TRUE NORTH COMMERCIAL
REAL ESTATE INVESTMENT TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF CONSOLIDATED FINANCIAL RESULTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017

November 9, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of the consolidated financial results of True North Commercial Real Estate Investment Trust (the "REIT") dated November 9, 2017, for the three and nine months ended September 30, 2017 should be read in conjunction with the REIT's annual audited consolidated financial statements for the year ended December 31, 2016 and the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2017 and 2016 and accompanying notes thereto. These documents are available on SEDAR at www.sedar.com.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A constitute forward-looking information within the meaning of Canadian securities laws. Forward-looking statements are provided for the purposes of assisting the reader in understanding the REIT'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 readers are cautioned 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 REIT or the real estate industry and may include statements regarding the financial position, business strategy, budgets, projected costs, capital expenditures, financial results, taxes, plans and objectives of or involving the REIT. In some cases, forward-looking information can be identified by such terms as "may", "might", "will", "could", "should", "would", "expect", "plan", "anticipate", "believe", "intend", "seek", "aim", "estimate", "target", "goal", "project", "predict", "forecast", "potential", "continue", "likely", or the negative thereof or other similar expressions concerning matters that are not historical facts.

Forward-looking statements involve 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 REIT's control, affect the operations, performance and results of the REIT and its business, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. These factors include, but are not limited to, risks related to the trust units of the REIT ("Units") and risks related to the REIT and its business. 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 statements as there can be no assurance actual results will be consistent with such forward-looking statements.

Information contained in forward-looking statements 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 believed to be appropriate in the circumstances, including the following: the REIT's ability to deploy the proceeds from the October 2017 Offering; the Canadian economy will remain stable over the next 12 months; inflation will remain relatively low; interest rates will remain stable; conditions within the real estate market, including competition for acquisitions, will be consistent with the current climate; the Canadian capital markets will provide the REIT with access to equity and/or debt at reasonable rates when required; Starlight Group Property Holdings Inc. ("Starlight") will continue its involvement as asset manager of the REIT in accordance with its current asset management agreement; and the risks referenced above, collectively, will not have a material impact on the REIT. While management considers these assumptions to be reasonable based on currently available information, they may prove to be incorrect.

The forward-looking statements made 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 REIT undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

NON-IFRS FINANCIAL MEASURES

Certain terms used in this MD&A such as Funds from Operations (“FFO”), Adjusted Funds from Operations (“AFFO”), Net Operating Income (“NOI”), Same Property Net Operating Income (“Same Property NOI”), indebtedness (“Indebtedness”), gross book value (“GBV”), Indebtedness to GBV ratio and adjusted cash provided by operating activities are not measures defined under International Financial Reporting Standards (“IFRS”) as prescribed by the International Accounting Standards Board (“IASB”), do not have standardized meanings prescribed by IFRS and should not be compared to or construed as alternatives to profit/loss, cash flow from operating activities or other measures of financial performance calculated in accordance with IFRS. FFO, AFFO, NOI, Indebtedness, GBV, Indebtedness to GBV ratio and adjusted cash provided by operating activities as computed by the REIT may not be comparable to similar measures presented by other issuers.

FFO is a measure of operating performance based on the funds generated from the business of the REIT before reinvestment or provision for other capital needs. The REIT calculates FFO in accordance with the guidelines set out by the Real Property Association of Canada (“Realpac”). Management considers this non-IFRS measure to be an important measure of the REIT’s operating performance.

AFFO is an important performance measure to determine the sustainability of future distributions paid to holders of Units (“Unitholders”). AFFO is calculated as FFO subject to certain adjustments, including: amortization of fair value mark-to-market adjustments on assumed mortgages, amortization of deferred financing costs, straight-line rent, instalment note receipts and non-cash compensation expense related to unit-based incentive plans, and a deduction of a reserve for capital expenditures, tenant inducements, and leasing costs. Other adjustments may be made to AFFO as determined by the trustees of the REIT (“Trustees”) in their discretion.

AFFO calculated by the REIT differs from the guidelines set out by Realpac by the following adjustments (i) amortization of fair value mark-to-market adjustments on assumed mortgages; (ii) amortization of deferred financing costs; (iii) instalment note receipts; and (iv) non-cash compensation expense related to unit-based incentive plans. Management considers these non-cash adjustments important in determining the amount of sustainable cash available to fund future distributions to Unitholders.

NOI is defined by the REIT as rental revenue from property operations less property operating costs and property taxes. NOI is presented in this MD&A because management considers this non-IFRS measure to be a valuable measure for evaluating the operating performance of the REIT’s properties.

Same property NOI is defined by the REIT as NOI for properties that were owned for a full quarterly reporting period in both the current and comparative year. Adjustments are made to NOI to exclude non-cash items such as amortization of tenant inducements, leasing costs and straight line rent. Same property NOI is presented in this MD&A because management considers this non-IFRS measure to be a valuable measure for evaluating the operating performance of the REIT’s properties before evaluating the changes attributable to acquisitions and dispositions.

Indebtedness is defined in the REIT's second amended and restated declaration of trust ("DOT") made as of May 22, 2014, and is a measure of the amount of leverage utilized by the REIT. GBV is defined in the DOT and is a measure of the value of the REIT's total assets. The Indebtedness to GBV ratio is a compliance measure in the DOT and establishes the limit of financial leverage for the REIT. The Indebtedness to GBV ratio is presented in this MD&A as management considers this non-IFRS measure to be an important measure of the REIT's financial position.

Adjusted cash provided by operating activities measures the amount of sustainable cash provided by operating activities less interest expense. Adjusted cash provided by operating activities is presented in this MD&A because management considers this non-IFRS measure to be an important measure of the REIT's operating performance.

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BASIS OF PRESENTATION

The REIT's unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2017 and 2016 have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting. The REIT's presentation currency is the Canadian dollar. Unless otherwise stated, dollar amounts expressed in this MD&A are in thousands of dollars, except for Unit and per Unit information.

Certain time periods used in this MD&A are used interchangeably such as three and nine months ended September 30, 2017 ("Q3-2017") and ("YTD-2017") respectively, and three and nine months ended September 30, 2016 ("Q3-2016") and ("YTD-2016"), respectively.

OVERVIEW AND STRATEGY

The REIT is an unincorporated, open-ended real estate investment trust established pursuant to the DOT, and governed by the laws of the Province of Ontario. The registered and head office of the REIT is 1400 – 3280 Bloor Street West, Centre Tower, Toronto, Ontario, Canada, M8X 2X3. The Units are listed on the Toronto Stock Exchange ("TSX") under the symbol TNT.UN. As at September 30, 2017, the REIT owned and operated a portfolio of 33 commercial properties consisting of approximately 2.2 million square feet across Canada.

The objectives of the REIT are to:

- generate stable cash distributions on a tax-efficient basis;
- expand the asset base of the REIT and increase its distributable cash flow through acquisitions of commercial rental properties across Canada and such other jurisdictions where opportunities exist; and
- enhance the value of the REIT's assets to maximize long-term Unit value through active management of its assets.

The REIT seeks to identify potential acquisitions using investment criteria that focus on the security of cash flow, potential for capital appreciation, potential for increasing value through more efficient management of the assets being acquired and growth of FFO and AFFO per Unit.

PORTFOLIO SUMMARY

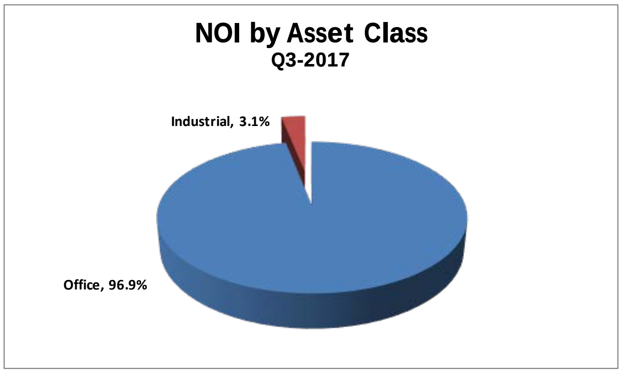
At September 30, 2017 the REIT's portfolio was comprised of 33 commercial properties totaling approximately 2.2 million square feet of gross leasable area. The following table highlights certain information about the REIT's properties as at September 30, 2017:

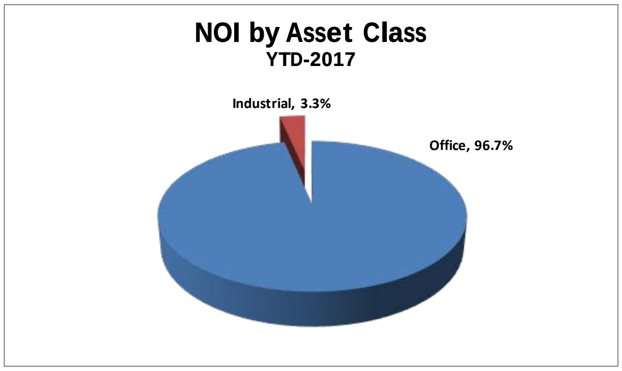
Property Name	City/ Town	Type	Occupancy	Remaining Lease Term [(1)]	GLA
Alberta					
855 8th Avenue SW	Calgary	Office	97.4%	1.7 years	75,700
4500 & 4520 - 16th Avenue NW	Calgary	Office	100%	6.6 years	77,600
13140 St. Albert Trail	Edmonton	Office	100%	2.2 years	96,800
British Columbia					
727 Fisgard Street	Victoria	Office	100%	2.4 years	47,600
New Brunswick					
500 Beaverbrook Court	Fredericton	Office	100%	4.3 years	55,600
295 Belliveau Avenue	Shediac	Office	100%	4.3 years	42,100
410 King George Highway	Miramichi	Office	100%	3.8 years	73,200
551 King Street	Fredericton	Office	96.3%	5.0 years	85,100
495 Prospect Street	Fredericton	Office	89.6%	4.3 years	85,000
845 Prospect Street	Fredericton	Office	100%	4.4 years	39,000
414-422 York Street	Fredericton	Office	36.9%	2.1 years	33,000
440-470 York Street	Fredericton	Office	92.2%	4.6 years	60,100
Ontario					
251 Arvin Avenue	Hamilton	Office	100%	1.7 years	6,900
61 Bill Leathem Drive	Ottawa	Office	100%	5.3 years	148,100
777 Brock Road	Pickering	Office	100%	5.4 years	98,900
400 Carlingview Drive	Toronto	Office	100%	10.4 years	26,800
6865 Century Avenue	Mississauga	Office	100%	3.8 years	63,800
1161 Crawford Drive	Peterborough	Office	100%	4.5 years	32,500
197-199 Dundas Street	London	Office	100%	2.1 years	20,200
417 Exeter Road	London	Office	76.8%	2.4 years	35,200
520 Exmouth Street	Sarnia	Office	100%	4.2 years	34,700
529-533 Exmouth Street	Sarnia	Office	100%	1.5 years	15,400
5900 Explorer Drive	Mississauga	Office	100%	2.9 years	40,000
135 Hunter Street East	Hamilton	Office	100%	0.8 years	24,400
1035 Industrial Road	Waterloo	Industrial	100%	8.9 years	156,300
63 Innovation Drive	Hamilton	Industrial	100%	6.2 years	45,900
340 Laurier Avenue West	Ottawa	Office	100%	3.0 years	279,100
400 Maple Grove Road	Ottawa	Office	100%	6.9 years	107,200
78-90 Meg Drive	London	Office	100%	2.7 years	11,300
8 Oakes Avenue	Kirkland Lake	Office	100%	4.5 years	41,000
5160 Orbitor Drive	Mississauga	Office	100%	2.5 years	31,400
534 Queens Avenue	London	Office	100%	3.7 years	19,000
3650 Victoria Park Avenue	Toronto	Office	93%	5.8 years	154,300
Average/Total			97.3%	4.2 years	2,163,200

Notes:

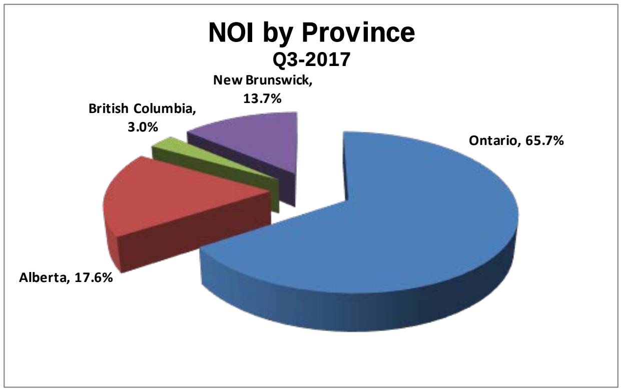
(1) Weighted by expected annualized gross revenue.

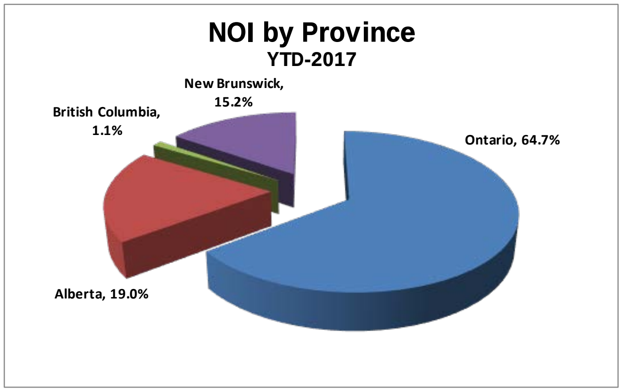
COMPOSITION BY ASSET CLASS





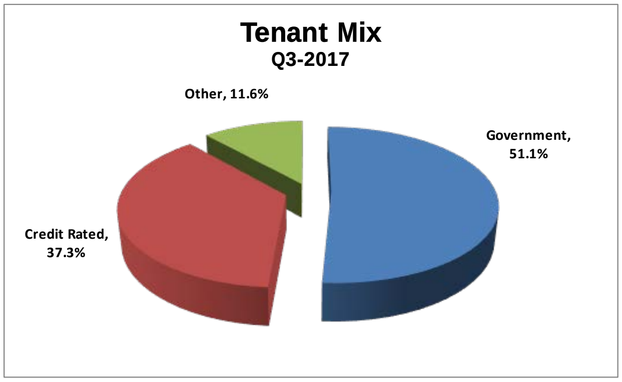
COMPOSITION BY GEOGRAPHIC REGION





TENANT MIX

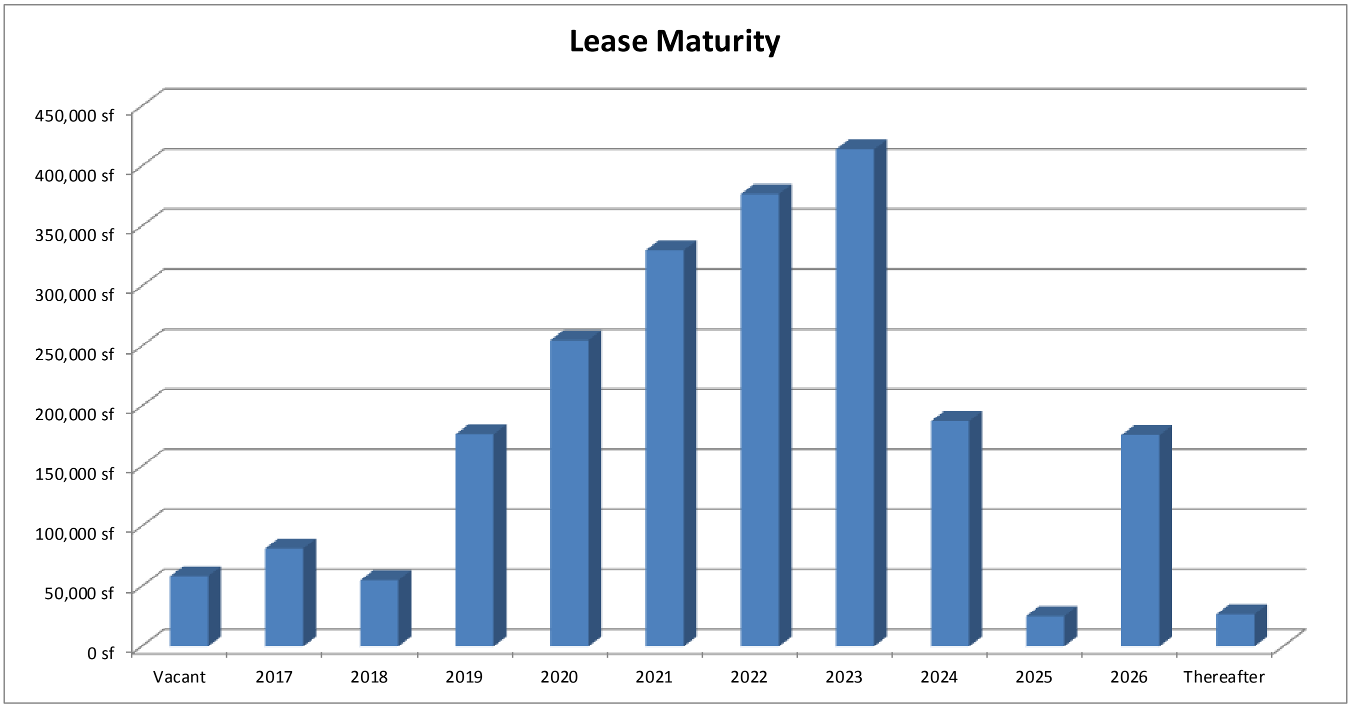
The percentage of revenue generated from tenants that are government institutions, credit-rated or other was as follows:



The tenant mix is based on expected annualized gross revenue.

LEASE ROLLOVER PROFILE

As at September 30, 2017 the lease rollover profile of the REIT was as follows:



Lease maturity is based on the square footage of the REIT's leases.

Q3 AND YTD 2017 HIGHLIGHTS

Q3 2017 HIGHLIGHTS

- Completed a Unit offering of 5,144,000 Units at a price of $6.25 per Unit for aggregate gross proceeds of approximately $32,150 in July 2017 ("July 2017 Unit Offering")
- Increased revenue $3,957 or 39% from Q3-2016 to $14,017
- Increased NOI $2,580 or 42% from Q3-2016 to $8,764
- Same property NOI increased $81 or 1.4% from Q3-2016
- FFO basic and diluted per Unit of $0.16 and $0.15 in Q3-2017 compared to $0.15 in Q3-2016
- AFFO basic and diluted per Unit of $0.15 in Q3-2017 compared to $0.15 in Q3-2016
- Excluding the timing differential between the July 2017 Unit offering and the deployment of funds into target acquisitions, FFO and AFFO basic and diluted per Unit would have been $0.17 per Unit
- AFFO basic and diluted payout ratio of 99% and 100% compared to 99% in Q3-2016
- Portfolio occupancy remained strong at 97.3%
- Government and credit-rated tenants represented 88.4% of revenue
- Indebtedness to GBV ratio decreased to 53.23% at September 30, 2017 compared to 57.53% at June 30, 2017
- Weighted average fixed interest rate of 3.15% at September 30, 2017 compared to 3.14% at June 30, 2017
- Declared distributions of $5,789

YTD 2017 HIGHLIGHTS

- Increased revenue $10,061 or 34% from YTD-2016 to $39,650
- Increased NOI $6,605 or 37% from YTD-2016 to $24,595
- Same store NOI increased $432 or 2.4% from YTD-2016
- FFO basic and diluted per Unit of $0.47 and $0.46 compared to $0.48 for YTD-2016
- AFFO basic and diluted per Unit of $0.45 compared to $0.47 in YTD-2016
- Excluding the timing differential between Unit offerings in November 2016 and July 2017 and the deployment of funds into target acquisitions, FFO and AFFO per Unit would have been $0.52 and $0.51 per Unit, respectively
- AFFO basic and diluted payout ratio of 99% and 100% compared to 95% and 96% for YTD-2016
- Declared distributions of $15,784

Q3 HIGHLIGHTS

On September 7, 2017, the REIT refinanced the 400 Maple Grove Road property with a new five year mortgage of $20,020 at a fixed interest rate of 3.35%. The mortgage is secured by a first charge on the property.

YTD HIGHLIGHTS

ACQUISITIONS

The REIT acquired three commercial properties in June 2017 for an aggregate purchase price of $53,600 plus closing costs:

Property Name	Location	Acquisition Date	Property Type	Square Feet	Purchase Price
61 Bill Leathem Drive	Ottawa, ON	June 15, 2017	Office	148,100	$31,500
5160 Orbitor Drive	Mississauga, ON	June 27, 2017	Office	31,400	$8,100
727 Fisgard Street	Victoria, BC	June 27, 2017	Office	47,600	$14,000
Total					$53,600

On June 15, 2017 the REIT acquired 61 Bill Leathem Drive, Ottawa, Ontario for an aggregate purchase price of $31,500 plus closing costs. The purchase price was satisfied by the REIT's November 2016 Unit Offering and mortgage financing of $20,050, with an annual interest rate of 2.84% for a five year term.

On June 27, 2017 the REIT acquired 5160 Orbitor Drive, Mississauga, Ontario and 727 Fisgard Street, Victoria, British Columbia for an aggregate purchase price of $22,100 plus closing costs. The purchase price was satisfied by the REIT's November 2016 Unit offering and mortgage financing of $14,365, with annual interest rates of 2.86% and 2.86% respectively, for five year terms.

EARLY LEASE RENEWALS

On May 8, 2017, the REIT executed an early lease renewal with EMS Technologies Canada, Ltd., a subsidiary of Honeywell International Inc., at 400 Maple Grove Road. The renewal, totaling approximately 107,200 square feet, extends the tenant's ten year occupancy for a further seven years.

On May 26, 2017, the REIT executed an early lease renewal with Cash Money Cheque Cashing Inc. at 400 Carlingview Drive. The renewal, totaling approximately 26,800 square feet, extends the tenant's five year occupancy for a further 10 years.

SUBSEQUENT EVENTS

On October 20, 2017, the REIT issued 6,411,250 Units at a price of $6.28 per Unit for aggregate gross proceeds of approximately $40,263. The REIT intends to use the net proceeds to fund the acquisitions below as well as for future acquisitions and general trust purposes.

The REIT acquired the following office properties subsequent to Q3-2017:

Property Name	Location	Acquisition Date	Property Type	Square Feet	Purchase Price
231 Shearson Crescent	Cambridge, ON	October 19, 2017	Office	60,600	$15,750
301 & 303 Moodie Drive	Ottawa, ON	November 2, 2017	Office	148,500	$18,000
1595 16th Avenue	Richmond Hill, ON	November 6, 2017	Office	120,200	$29,750
810 Blanshard Street	Victoria, BC	November 6, 2017	Office	34,400	$11,300
Total					$74,800

On October 19, 2017, the REIT completed the acquisition of a 60,600 square foot office property located at 231 Shearson Crescent, Cambridge, Ontario for $15,750 plus closing costs. The purchase price was satisfied by cash on hand of $5,512 and mortgage financing of approximately $10,238, with an annual interest rate of 3.67% for a five year term.

On November 2, 2017, the REIT completed the acquisition of a 148,500 square foot office property located at 301 & 303 Moodie Drive, Ottawa, Ontario for $18,000 plus closing costs. The purchase price was satisfied by cash on hand of $6,300 and mortgage financing of approximately $11,700, with an annual interest rate of 3.53% for a five year term.

On November 6, 2017, the REIT completed the acquisition of a 34,400 square foot office property located at 810 Blanshard Street, Victoria, British Columbia for $11,300 plus closing costs. The purchase price was satisfied by cash on hand of $3,390 and mortgage financing of approximately $7,910, with an annual interest rate of 3.68% for a five year term.

On November 6, 2017, the REIT completed the acquisition of a 120,200 square foot office property located at 1595 16th Avenue in Richmond Hill, Ontario for $29,750 plus closing costs. The purchase price was satisfied by cash on hand of $10,250 and mortgage financing of approximately $19,500, with an annual interest rate of 3.46% for a five year term.

On October 11, 2017, the REIT announced it has agreed to acquire a 129,200 square foot office property located at 36 & 38 Solutions Drive, Halifax, Nova Scotia for $31,280 plus closing costs. The purchase price will be satisfied by a combination of cash on hand of $10,948 and mortgage financing of approximately $20,332, with an annual interest of 3.21% for a five year term. Closing of the property is expected to be on or about November 15, 2017.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Revenue	$14,017	$10,060	$39,650	$29,589
NOI	$8,764	$6,184	$24,595	$17,990
Income (loss) and comprehensive income (loss)	$10,331	($2,326)	$25,677	($1,831)
FFO	$5,964	$3,872	$16,465	$10,964
FFO per Unit - basic (1)	$0.16	$0.15	$0.47	$0.48
FFO per Unit - diluted (1)	$0.15	$0.15	$0.46	$0.48
AFFO	$5,777	$3,792	$15,905	$10,699
AFFO per Unit - basic (1)	$0.15	$0.15	$0.45	$0.47
AFFO per Unit - diluted (1)	$0.15	$0.15	$0.45	$0.47
AFFO payout ratio - basic	99%	99%	99%	95%
AFFO payout ratio - diluted	100%	99%	100%	96%
Units outstanding for FFO and AFFO per Unit:				
Weighted average (000s) – basic (1)	38,387	25,193	35,231	22,838
Add: Unexercised Unit options	352	155	349	99
Weighted average (000s) – diluted (1)	38,739	25,348	35,580	22,937

Notes:

(1) For purposes of calculating FFO and AFFO per Unit, class B limited partnership units ("Class B LP Units") of True North Commercial Limited Partnership ("Partnership") are included as Units outstanding on both a basic and diluted basis. Diluted amounts assume the conversion of any vested unexercised Unit options of the REIT ("Unit Options") in the money.

The REIT increased its portfolio by five properties in the latter half of 2016 and acquired three properties at the end of Q2-2017. Due to the recent acquisition activity revenue increased $3,957 or 39% and NOI increased $2,580 or 42% compared to Q3-2016. FFO and AFFO per Unit were negatively impacted $0.01 and $0.02 per Unit in Q3-2017 as a result of the timing differential between the July 2017 Unit Offering and the deployment of funds into new property acquisitions which closed subsequent to quarter end. The timing differential also impacted the AFFO payout ratio, as distributions declared were based on a larger number of Units outstanding without the benefit of the increased NOI generated from acquisitions.

Revenue increased $10,061 or 34% and NOI increased $6,605 or 37% compared to YTD-2016. Both FFO and AFFO per Unit were impacted $0.06 for YTD-2017 by the timing differential of the Unit offering in November 2016 and July 2017 Unit Offering and the deployment into property acquisitions.

QUARTERLY INFORMATION

The following table provides select information pertaining to the REIT's operations.

	Q3-17	Q2-17	Q1-17	Q4-16	Q3-16	Q2-16	Q1-16	Q4-15
Revenue	$ 14,017	$ 12,614	$ 13,019	$ 11,762	$ 10,060	$ 9,653	$ 9,876	$ 9,827
Property operating costs	5,253	4,550	5,252	4,835	3,876	3,713	4,010	3,753
NOI	8,764	8,064	7,767	6,927	6,184	5,940	5,866	6,074
General and administration expenses	(613)	(557)	(657)	(423)	(551)	(446)	(687)	(418)
Finance costs	(2,410)	(2,185)	(2,162)	(1,987)	(1,931)	(1,883)	(1,880)	(1,897)
Distributions on Class B LP Units	(639)	(640)	(639)	(640)	(639)	(640)	(639)	(640)
Fair value adjustment of Class B LP Units	(1,335)	(344)	86	1,292	(2,326)	(775)	(2,584)	1,944
Fair value adjustment of investment properties	5,833	(1,651)	7,740	(4,069)	(3,256)	(1,264)	(637)	553
Unrealized gain (loss) on change in fair value of derivative instruments	731	528	(4)	630	193	163	(39)	126
Income (loss) and comprehensive income (loss) for the period	$ 10,331	$ 3,215	$ 12,131	$ 1,730	$ (2,326)	$ 1,095	$ (600)	$ 5,742
FFO per Unit - basic	$ 0.16	$ 0.16	$ 0.15	$ 0.14	$ 0.15	$ 0.17	$ 0.16	$ 0.17
AFFO per Unit - basic	$ 0.15	$ 0.15	$ 0.15	$ 0.14	$ 0.15	$ 0.17	$ 0.15	$ 0.17
AFFO per Unit - diluted	$ 0.15	$ 0.15	$ 0.15	$ 0.14	$ 0.15	$ 0.16	$ 0.15	$ 0.17
AFFO payout ratio - basic	99%	96%	101%	105%	99%	90%	97%	88%
AFFO payout ratio - diluted	100%	97%	102%	106%	99%	90%	97%	88%
Number of investment properties	33	33	30	30	27	25	25	25

Revenue, operating costs and NOI increased in Q3-2017 compared to Q2-2017 due to three acquisitions completed at the end of Q2-2017. Operating costs increased as a result of the acquisitions and also due to increased repairs and maintenance, utilities and realty taxes at certain of the REIT's properties.

General and administration expenses increased in Q3-2017 compared to Q2–2017 due to an increase in asset management fees and Unit based compensation.

ANALYSIS OF FINANCIAL PERFORMANCE

The REIT's financial performance and results of operations for the three and nine months ended September 30, 2017 and 2016 are summarized below.

	Three months ended September 30		Nine months ended September 30	
	2017	**2016**	**2017**	**2016**
Revenue	$ 14,017	$ 10,060	$ 39,650	$ 29,589
Expenses:				
Property operating costs	2,991	2,213	8,865	6,717
Realty taxes	2,262	1,663	6,190	4,882
NOI	$ 8,764	$ 6,184	$ 24,595	$ 17,990
Other income (expenses):				
General and administration expenses	(613)	(551)	(1,827)	(1,684)
Finance costs	(2,410)	(1,931)	(6,757)	(5,694)
Distributions on Class B LP Units	(639)	(639)	(1,918)	(1,918)
Fair value adjustment of Class B LP Units	(1,335)	(2,326)	(1,593)	(5,685)
Fair value adjustment of investment properties	5,833	(3,256)	11,922	(5,157)
Unrealized gain on change in fair value of derivative instruments	731	193	1,255	317
Income (loss) and comprehensive income (loss)	$ 10,331	$ (2,326)	$ 25,677	$ (1,831)

PROPERTY OPERATIONS

Revenue includes all income earned from the REIT's properties, including rental income and all other miscellaneous income paid by the tenants under the terms of their existing leases, such as base rent, parking, operating costs and realty tax recoveries, as well as adjustments for the straight-lining of rents and amortization of landlord's work and tenant inducements.

Property operating costs include building maintenance, heating, ventilation and air-conditioning, elevator, insurance, utilities, management fees and other operational costs.

The REIT has increased its portfolio by eight properties and 719,100 square feet since the latter half of 2016 which has resulted in significant comparative increases in revenue, operating costs, realty taxes and NOI. NOI increased $2,580 or 42% in Q3-2017 compared to Q3-2016, of which 1.4% was due to same property NOI growth. NOI increased $6,605 or 37% in YTD-2017 compared to YTD-2016, of which 2.4% was due to same property NOI growth.

Occupancy for the property portfolio remained stable quarter over quarter at 97.3%.

SAME STORE PROPERTY ANALYSIS

Same property analysis for the three and nine months ended September 30, 2017 and 2016 consists of 25 properties. The same property comparison does not include non-cash adjustments such as amortization of tenant inducements and leasing costs and straight-line rent.

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Revenue	$ 9,726	$ 9,655	$ 29,668	$ 29,270
Expenses:				
Property operating	2,004	2,080	6,445	6,569
Realty taxes	1,675	1,609	4,917	4,827
Same-property NOI	$ 6,047	$ 5,966	$ 18,306	$ 17,874

Same property NOI increased $81 or 1.4% in Q3-2017 compared to Q3-2016. Revenue increased $71 or $0.7% partially due to contractual rent step ups as well as increased realty tax recovery revenue. Realty tax expense increased quarter over quarter due to higher assessed property values and rate increases at certain properties.

Same property NOI increased $432 or 2.4% during YTD-2017 compared to YTD-2016. Property operating costs decreased $124 or 1.9% in YTD-2017 compared to YTD-2016 due to a decrease in utilities at certain properties as well as a decrease in costs due to increased vacancy at one of the REIT's Fredericton properties. Revenue increased $398 or 1.4% during YTD-2017 compared to YTD-2016 partially due to contractual rent step ups. Revenue also includes project management fees earned as well as energy rebates received in connection with the LEED® - EB Gold Certification Retro-Commissioning Project amounting to $235.

GENERAL AND ADMINISTRATION EXPENSES

General and administration expenses include items such as legal and audit fees, trustee fees, investor relations expenses, trustees' and officers' insurance premiums, costs associated with the REIT's Unit option plan and other general and administrative expenses associated with the operation of the REIT. Also included in general and administration expenses are asset management fees payable to Starlight. See "Related Party Transactions and Arrangements – Arrangements with Starlight".

General and administration expenses increased $62 or 11% in Q3-2017 compared to Q3–2016 mainly due to increased asset management fees offset by an increase in interest income.

General and administration expenses increased $143 or 8.5% YTD-2017 compared to YTD–2016 due to increased asset management fees as a result of the additional properties owned by the REIT, offset by a decrease in Unit-based compensation expense and an increase in interest income.

FINANCE COSTS

The REIT's finance costs for the three and nine months ended September 30, 2017 and 2016 are summarized below. Finance costs exclude both distributions and fair value adjustments on Class B LP Units.

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Interest on mortgages payable	$ 2,257	$ 1,786	$ 6,381	$ 5,254
Other interest expense and standby fees	37	75	100	268
Amortization of mortgage discounts	(5)	(31)	(45)	(94)
Amortization of financing costs	121	101	321	266
Total finance costs	$ 2,410	$ 1,931	$ 6,757	$ 5,694

Interest on mortgages payable increased by $471 in Q3-2017 compared to Q3-2016 and by $1,127 in YTD-2017 compared to YTD-2016 due to additional borrowing associated with the acquisitions in the latter half of 2016 and at the end of Q2-2017.

Other interest expense and standby fees relate to costs incurred on the REIT's Credit Facilities. The Credit Facilities were undrawn for the majority of the period, which has resulted in a decrease in the quarterly and year to date expense.

DISTRIBUTIONS ON CLASS B LP UNITS

The REIT currently pays monthly distributions of $0.0495 per Class B LP Unit or $0.594 per Class B LP Unit on an annualized basis. Distributions declared were $639 for Q3-2017 and Q3-2016 and $1,918 for YTD-2017 and YTD-2016.

UNREALIZED GAIN/(LOSS) ON CHANGE IN FAIR VALUE OF DERIVATIVE INSTRUMENTS

The REIT holds a number of interest rate swap agreements to effectively fix the interest rate on certain mortgages. These derivative instruments are measured at fair value at each reporting date and changes in the fair value are recognized as an unrealized gain or loss.

The notional principal amounts of the outstanding interest rate swap contracts at September 30, 2017 were $69,627 (December 31, 2016 - $71,324). Total unrealized gain on change in the fair value of the derivative instruments totaled $731 in Q3-2017 ($1,255 – YTD-2017) compared to $193 in Q3-2016 ($317 – YTD-2016).

FAIR VALUE ADJUSTMENT OF CLASS B LP UNITS

The fair value change in Class B LP Units represents the change in the trading price of the Units (given the Class B LP Units have economic and voting rights equivalent, in all material aspects, to the Units). Any resulting change in the fair value of the Class B LP Units is reported in the period such change occurs. The fair value loss of $1,335 for Q3-2017 is due to an increase in the trading price of the Units from $6.18 at June 30, 2017 to $6.49 at September 30, 2017. The fair value loss of $1,593 for YTD-2017 is due to an increase in the trading price of the Units from $6.12 at December 31, 2016 to $6.49 at September 30, 2017.

FAIR VALUE ADJUSTMENT OF INVESTMENT PROPERTIES

The REIT has selected the fair value method to account for real estate classified as investment property and records properties at their purchase price (less any purchase price adjustments) in the quarter of acquisition. Any changes in the fair value of investment properties are recognized as fair value gains and losses in the statement of income (loss) and comprehensive income (loss) in the quarter in which they occur.

The REIT determines the fair value of investment properties by developing a range of acceptable values based on the discounted cash flow method and direct capitalization method, both of which are generally accepted appraisal methodologies. Fair value is based on, among other things, assumptions of future cash flows in respect of current and future leases, capitalization rates, terminal capitalization rates, discount rates, market rents, tenant inducements and leasing cost assumptions and expected lease renewals. Fair values are supported by a combination of internal financial information, market data and external independent valuations.

The fair value gain of $5,833 in Q3-2017 and $11,922 in YTD-2017 is mainly attributable to changes in market rent assumptions, lease renewal probabilities, projected future cash flows and changes in capitalization rates at certain properties.

The key valuation assumptions for the REIT's investment properties as at September 30, 2017 and 2016 are as follows:

	September 30 2017	September 30 2016
Terminal and direct capitalization rates - range	5.00% - 11.50%	6.00% - 11.50%
Terminal and direct capitalization rate - weighted average	6.93%	6.97%
Discount rates - range	6.00% - 12.00%	7.00% - 12.00%
Discount rate - weighted average	7.65%	7.81%

FFO AND AFFO RECONCILIATIONS

FFO

The REIT calculates FFO in accordance with the guidelines set out by Realpac. Reconciliation of income (loss) and comprehensive income (loss), determined in accordance with IFRS, to FFO is as follows:

	Three months ended September 30		Nine months ended September 30	
	2017	**2016**	**2017**	**2016**
Income (loss) and comprehensive income (loss)	$ 10,331	$ (2,326)	$ 25,677	$ (1,831)
Add / (deduct):				
Unit based compensation expense	92	129	132	238
Fair value adjustment of investment properties	(5,833)	3,256	(11,922)	5,157
Fair value adjustment of Class B LP Units	1,335	2,326	1,593	5,685
Distributions on Class B LP Units	639	639	1,918	1,918
Unrealized gain on change in fair value of derivative instruments	(731)	(193)	(1,255)	(317)
Amortization of leasing costs, tenant inducements and landlord's work	131	41	322	114
FFO	$ 5,964	$ 3,872	$ 16,465	$ 10,964
FFO per Unit - basic (1)	$0.16	$0.15	$0.47	$0.48
FFO per Unit - diluted (1)	$0.15	$0.15	$0.46	$0.48
Weighted average Units outstanding:				
Basic - (000s) (1)	38,387	25,193	35,231	22,838
Add:				
Unexercised Unit options	352	155	349	99
Diluted - (000s) (1)	38,739	25,348	35,580	22,937

Notes:

(1) For purposes of calculating FFO per Unit, Class B LP Units are included as Units outstanding on both a basic and diluted basis. Diluted amounts also assume the conversion of any vested unexercised Unit Options that are in the money.

FFO increased $2,092 or 54% in Q3-2017 compared to Q3-2016 ($5,501 or 50% compared to YTD-2016). FFO was positively impacted due to increased NOI attributed to the acquisitions in the latter half of 2016 and at the end of Q2-2017 as well as NOI growth in same store properties.

FFO on a per unit basis was impacted by the timing differential of the Unit offerings in November 2016 and July 2017 and deployment of funds into property acquisitions which accounted for $0.01 for Q3-2017 and $0.05 for YTD -2017.

AFFO

Reconciliation of FFO to AFFO is as follows:

		Three months ended September 30			Nine months ended September 30	
		2017	2016		2017	2016
FFO	$	5,964	$ 3,872	$	16,465	$ 10,964
Add / (deduct):						
Non-cash compensation expense		25	29		75	79
Amortization of financing costs		121	101		321	266
Amortization of mortgage discounts		(5)	(31)		(45)	(94)
Instalment note receipts		49	84		187	254
Straight-line rent		31	22		36	53
Capital reserve [1]		(408)	(285)		(1,134)	(823)
AFFO	$	5,777	$ 3,792	$	15,905	$ 10,699
AFFO per Unit - basic [2]		$0.15	$0.15		$0.45	$0.47
AFFO per Unit - diluted [2]		$0.15	$0.15		$0.45	$0.47
Distributions declared	$	5,789	$ 4,007	$	15,784	$ 10,442
AFFO payout ratio - basic		99%	99%		99%	95%
AFFO payout ratio - diluted		100%	99%		100%	96%

Notes:

(1) Based on an estimate of $0.75 (2016 - $0.75) per square foot per annum and represents a reserve for capital expenditures, tenant inducements and leasing costs.

(2) For purposes of calculating AFFO per Unit, Class B LP Units are included as Units outstanding on both a basic and diluted basis. Diluted amounts assume the conversion of any vested unexercised Unit Options that are in the money.

AFFO increased $1,985 or 52% compared to Q3-2016 ($5,206 or 49% compared to YTD-2016). Excluding the timing differential of the REIT's Unit offerings and deployment of funds into property acquisitions, AFFO per Unit would have been $0.17 per Unit in Q3-2017 and $0.51 per Unit in YTD-2017.

The AFFO basic and diluted payout ratio was mainly impacted by the REIT's Unit offerings in 2016 and 2017, as distributions declared were based on a larger number of Units outstanding without the benefit of the increased NOI generated from property acquisitions.

RECONCILIATION OF ADJUSTED CASH FLOW PROVIDED BY OPERATING ACTIVITIES TO AFFO

Adjusted cash flow provided by operating activities represents cash provided by operating activities less interest paid. Cash flow provided by operating activities is the most comparable GAAP measure to AFFO. The reconciliation of adjusted cash flow provided by operating activities to AFFO measures the amount available for distribution to Unitholders. See "Distributions".

	Three months ended September 30		Nine months ended September 30	
	2017	**2016**	**2017**	**2016**
Adjusted cash flow provided by operating activities	$ 6,771	$ 4,544	$ 17,459	$ 12,251
Non-cash compensation expense	2	5	8	15
Change in finance costs payable	(38)	(27)	(34)	(15)
Instalment note receipts	49	84	187	254
Capital reserve (1)	(408)	(285)	(1,134)	(823)
Change in non-cash operating working capital	(599)	(529)	(581)	(983)
AFFO	$ 5,777	$ 3,792	$ 15,905	$ 10,699

Notes:

(1) Based on an estimate of $0.75 (2016 - $0.75) per square foot per annum and represents a reserve for capital expenditures, tenant inducements and leasing costs.

AFFO of $5,777 was less than distributions declared by $12 and exceeded distributions paid by $594 for Q3-2017. AFFO of $15,905 exceeded distributions declared by $121 and distributions paid by $2,255 for YTD-2017.

CAPITAL RESERVE

The REIT considers many factors when determining an appropriate capital reserve. Items such as, property age and asset class, tenant mix, prior capital investment, third party building condition assessment reports, lease term, recoverability from tenants and current market conditions are all considered. The REIT also engages independent engineering consulting firms to prepare property condition assessment reports prior to the acquisition of a property. The report contains a comprehensive five or ten year projection of estimated sustaining capital expenditures. The detailed analysis considers the quality of construction, age of the building, recent capital expenditures and anticipated future maintenance requirements reflecting the intended use of the property. The estimates generated by the independent consultant form the basis for estimating the REIT's required reserve. The REIT reviews its capital reserve estimate on an annual basis and makes appropriate adjustments to the reserve.

DISTRIBUTIONS

The REIT currently pays monthly distributions of $0.0495 per Unit or $0.594 per Unit on an annualized basis.

The Trustees determine the level of cash distributions based on the level of cash flow from operations before working capital changes, less actual and planned capital expenditures. In any given period, distributions may differ from cash provided by operating activities, primarily due to fluctuations in working capital. It is expected that normal fluctuations in working capital will be funded from the REIT's cash resources as described in "Liquidity and Capital Resources". In addition, the distributions declared include a component funded by the REIT's distribution reinvestment plan ("DRIP").

The following table shows the amount of distributions declared, non cash distributions under the DRIP and cash distributions paid by the REIT on both Units and Class B LP Units.

	Three months ended September 30 2017	Nine months ended September 30 2017	Year ended December 31 2016	Year ended December 31 2015
Distributions declared	$ 5,789	$ 15,784	$ 15,180	$ 12,414
Less: DRIP	(606)	(2,134)	(2,641)	(1,534)
Cash distributions paid	$ 5,183	$ 13,650	$ 12,539	$ 10,880

The following table provides a reconciliation of the REIT's cash flow and adjusted cash flow provided by operating activities to its declared and cash distributions:

	Three months ended September 30 2017	Nine months ended September 30 2017	Year ended December 31 2016	Year ended December 31 2015
Income (loss) and comprehensive income (loss)	$ 10,331	$ 25,677	$ (101)	$ 16,471
Cash flow provided by operating activities	9,027	23,906	24,347	20,713
Less: Interest paid	(2,256)	(6,447)	(7,349)	(6,961)
Adjusted cash flow provided by operating activities	6,771	17,459	16,998	13,752
Declared basis:				
Excess (shortfall) of income (loss) and comprehensive income (loss) over distributions	4,542	9,893	(15,281)	4,057
Excess of adjusted cash flow provided by operating activities over declared distributions	982	1,675	1,818	1,338
Cash basis:				
Excess (shortfall) of income (loss) and comprehensive income (loss) over cash distributions	5,148	12,027	(12,640)	5,591
Excess of adjusted cash flow provided by operating activities over cash distributions	1,588	3,809	4,459	2,872

For Q3-2017, adjusted cash flow provided by operating activities exceeded distributions declared by $982 and cash distributions by $1,588. For YTD-2017, adjusted cash flow provided by operating activities exceeded distributions declared by $1,675 and cash distributions paid by $3,809. The REIT has not been required to fund distributions from alternate sources such as debt, mortgages and other financing instruments.

ANALYSIS OF FINANCIAL POSITION

INVESTMENT PROPERTIES

The following table summarizes changes in the REIT's investment properties for the nine months ended September 30, 2017 and 2016:

	Investment Properties
Balance at December 31, 2015	$ 342,150
Acquisitions	24,429
Additions	2,789
Amortization of leasing costs, tenant inducements, landlords work and straight-line rents	(164)
Fair value adjustment	(5,157)
Balance at September 30, 2016	364,047
Acquisitions	66,569
Additions	647
Amortization of leasing costs, tenant inducements, landlords work and straight-line rents	(116)
Fair value adjustment	(4,069)
Balance at December 31, 2016	427,078
Acquisitions	55,143
Additions	3,383
Amortization of leasing costs, tenant inducements, landlords work and straight-line rents	(358)
Fair value adjustment	11,922
Balance at September 30, 2017	**$ 497,168**

ADDITIONS:

Additions to investment properties for the nine months ended September 30, 2017 were $3,383, consisting of the following:

- Tenant inducements, landlords work and leasing costs of $1,100.
- Capital expenditures of $2,283 for washroom and parking upgrades, asphalt and roof replacement at certain properties, as well as costs related to the LEED® - EB Gold Certification Retro-Commissioning Project at 340 Laurier Avenue West; and

INSTALMENT NOTES RECEIVABLE

The REIT received non-interest bearing instalment notes from the vendors of certain properties acquired in December 2014. The instalment payments allows the REIT to achieve an effective interest rate of 3.3% per annum on certain assumed mortgages. These instalment notes mature on various dates, co-terminously with the assumed mortgages.

The following tables summarize the instalment notes receivable and principal receipts for the nine months ended September 30, 2017:

Balance, December 31, 2016	$	956
Principal receipts on instalment notes receivable		(171)
Balance, September 30, 2017	$	785

PREPAID EXPENSES AND OTHER ASSETS

At September 30, 2017, the REIT had $2,317 in prepaid expenses and other assets, compared to $1,390 at December 31, 2016. This is primarily due to an increase in prepaid realty taxes and pre-acquisition costs.

LIABILITIES

As at September 30, 2017, the overall leverage, as represented by the ratio of Indebtedness to GBV was 53.23% compared to 55.41% at December 31, 2016. The maximum allowable ratio under the DOT is 75%. Below is a calculation of the REIT's Indebtedness to GBV ratio as at September 30, 2017 and December 31, 2016.

		September 30, 2017		December 31, 2016
Total assets	$	534,891	$	456,469
Deferred financing costs		2,559		2,187
GBV	$	537,450	$	458,656
Mortgages payable		285,014		253,465
Unamortized financing costs and mark to market mortgage adjustments		1,074		675
Indebtedness	$	286,088	$	254,140
Indebtedness to GBV		53.23%		55.41%

Indebtedness to GBV decreased as at September 30, 2017 compared to December 31, 2016 due to the increase in cash on hand and the increase in the fair value of investment properties.

The REIT's objectives are to maintain a combination of short, medium and long-term debt maturities appropriate for the overall debt level of the REIT, to extend the current weighted average term to maturity and achieve staggered debt maturities while taking into account the availability of financing, market conditions and the financial characteristics of each property. Per the DOT, at no time shall the REIT incur debt aggregating more than 20% of GBV at floating interest rates or having maturities less than one year (excluding debt with an original maturity of one year or more falling due in the next 12 months or variable rate debt for which the REIT has entered into interest rate swap agreements to fix the interest rate for a one year period or more).

Financing costs on mortgages and Credit Facilities are netted against the related debt, and amortized on an effective interest basis over the expected life of the debt.

As at September 30, 2017, 0% (December 31, 2016 – 0%) of the REIT's debt was at floating rates.

MORTGAGES PAYABLE

The following table sets out, as at September 30, 2017, scheduled principal repayments and amounts maturing on the REIT's mortgages over each of the next five fiscal years:

	Scheduled principal payments	Debt maturing during the year	Total mortgages payable	Scheduled interest payments	Percentage of total mortgages payable
2017 - remainder of year	2,190	-	2,190	2,279	0.8%
2018	8,594	29,729	38,323	8,425	13.4%
2019	8,090	24,794	32,884	7,345	11.5%
2020	5,560	76,399	81,959	4,880	28.6%
2021	4,586	29,003	33,589	3,811	11.7%
Thereafter	3,532	93,611	97,143	2,552	34.0%
	$ 32,552	$ 253,536	286,088	$ 29,292	100.0%
Unamortized mark to market mortgage adjustments			402		
Unamortized financing costs			(1,476)		
			$ 285,014		

The mortgages carry a weighted average fixed interest rate of 3.15% (December 31, 2016 – 3.17%), after giving effect to the instalment notes receipts and a weighted average term to maturity of 3.42 years (December 31, 2016 – 3.40 years).

CREDIT FACILITIES

The REIT has two floating rate revolving credit facilities with a Canadian chartered bank ("Credit Facilities").

The first $6,000 facility bears interest on cash advances above $1,000 at 212.5 basis points per annum over the floating banker's acceptance rate or under $1,000 at 100 basis points over prime rate. The second facility of $14,000 bears interest on cash advances above $1,000 at 250 basis points per annum over the floating banker's acceptance rate or under $1,000 at 150 basis points over prime rate.

The Credit Facilities are secured by the 410 King George Highway and 340 Laurier Avenue West properties, mature on November 1, 2018 and were undrawn at September 30, 2017.

CLASS B LP UNITS

The Class B LP Units meet the definition of a financial liability under IAS 32, Financial Instruments – Presentation ("IAS 32") and are classified as fair value through profit or loss financial liabilities under IAS 32. The Class B LP Units are measured at fair value at each reporting period with any changes in fair value recorded in the statement of income (loss) and comprehensive income (loss).

The Class B LP Units, together with the related special voting units, have economic and voting rights equivalent, in all material aspects, to Units. They are exchangeable at the option of the holder on a one-for-one basis (subject to anti-dilution adjustments) for Units, under the terms of an exchange agreement dated December 14, 2012.

Each Class B LP Unit entitles the holder to receive distributions from the Partnership equivalent to the distributions such holder would have received if they were holding Units.

As at September 30, 2017 and December 31, 2016 there were 4,306,337 Class B LP Units issued. The Class B LP Units were valued at $27,948 at September 30, 2017 compared to $26,355 as at December 31, 2016. The change in value is due to an increase in the Unit price from $6.12 at December 31, 2016 to $6.49 at September 30, 2017.

The REIT has the following Class B LP Units outstanding as of November 9, 2017:

	Units
Balance, September 30, 2017	4,306,337
Issuance of Class B LP Units	-
Balance, November 9, 2017	4,306,337

UNITHOLDERS' EQUITY

OUTSTANDING UNITS

The REIT is authorized to issue an unlimited number of Units and an unlimited number of special voting units in the capital of the REIT.

The following table summarizes changes in the Unit capital of the REIT for the nine months ended September 30, 2017:

	Units		Amount
Balance, December 31, 2016	29,147,854	$	173,494
Issue of Units for cash - public offering	5,144,000		32,150
Issue of Units - Trustee Unit issuance plan	10,561		67
Issue of Units - DRIP	356,812		2,134
Issue of Units - options exercised	62,500		379
Issuance costs	-		(1,831)
Balance, September 30, 2017	34,721,727	$	206,393

The number of Units outstanding as of November 9, 2017 is as follows:

Balance, September 30, 2017	34,721,727
Issue of Units for cash - public offering	6,411,250
Issuance of Units - DRIP	33,645
Balance, November 9, 2017	41,166,622

NORMAL COURSE ISSUER BID ("NCIB")

On December 5, 2016, the TSX approved the renewal of the NCIB. Pursuant to the renewal, the REIT has the ability to purchase for cancellation up to a maximum of 100,000 Units, representing 0.40% of the REIT's public float of 25,147,238 Units at November 30, 2016. The NCIB commenced on December 8, 2016 and expires on December 7, 2017.

During YTD-2017, nil (for the year ended December 31, 2016 – nil) Units were repurchased under the NCIB.

SHORT FORM BASE SHELF PROSPECTUS

On April 27, 2016, the REIT filed a short-form base shelf prospectus ("Prospectus"). The Prospectus was filed with the securities regulatory authorities in each of the provinces and territories of Canada and is valid for a 25 month period, during which time the REIT may issue the following securities: (i) Units; (ii) unsecured debt securities; (iii) subscription receipts exchangeable for Units and/or other securities of the REIT; (iv) warrants exercisable to acquire Units and/or other securities of the REIT; and (v) securities comprised of more than one of Units, debt securities, subscription receipts and/or warrants offered together as a Unit, or any combination thereof in amounts, at prices and on terms based on market conditions at the time of sale and set forth in an accompanying prospectus supplement, for an aggregate offering amount of up to $200,000.

For the three and nine months ended September 30, 2017, the REIT issued 5,144,000 Units for gross proceeds of $32,150 under the Prospectus. As at December 31, 2016, the REIT issued 9,855,000 Units for gross proceeds of $61,781 pursuant to the Prospectus.

On October 20, 2017 the REIT issued 6,411,250 Units at a price of $6.28 per Unit for gross proceeds of $40,263 pursuant to the Prospectus.

UNIT OPTIONS

The total number of Units reserved under the REIT's Unit-based compensation plans may not exceed 10% of the Units and Class B LP Units outstanding. Options outstanding at September 30, 2017 consist of the following:

Weighted average exercise price (1)	Unit Options Outstanding	Unit Options exercisable	Expiry Date
$7.48	95,000	95,000	December 14, 2017
$7.66	410,000	410,000	February 12, 2018
$6.15	495,000	329,994	January 8, 2020
$6.04	205,000	68,330	August 5, 2021
$6.28	282,500	-	November 14, 2021
$6.17	295,000	-	August 11, 2022
$6.58	1,782,500	903,324	

(1) In actual dollars.

LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY

Cash flow from operating activities represents the primary source of liquidity to fund distributions, debt service, capital improvements, tenant inducements and leasing costs. The REIT'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, and other factors. Material changes in these factors may adversely affect the REIT's net cash flow from operating activities and hence its liquidity. A more detailed discussion of these risks can be found under the "Risks and Uncertainties" section in the annual information form of the REIT ("AIF") dated March 8, 2017. Also see "Risks and Uncertainties".

The REIT expects to be able to meet all of its obligations, including distributions to Unitholders, and capital expenditure requirements as they become due and to provide for the future growth of the business. The REIT has a number of financing sources available to fulfill its commitments including: (i) cash flow from operating activities; (ii) mortgage debt secured by investment properties; (iii) the REIT's credit facilities; and (iv) issuances of debt and equity.

CASH FLOW

The following table details the changes in cash and cash equivalents:

	Three months ended September 30 2017	Three months ended September 30 2016	Nine months ended September 30 2017	Nine months ended September 30 2016
Cash provided by operating activities	$ 9,027	$ 6,377	$ 23,906	$ 17,758
Cash used in investing activities	(1,378)	(25,842)	(59,034)	(27,282)
Cash provided by financing activities	20,894	40,035	42,042	30,626
Increase in cash and cash equivalents	28,543	20,570	6,914	21,102
Cash and cash equivalents, beginning of period	3,155	1,142	24,784	610
Cash and cash equivalents, end of period	$ 31,698	$ 21,712	$ 31,698	$ 21,712

Cash provided by operating activities increased in Q3-2017 and YTD-2017 compared to Q3-2016 and YTD-2016 primarily due to increased NOI resulting from the acquisitions completed in the latter half of 2016 and at the end of Q2-2017.

Cash used in investing activities decreased in Q3-2017 compared to Q3-2016 due to the acquisition of two properties in Q3-2016 compared to nil in Q3-2017. Cash used in investing activities increased YTD-2017 compared to YTD-2016 due to three acquisitions completed in YTD-2017 compared to two in YTD-2016.

Cash provided by financing activities in Q3-2017 is mainly a result of proceeds from the July 2017 Unit Offering. YTD-2017 also includes proceeds from new mortgage financing of $34,207 relating to the acquisitions completed in June 2017. These increases were offset by distributions to Unitholders of $4,416 for Q3-2017 and $11,933 for YTD-2017.

CAPITAL RESOURCES

The REIT's properties require ongoing capital expenditures and leasing expenditures. Leasing expenditures include the cost of tenant inducements, leasing commissions and leasehold improvements incurred in connection with the leasing of vacant space and the renewal or replacement of current tenants. The REIT plans to continue to invest capital in all its properties throughout the remainder of 2017 and beyond. Expenditures are expected to be funded through cash flow generated by operations and cash on hand. For the nine months ended September 30, 2017 and 2016, the REIT invested $3,383 and $2,789 respectively, in capital and leasing expenditures.

COMMITMENTS AND CONTINGENCIES

From time to time in the normal course of business, the REIT is involved in litigation and claims in relation to its investment properties. In the opinion of management, none of these, individually or in aggregate, could result in a liability that would have a significant adverse effect on the financial position of the REIT. The REIT has agreed to indemnify, in certain circumstances, the Trustees and officers of the REIT.

As at September 30, 2017, the REIT has entered into commitments for building renovations totaling $987 (December 31, 2016 - $547).

At September 30, 2017, the REIT had no commitments for future minimum lease payments under non-cancellable operating leases.

RELATED PARTY TRANSACTIONS AND ARRANGEMENTS

Starlight is considered a related party to the REIT as Starlight is controlled by the Chairman of the Board, President and Chief Executive Officer ("CEO") of the REIT, who is also a significant Unitholder.

ARRANGEMENTS WITH STARLIGHT

Pursuant to the asset management agreement dated December 14, 2012 ("Asset Management Agreement"), Starlight provides advisory, asset management and administrative services to the REIT. The REIT is administered and operated by the REIT's CEO and Chief Financial Officer ("CFO") and an experienced team of real estate professionals from Starlight.

The Asset Management Agreement has an initial term of ten years from the date of the agreement and is renewable for successive five-year terms, unless and until the Asset Management Agreement is terminated in accordance with its termination provisions.

Starlight is entitled to the following fees pursuant to the Asset Management Agreement:

(a) Base annual management fee calculated and payable on a monthly basis, equal to 0.35% of the sum of:

- the historical purchase price of properties owned by the REIT; and
- the cost of any capital expenditures incurred by the REIT or any of its affiliates in respect of the properties owned by the REIT.

(b) Acquisition fee equal to:

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

(c) An annual incentive fee is payable by the REIT equal to 15% of the REIT's FFO per Unit in excess of FFO per Unit for fiscal 2013 plus 50% of the annual increase in the weighted average consumer price index (or other similar metric, as determined by the Trustees) of the jurisdictions in which the investment properties are located.

(d) Capital expenditures fee equal to 5% of all hard construction costs incurred on each capital project with costs in excess of $1,000 excluding work done on behalf of tenants or any maintenance capital expenditures.

In addition, the REIT is required to reimburse Starlight for all reasonable and necessary out-of-pocket costs and expenses incurred by Starlight in connection with the performance of the services described in the Asset Management Agreement or such other services which the REIT and Starlight agree in writing are to be provided from time to time.

The following table presents the costs incurred for the three and nine months ended September 30, 2017 and 2016:

	Three months ended September 30		Nine months ended September 30	
	2017	**2016**	**2017**	**2016**
Asset management fees	$ 421	$ 304	$ 1,160	$ 876
Acquisition fees	-	239	536	239
Other expenses	26	32	113	112
Total	$ 447	$ 575	$ 1,809	$ 1,227

At September 30, 2017, $150 (December 31, 2016 - $151) was included in accounts payable and accrued liabilities at September 30, 2017. No incentive fees were earned or capital expenditure fees were charged for the three and nine months ended September 30, 2017 and 2016.

RISKS AND UNCERTAINTIES

There are certain risks inherent in an investment in the securities of the REIT and in the activities of the REIT. Risks and uncertainties are disclosed below and in the REIT's annual MD&A dated March 8, 2017 for the year ended December 31, 2016 and in the AIF. The annual MD&A and AIF are available on SEDAR at www.sedar.com. Current and prospective Unitholders of the REIT should carefully consider such risk factors.

Management is not aware of any significant changes in risks and uncertainties since March 8, 2017.

USE OF ESTIMATES

The preparation of the REIT's consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions which affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from those estimates.

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

The estimates used in determining the recorded amount for assets and liabilities in the unaudited condensed consolidated interim financial statements include the following.

INVESTMENT PROPERTIES

The estimates used when determining the fair value of investment properties are discount, terminal capitalization, and capitalization rates and future cash flows. The discount, terminal capitalization and capitalization rates applied are reflective of the characteristics, location and market of the investment property. The future cash flows of the investment property are based upon rental income from current leases and assumptions about occupancy rates and market rents from future leases reflecting current conditions, less future cash outflows relating to such current and future leases. Management determines fair value utilizing internal financial information, external market data and capitalization rates provided by independent industry experts and third-party appraisals.

UNIT OPTION PLAN

The estimates used when determining the fair value of the Unit option plan are the average expected unit option holding period, the average expected volatility rate, and the average risk-free interest rate. The average expected unit option holding period used is estimated as half the life of the respective option agreement applied to that unit option upon vesting. The average expected volatility rate applied is estimated based on the historical volatility of the Units. The average risk-free interest rate is based on the Government of Canada bonds with terms consistent with the average expected unit option holding period. Management determines the fair value internally, utilizing the aforementioned inputs, some of which are provided by external market data and some through internal financial information. Unit options granted are carried at fair value which is estimated using the Black Scholes option pricing model.

FINANCIAL INSTRUMENTS

Financial instruments are classified as one of the following: (i) fair value through profit and loss ("FVTPL"), (ii) loans and receivables, (iii) held-to-maturity, (iv) available-for-sale, or (v) other liabilities. Financial instruments are recognized initially at fair value. Financial assets and liabilities classified as FVTPL are subsequently measured at fair value with gains and losses recognized in profit and loss. Financial instruments classified as held-to-maturity, loans and receivables or other liabilities are subsequently measured at amortized cost. Available-for-sale financial instruments are subsequently measured at fair value and any unrealized gains and losses are recognized through other comprehensive income and presented in the fair value reserve in equity. The REIT derecognizes a financial asset when the contractual rights to the cash flows from the asset expire.

Financial liabilities are classified as FVTPL when the financial liability is either classified as held-for-trading or designated as FVTPL. A financial liability may be designated as FVTPL upon initial recognition if it forms part of a contract containing one or more embedded derivatives, and IAS 39, Financial Instruments - Recognition and Measurement, permits the entire combined contract (asset or liability) to be designated as FVTPL.

Financial assets and financial liabilities are accounted for based on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the designation of such instruments.

	Classification	Measurement
Financial assets:		
Instalment notes receivable	Loans and receivables	Amortized cost
Deposits	Loans and receivables	Amortized cost
Tenant and other receivables	Loans and receivables	Amortized cost
Restricted cash	Loans and receivables	Amortized cost
Cash and cash equivalents	Loans and receivables	Amortized cost
Financial liabilities:		
Mortgages payable	Other liabilities	Amortized cost
Class B LP Units	FVTPL	Fair value
Credit facilities	Other liabilities	Amortized cost
Tenant rental deposits and prepayments	Other liabilities	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Unit Option Plan	FVTPL	Fair value
Derivative instrument	FVTPL	Fair value

The fair values of the REIT's instalment notes receivable, deposits, tenant and other receivables, restricted cash and cash and cash equivalents, as well as the revolving credit facilities, tenant rental deposits, accounts payable and accrued liabilities approximate their recorded values due to their short-term nature at the date of the consolidated statements of financial position.

The fair value of mortgages payable disclosed in the notes to the REIT's consolidated financial statements is estimated based on the present value of future payments, discounted at the yield on a Government of Canada bond with the nearest maturity date to the underlying mortgage, plus an estimated credit spread at the reporting date for a comparable mortgage.

Class B LP Units are carried at fair value and the fair value of the Class B LP Units has been determined with reference to the trading price of the Units. Unit options granted are carried at fair value which is estimated using the Black Scholes option pricing model.

Derivative instruments, such as interest rate swaps, are valued using a valuation technique. The most frequently applied valuation technique includes forward pricing models, using present value calculations. The models incorporate various inputs including forward rates and interest rate curves.

These fair value estimates may not necessarily be indicative of the amounts that might be paid or received in actual transactions.

SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES

The following are new standards, amendments to standards and interpretations that have been issued but not yet effective for the nine months ended September 30, 2017 and, accordingly, have not been applied in preparing the consolidated financial statements.

The REIT intends to adopt the following standards on their respective effective dates.

IFRS 15, REVENUE FROM CONTRACTS WITH CUSTOMERS ("IFRS 15"):

IFRS 15 provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standard on leases, insurance contracts and financial instruments. IFRS 15 becomes effective for annual periods beginning on or after January 1, 2018, and is to be applied retrospectively. Early adoption is permitted.

The REIT has assessed the impact of the new standard and there are no significant changes expected to the financial statements.

IFRS 9, FINANCIAL INSTRUMENTS ("IFRS 9"):

On July 24, 2014, the IASB issued IFRS 9. IFRS 9 was issued as a complete standard including the requirements previously issued and the additional amendments to introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets and liabilities. This amendment completes the IASB's financial instruments project and the standard is effective for reporting periods beginning on or after January 1, 2018, with early adoption permitted.

The REIT has assessed the impact of the new standard and there are no significant changes expected to the financial statements.

IFRS 16, LEASES ("IFRS 16"):

IFRS 16 supersedes IAS 17 Leases, IFRS Interpretations Committee ("IFRIC") 4 Determining Whether an Arrangement Contains a Lease, Standards Interpretation Committee ("SIC")-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. It eliminates the distinction between operating and finance leases from the perspective of the lessee. All contracts that meet the definition of a lease will be recorded in the statement of financial position with a "right of use" asset and a corresponding liability. The asset is subsequently accounted for as property, plant and equipment or investment property and the liability is unwound using the interest rate inherent in the lease. The accounting requirements from the perspective of the lessor remain largely in line with previous IAS 17 Leases requirements. The effective date for IFRS 16 is January 1, 2019, with early adoption permitted.

The REIT has assessed the impact of the new standard and there are no significant changes expected to the financial statements.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The REIT 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 consolidated financial statements for external purposes in accordance with IFRS.

All control systems have inherent limitations, including well-designed and operated systems. No control system can provide complete assurance 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 management's assumptions and judgments may ultimately prove to be incorrect under varying conditions and circumstances and the impact of isolated errors. As a growing enterprise, management anticipates that the REIT will be continually evolving and enhancing its systems of controls and procedures.

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.

The CEO and CFO evaluated the effectiveness of the REIT's disclosure controls and procedures (as defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109") and concluded that the design and operation of the REIT's disclosure controls and procedures were effective for the three and nine months ended September 30, 2017.

The CEO and CFO evaluated the design and effectiveness of the REIT's internal controls over financial reporting (as defined in NI 52-109) and concluded that the design and effectiveness of internal controls over financial reporting continue to be appropriate and were effective for the three and nine months ended September 30, 2017.

OUTLOOK

After raising the target overnight rate by 0.25% at both the July and September meetings, the Bank of Canada ("BoC") elected to maintain the target rate at 1% at their October 25, 2017 meeting. This fully reverses the two 2015 rate cuts which were taken to counteract the collapse in oil prices. The primary reason for the pause in fiscal tightening given by the BoC was the stronger than expected Canadian dollar, which is expected to slow the growth of inflation. The BoC also cited a resurgence in concern surrounding geopolitical events, notably the renegotiation of the North American Free Trade Agreement and protectionist trade policies.

The Canadian economy continued it's strong, broad-based growth, and it is expected to continue along a stable upward course. While the recent BoC rate increases coupled with provincial government interventions have served to dampen household spending, this shortfall has been balanced off by strong demand for exports and the improvement of commodity prices to balance out growth.

The BoC's October Monetary Policy Report has incorporated these three factors (strong dollar, rate increases and increased commodity prices) into their models and continue to forecast a reduction of GDP growth in future years as the economy returns to capacity and a lag sets in between business investment and expanded potential output. The BoC anticipates Real GDP to expand by 3.1% in 2017 (up from 2.8% in July's report), and the expectation is that 2018 will fall to 2.1% and 1.5% in 2019, which is lower than previous forecasts. Wage growth generally has not kept pace with the growth in the economy, which suggests that the economy could grow further without a corresponding impact on inflation, which would necessitate further intervention.

Inflation had been soft for the first half of 2017, but increased in the past few months because of a few factors, most notably higher gasoline prices related to Hurricane Harvey's disruption of refinery production. The BoC has indicated that there was a 0.2 percentage points increase in September due to this impact alone, bringing the inflation rate to 1.6% (up from 1% in June). The other key factors were the aforementioned strength of the Canadian Dollar, and the end of weak inflation in food prices. The BoC still predicts that inflation will reach 2% in late 2018, but they have pushed that forecast to the latter portion of the year in response to the strength of the Canadian Dollar.

Management anticipates that overall real estate fundamentals will remain stable throughout 2017 as Canada remains a strong and stable economy, and a safe haven for global capital. While borrowing costs have increased slightly as a result of the rate announcement by the BoC, they remain at near-historic lows and the capital market remains favourable for borrowers.

Management remains focused on improving revenue and NOI through active portfolio management, maintaining strong tenant relationships and utilizing leasing optimization tactics. Management is also focused on further diversifying the geographic concentration of the portfolio through accretive acquisitions. Management believes the geographic diversification of the property portfolio will serve to add stability to the REIT's cash flow as it reduces the REIT's vulnerability to economic fluctuations affecting any particular region in Canada.

Dated: November 9, 2017
Toronto, Ontario, Canada