating costs	5,134	5,116	(0.4)%	13,642	13,631	(0.1)%
Property taxes (1)	3,060	3,140	2.5%	8,999	9,325	3.5%
NOI	$ 10,516	$ 10,182	3.3%	$ 29,723	$ 28,812	3.2%
NOI margin	56.2%	55.2%		56.8%	55.7%	

(1) Property taxes w ere adjusted to exclude the IFRIC 21 adjustment and treat property taxes as an expense that is amortized during the fiscal year.

REVENUE FROM PROPERTY OPERATIONS – SAME PROPERTY

For the three months ended September 30, 2017, same property revenue from property operations was $18,710, an increase of $272 or 1.5% over the three months ended September 30, 2016. The increase in same property revenue was primarily driven by an increase in rental revenue in all markets excluding Houston. Rental revenue increases were particularly strong in Charlotte / Raleigh and Orlando / Tampa, driven by 4.4% and 4.1% AMR increases respectively. In addition, same property revenue increased due to ancillary revenue growth. These increases were partially offset by a slight decrease in the Fund's occupancy primarily due to a reduction in the Austin market.

For the nine months ended September 30, 2017, same property revenue from property operations was $52,364 which was $596 or 1.2% higher than the nine months ended September 30, 2016. This increase was driven by increases in rental rates and ancillary revenue which were partly offset by lower occupancy.

PROPERTY OPERATING COSTS – SAME PROPERTY

Same property operating costs for the three months ended September 30, 2017 at $5,134 were $18 or 0.4% higher than the three months ended September 30, 2016 primarily due to higher repairs and maintenance costs during the period being offset by reductions in salary and administrative expenses.

For the nine months ended September 30, 2017, same property operating costs at $13.642 were $11 or 0.1% higher than the nine months ended September 30, 2016 primarily due to higher repairs and maintenance costs being offset by lower salary and administrative expenses.

PROPERTY TAXES – SAME PROPERTY

Same property - property taxes for the three months ended September 30, 2017 at $3,060 were $80 or 2.5% lower than the same period in 2016 reflecting the Fund's success in appealing assessed valuations in certain markets, specifically in Atlanta and Houston.

Same property - property taxes for the nine months ended September 30, 2017 at $8,999 were $326 or 3.5% lower than the nine months ended September 30, 2016, again reflecting the Fund's success in appealing assessed valuations.

NOI – Same Property

The following table shows the same property NOI and NOI margin by market for the three and nine months ended September 30, 2017 and 2016.

Market	Three months ended September 30, 2017			Three months ended September 30, 2016		
	NOI	Revenues	Margin %	NOI	Revenues	Margin %
Atlanta	$ 1,048	$ 1,628	64.3%	$ 938	$ 1,597	58.7%
Austin	2,167	4,030	53.8%	2,250	4,044	55.6%
Raleigh	631	1,032	61.2%	625	1,010	61.9%
Dallas	1,212	2,116	57.3%	1,148	2,068	55.5%
Houston	2,460	4,966	49.5%	2,476	4,995	49.6%
Orlando / Tampa	2,999	4,938	60.7%	2,746	4,723	58.2%
Total	$ 10,516	$ 18,710	56.2%	$ 10,182	$ 18,438	55.2%

For the three months ended September 30, 2017, same property NOI was $10,516 which was $334 or 3.3% higher than the corresponding period in 2016. The increase to same property NOI was primarily due to rental revenue growth across all markets excluding Houston and lower property tax expense, offset by slightly higher property operating costs.

Same property NOI margin increased to 56.2% during the three months ended September 30, 2017 from 55.2% during the three months ended September 30, 2016. The improvement was driven by margin increases in the Atlanta, Dallas, and Orlando / Tampa markets due to revenue growth, reduced property taxes and efficient cost management.

Market	Nine months ended September 30, 2017			Nine months ended September 30, 2016		
	NOI	Revenues	Margin %	NOI	Revenues	Margin %
Atlanta	$ 3,110	$ 4,841	64.2%	$ 2,809	$ 4,771	58.9%
Austin	6,464	11,859	54.5%	6,717	11,917	56.4%
Dallas	3,608	6,275	57.5%	3,343	6,035	55.4%
Houston	7,528	14,744	51.1%	7,881	15,172	51.9%
Orlando / Tampa	9,013	14,644	61.5%	8,060	13,874	58.1%
Total	$ 29,723	$ 52,364	56.8%	$ 28,812	$ 51,768	55.7%

For the nine months ended September 30, 2017, same property NOI was $29,723 which was $911 or 3.2% higher than the same period in 2016. The increase to same property NOI was due to rental revenue growth and the reduction in property taxes offset by a very minimal increase in property operating costs.

Same property NOI margin increased to 56.8% during the nine months ended September 30, 2017 from 55.7% during the nine months ended September 30, 2016. The improvement was driven by margin increases in the Dallas, Orlando / Tampa and Atlanta markets primarily due to rental revenue growth and efficient cost management.

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 September 30, 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 and nine months ended September 30, 2017:

	Three months ended September 30, 2017	Nine months ended September 30, 2017	Period from August 26, 2016 to December 31, 2016
Cash provided by operating activities	$ 13,976	$ 38,658	$ 8,306
Cash (used) / provided by financing activities	(13,264)	59,734	143,362
Cash used in investing activities	(17,723)	(95,968)	(143,999)
Increase in cash	(17,011)	2,424	7,669
Cash, beginning of period	27,104	7,669	-
Cash, investment property held for sale	(65)	(65)	-
Cash, end of period	$ 10,028	$ 10,028	$ 7,669

Cash on hand as at September 30, 2017 was $10,028.

For the three months ended September 30, 2017, cash provided by operating activities was $13,976 and related primarily to the net cash generated from property operations, as well as changes in non-cash working capital.

Cash used in financing activities for the three months ended September 30, 2017 was $13,264 and included distributions to Unitholders of $6,150, distributions to preferred shareholders of the U.S. REITs series A shares of $20, finance costs paid of $6,470 and principal payments on mortgages of $600.

Cash used in investing activities for the three months ended September 30, 2017 was $17,723 relating to property acquisitions of $15,943 and capital additions to investment properties of $1,780.

For the nine months ended September 30, 2017, cash provided by operating activities was $38,658 and related primarily to the net cash generated from property operations, as well as changes in non-cash working capital.

Cash provided by financing activities for the nine months ended September 30, 2017 was $59,734. These amounts included proceeds from new financing of $70,661 and proceeds from refinancings of $27,168, proceeds from the Credit Facility of $4,485, partly offset by distributions to Unitholders of $18,410, distributions to preferred shareholders of the U.S. REITs series A shares of $59, finance costs paid of $20,163 class A unit purchases under the NCIB of $2,706 and principal payments on mortgages of $1,601.

Cash used in investing activities for the nine months ended September 30, 2017 was $95,968 relating to property acquisition of $121,521 and capital additions to investment properties of $3,165 being partly offset by cash received on dispositions of $31,555.

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 September 30, 2017 the total capital of the Fund was as follows:

	As at September 30, 2017	As at December 31, 2016
Mortgages payable	$ 751,738	$ 682,296
Credit Facility	14,420	8,792
Net liabilities attributable to Unitholders	349,137	303,291
Total capital	$ 1,115,296	$ 994,379

Mortgages payable increased during the nine months ended September 30, 2017 as a result of new mortgages totalling $102,961 for property acquisitions being partly offset by mortgages discharged of $59,501 on the disposition of properties. In addition to this, properties were refinanced for an increase to mortgages payable of $27,168 and $1,601 in mortgages were repaid.

As at September 30, 2017 $14,420 was drawn on the Credit Facility, which was an increase of $5,528 over December 31, 2016 (See Subsequent Events).

Debt Profile

As at September 30, 2017, the Fund's overall leverage, as represented by the ratio of Indebtedness to Gross Book Value was 63.04%. The maximum allowable ratio under the Fund's first amended and restated limited partnership agreement dated as of October 12, 2016 is 75%. The weighted average mortgage interest rate for the Fund, as at September 30, 2017, was 3.27% and the weighted average term to maturity of the mortgage portfolio was 3.65 years.

The following table summarizes key liquidity metrics:

		As at September 30, 2017	As at December 31, 2016
Indebtedness to Gross Book Value		63.04%	65.42%
Weighted average interest rate - mortgages		3.27%	2.90%
Weighted average term to maturity - mortgages		3.65 years	4.23 years
	For the three months ended September 30, 2017	For the nine months ended September 30, 2017	Period from August 26 to December 31, 2016 (1)
Interest Coverage Ratio	2.10 x	2.24 x	2.99 x
Indebtedness Coverage Ratio	1.91 x	2.05 x	2.84 x

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

The Interest Coverage Ratio and the Indebtedness Coverage Ratio for the three months ended September 30, 2017 were 2.10 times and 1.91 times, respectively, and for the nine months ended September 30, 2017, were 2.24 times and 2.05 times.

The Fund utilizes interest rate cap agreements to provide protection on the rate of interest payable on 11 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 $16 relating to the fair value of the interest rate cap agreements was included in finance costs for the three months ended September 30, 2017. For the nine months ended September 30, 2017, an unrealized loss of $12 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 (loss) and comprehensive income (loss). 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 variable 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.

The following is a summary of the Fund's interest rate cap agreements as at September 30, 2017:

	Notional Amount	Maturity Date	Interest Rate Cap	Carrying Value and Fair Value at September 30, 2017	Carrying Value and Fair Value at December 31, 2016
Commonwealth Bank of Australia	$19,700	1-Nov-17	3.78%	$0	$0
Commonwealth Bank of Australia	34,350	1-Nov-17	4.06%	0	0
SMBC Capital Markets, Inc.	31,575	1-Mar-18	4.00%	0	0
Commonwealth Bank of Australia	33,900	1-Jun-18	3.54%	0	0
Commonwealth Bank of Australia	21,695	1-Jul-18	4.08%	0	0
Commonwealth Bank of Australia	36,909	1-Jul-18	4.00%	0	0
Commonwealth Bank of Australia	37,600	1-Jan-19	4.00%	0	3
SMBC Capital Markets, Inc.	38,000	1-Feb-19	3.75%	0	5
SMBC Capital Markets, Inc.	38,540	1-Jul-20	3.65%	11	0
SMBC Capital Markets, Inc.	46,950	1-Jul-20	3.90%	10	0
SMBC Capital Markets, Inc.	51,750	1-Jul-20	3.90%	11	0
	$390,969			$32	$8

MORTGAGES PAYABLE

The following table sets out scheduled principal and interest payments and amounts maturing on mortgages over each of the next five fiscal years and the weighted average interest rate of maturing mortgages based on the Fund's condensed consolidated interim financial statements as at September 30, 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	$ 575	$ 23,238	$ 23,813	3.17%	3.00%	$ 5,805
2018	3,005	36,000	39,005	5.19%	3.12%	21,162
2019	3,588	58,571	62,159	8.27%	3.18%	20,534
2020	3,222	32,300	35,522	4.73%	-	18,516
2021	2,099	299,102	301,201	40.07%	3.33%	17,843
Thereafter	1,104	288,934	290,038	38.58%	3.35%	20,945
	$ 13,593	$ 738,144	$ 751,737	100.00%	3.27%	$ 104,805
Unamortized financing costs			(6,388)			
			$ 745,349			

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 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% or the banker's acceptance ("BA") stamping fee plus a weighted average of 4.39%. As at September 30, 2017, the Fund had drawn C$10,000 from tranche A and C$8,000 from tranche B, the U.S. dollar equivalent of $14,420, 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. For the three months ended September 30, 2017, finance costs included $175 related to BA advances and $1 related to standby fees, while for the nine months ended September 30, 2017 finance costs included $340 related to the BA advances and $18 for the standby fees.

The Credit Facility was renewed on October 19, 2017 for an additional one-year term, with tranche B amended to reduce the borrowing capacity to C$8,000. In addition, the interest rate was reduced to the prime rate plus 2.15% (previously prime plus 3.39%) or BA stamping fee plus 3.15% (previously BA stamping fee plus 4.39%).

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 (loss) and comprehensive income (loss) of the Fund is divided into seven classes of units: class A units; class C units; class D units; class E units; class F units; class H units; and class U units.

	Class A	Class C	Class D	Class E	Class F	Class H	Class U	Total
Net liabilities attributable to Unitholders, August 26, 2016	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Changes during the Period								
Units issued upon Plan of Arrangement, net of issue costs	111,235	80,970	33,334	8,114	12,720	2,031	20,008	268,412
Units issued on Offering, net of issue costs	14,068	3,720	10,299	4,043	10,827	-	1,116	44,073
Units repurchased and cancelled under NCIB	(1,296)	-	-	-	-	-	-	(1,296)
Re-allocation due to unit conversions	(35,153)	1,346	37,033	6,216	(2,015)	(1,121)	(6,306)	-
Net loss and comprehensive loss	(2,255)	(2,184)	(2,047)	(466)	(547)	(23)	(376)	(7,898)
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	(2,706)	-	-	-	-	-	-	(2,706)
Re-allocation due to unit conversions	(1,313)	(114)	2,838	2,194	(1,356)	(8)	(2,239)	(0)
Net income and comprehensive income	1,992	2,020	1,965	485	474	21	294	7,251
Net liabilities attributable to Unitholders, September 30, 2017	$ 84,571	$ 85,758	$ 83,421	$ 20,584	$ 20,103	$ 900	$ 12,497	$ 307,835

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 was permitted to 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 was not permitted to 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 remained 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 September 30, 2017, no units were purchased under the NCIB. During the nine months ended September 30, 2017 total units repurchased were 390,400 at a total cost of $2,706.

On October 26, 2017, the Fund announced the TSX-V had accepted the renewal of the existing NCIB commencing November 1, 2017, to remain in effect until the earlier of (i) October 31, 2018 or (ii) the date on which the Fund has purchased the maximum number of units permitted under the NCIB. Under the NCIB, the Fund may purchase for cancellation up to a maximum of 1,396,448 class A units and 157,189 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 26, 2017, represented 281,264 class A units and 31,635 class U units, respectively. (see Subsequent Events)

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 nine months ended September 30, 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	(390)							(390)
Units reallocated due to conversions	(274)	-	501	288	(219)	(1)	(288)	7
Units as at September 30, 2017	14,063	13,512	13,872	2,606	3,240	150	1,581	49,024

As at September 30, 2017, there were 49,024,000 units issued and outstanding, comprised of 14,063,195 class A units, 13,511,772 class C units, 13,871,988 class D units, 2,605,489 class E units, 3,240,249 class F units, 149,614 class H units and 1,581,779 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 considered a related party to the Fund as Starlight is owned and controlled by Daniel Drimmer who is a Director and Chief Executive Officer of Starlight GP and is also 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 September 30, 2017, asset management fees of $985 and service fees of $155 were charged to Fund and trust expenses. The amount payable to the Manager as at September 30, 2017 was $482.

For the nine months ended September 30, 2017, asset management fees of $2,829 and service fees of $473 were charged to Fund and trust expenses.

(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 and nine months ended September 30, 2017, the Fund incurred acquisition fees of $360 and $1,399, respectively under the Management Agreement. Acquisition fees are paid at the time of acquisition and are initially capitalized to investment properties on acquisition. The acquisitions of Spectra North for $50,700, Carrick Bend for $54,500 and Copperfield for $48,000 were from an affiliated entity of the Manager. Acquisition fees paid to the Manager related to these acquisitions were $507 for Spectra North, $532 for Carrick Bend and $360 for Copperfield. The purchase price for these acquisitions were based on or lower than third party appraised valuations, with the purpose of further diversifying the Fund's geographic diversity and lowering the average age of the portfolio.

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 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 September 30, 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's acquisitions are generally determined to be asset purchases, as the Fund does not acquire an integrated set of processes as part of the acquisition transaction. The acquisition of Fund 1, Fund 2, Fund 3 and Fund 4 and their subsidiaries was considered by management to be out of the scope of IFRS 3 – Business Combinations as the Funds are commonly controlled.

INVESTMENT PROPERTIES

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

The stabilized future cash flows of each investment property 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 and nine months ended September 30, 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 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 provide 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 September 30, 2017.

SUBSEQUENT EVENTS

On October 18, 2017, the Fund extended the term of the Credit facility to October 19, 2018 and reduced tranche B available funds to C$8,000. In addition, the interest rate was reduced to the prime rate plus 2.15% (previously prime plus 3.39%) or BA stamping fee plus 3.15% (previously BA stamping fee plus 4.39%).

On October 26, 2017, the Fund announced the TSX-V had accepted the renewal of the existing NCIB commencing November 1, 2017, to remain in effect until the earlier of (i) October 31, 2018 or (ii) the date on which the Fund has purchased the maximum number of units permitted under the NCIB. Under the NCIB, the Fund may purchase for cancellation up to a maximum of 1,396,448 class A units and 157,189 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 26, 2017, represented 281,264 class A units and 31,635 class U units, respectively.

On October 27, 2017, the Fund sold Reserve at Jones Road for $14,350 less transaction costs of $243. The proceeds from the sale were used to repay the outstanding mortgage balance with the remainder expected to be reinvested in the acquisition of a new property on a tax deferred basis.

On October 31, 2017 the mortgage loan secured on Boardwalk Med Center was repaid and Boardwalk Med Center was added to the pool of properties securing the revolving Credit Facility. The net proceeds were approximately $5,500.

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 choice. The supply of comparable, multi-unit residential rental properties continues to be at reasonable levels given the strength of the demand drivers. The Properties are located in 11 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. 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 continuing to seek opportunities to recycle capital into new properties in its Primary Markets that will reduce the average age and enhance the geographical diversification of the portfolio.

QUARTERLY INFORMATION

	Three months ended September 30, 2017[1]	Three months ended June 30, 2017[1]	Three months ended March 31, 2017	Three months ended December 31, 2016
Revenue from property operations	$ 25,450	$ 24,568	$ 24,311	$ 19,679
Property operating costs	(7,028)	(6,483)	(6,232)	(5,241)
Property taxes	(4,267)	(3,919)	(4,254)	(3,027)
NOI	14,155	14,166	13,825	11,411
Distributions to Unitholders	(6,150)	(6,082)	(6,178)	(5,108)
Dividends to Preferred Shareholders - U.S. REIT's series A	(20)	(20)	(19)	(31)
Finance costs	(6,715)	(7,682)	(5,292)	(5,273)
Fund and trust expenses	(1,372)	(1,327)	(1,421)	(7,906)
Transaction Costs	-	(1,056)	-	-
Unrealized foreign exchange gain (loss)	(552)	(382)	(86)	204
Realized foreign exchange gain (loss)	85	57	(10)	444
Fair value adjustment of investment properties	81,654	8,301	9,695	1,090
Income From held for sale assets	330	-	-	-
Income taxes:				
Current	(48)	(99)	(106)	(49)
Deferred	(40,426)	(2,598)	(6,074)	(2,680)
Net income (loss) and comprehensive income (loss) for the period	$ 40,941	$ 3,278	$ 4,334	$ (7,898)
FFO	$6,146	$3,797	$6,632	($1,854)
AFFO	$6,267	$6,893	$6,978	$5,649
Distributions	6,150	6,082	6,178	5,108
FFO per Unit - basic and diluted	$0.13	$0.13	$0.13	($0.04)
AFFO per Unit - basic and diluted	$0.13	$0.14	$0.14	$0.11
Distributions per Unit [3]	$0.13	$0.13	$0.13	$0.10

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.

(4) During the second quarter ended June 30, 2017, three properties w ere sold (Belle Haven, Cinco Ranch, Villages of Tow ne Lake) and tw o properties w ere acquired (Spectra North and Carrick Bend).

(5) During the third quarter ended September 30, 2019, one property w as acquired (Copperfield).

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

Dated: November 9, 2017

Toronto, Ontario, Canada