TRUE NORTH COMMERCIAL
REAL ESTATE INVESTMENT TRUST

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

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2013

November 13, 2013

TABLE OF CONTENTS

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 13, 2013, for the three and nine months ended September 30, 2013 should be read in conjunction with the REIT's unaudited condensed consolidated interim financial statements and accompanying notes for the same period. 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 and 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 such as "may", "might", "will", "could", "should", "would", "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 are not historical facts.

Forward-looking statements necessarily involve known and unknown risks and uncertainties, that 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 will 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 Units and risks related to the REIT and its business. See discussed herein at "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 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; 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 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 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.

BASIS OF PRESENTATION

The REIT's unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2013 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 per unit information.

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"), Indebtedness, and Gross Book Value ("GBV") are not measures defined under International Financial Reporting Standards ("IFRS") as prescribed by the International Accounting Standards Board, 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 and the Indebtedness to GBV ratio 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. 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 ("Unitholders") of units of the REIT ("Units") after a provision for capital expenditures, tenant inducements and leasing costs. AFFO should not be interpreted as an indicator of cash generated from operating activities as it does not consider changes in working capital. Management considers this non-IFRS measure to be an important measure of the REIT's operating performance.

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.

The Indebtedness to GBV ratio is a compliance measure in the REIT's DOT (as defined below) and establishes the limit for financial leverage of the REIT. 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.

GBV is defined in the REIT's DOT and is a measure of the value of the REIT's assets. GBV is presented in this MD&A as management considers this non-IFRS measure to be an important measure of the REIT's asset base and financial position.

Indebtedness is defined in the REIT's DOT and is a measure of the amount of leverage utilized by the REIT. Indebtedness is presented in this MD&A as management considers this non-IFRS measure to be an important measure of the REIT's financial position.

OVERVIEW AND STRATEGY

The REIT is an unincorporated, open-ended real estate investment trust established pursuant to a Declaration of Trust ("DOT") made as of November 16, 2012, and as amended and restated as of December 14, 2012, under, and governed by, the laws of the Province of Ontario.

The predecessor company to the REIT, Tanq Capital Corporation (the "Company"), was formed as a capital pool company on July 13, 2012 and completed its initial public offering ("IPO") on August 28, 2012. The common shares of the Company were listed on the TSX Venture Exchange ("TSXV") under the symbol TQ.P. Prior to entering into a plan of arrangement with the REIT on December 14, 2012 (the "Plan of Arrangement"), there were 27,500,000 common shares of the Company issued and outstanding.

The REIT incorporated True North Commercial General Partner Corp. (the "GP") on November 16, 2012, and together formed True North Commercial Limited Partnership (the "Partnership"). Pursuant to the Plan of Arrangement approved by the Company's shareholders at a special meeting held on December 13, 2012, the Company's shareholders either transferred their common shares of the Company to the Partnership in consideration for Units of the REIT, and/or in the case of electing shareholders, for Class B LP units of the Partnership (each, a "Class B LP Unit") and related voting and exchange rights. In each case, the exchange ratio was one Unit or Class B LP Unit for every eight common shares held. In addition, outstanding share options to purchase common shares in the Company were exchanged for Unit options (each, a "Unit Option") having identical terms, subject to the adjustment of the number of Units based on the exchange ratio of one Unit for every eight common share options. The REIT is the continuing public entity with its Units now currently listed on the Toronto Stock Exchange ("TSX") under the symbol TNT.UN, after its graduation from the TSXV on June 17, 2013.

On June 19, 2013, the Units and the Class B LP Units were consolidated (the "Consolidation") on the basis of one (1) post-consolidation Unit or Class B LP Unit for every two (2) pre-consolidation Unit or Class B LP Unit, respectively. The exercise price and number of Units issuable upon exercise of the outstanding options of the REIT, as well as the number of Class B LP Units and common shares issued prior to the Plan of Arrangement, have all been proportionally adjusted in this MD&A, to account for the Consolidation.

The REIT was established to focus on acquiring and owning commercial rental properties across Canada, subject to the guidelines set out in the DOT.

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 additional commercial rental properties; and
- enhance the value of the REIT's properties through active management to maximize long-term Unit value.

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

FINANCIAL AND OPERATIONAL HIGHLIGHTS

	As at September 30, 2013	As at December 31, 2012
Summary of Financial Information		
Gross Book Value (1)	$174,820	$15,720
Indebtedness (2)	$98,218	$10,250
Indebtedness to Gross Book Value (3)	56.18%	65.20%
Weighted average mortgage fixed interest rate	3.48%	3.92%
Weighted average mortgage term to maturity	4.33 years	5.00 years

	Three months ended September 30, 2013	Nine months ended September 30, 2013	For the period from July 13, 2012 to September 30, 2012
Revenue	$4,881	$12,141	$0
NOI	$3,007	$7,678	$0
Income (loss) and comprehensive income (loss)	$2,774	$20,219	($295)
FFO	$1,778	$4,278	($287)
FFO per unit - basic (4)	$0.16	$0.43	n/a (5)
FFO per unit - diluted (4)	$0.15	$0.40	n/a (5)
AFFO	$1,764	$3,581	($287)
AFFO per unit - basic (4)	$0.16	$0.36	n/a (5)
AFFO per unit - diluted (4)	$0.15	$0.33	n/a (5)
AFFO payout ratio - basic	96%	125%	n/a (5)
AFFO - normalized	$1,853	$4,549	($287)
AFFO normalized per unit - basic (4)	$0.16	$0.45	n/a (5)
AFFO normalized per unit - diluted (4)	$0.15	$0.42	n/a (5)
AFFO normalized payout ratio - basic	91%	98%	n/a (5)
Units outstanding at period-end for FFO and AFFO per unit:			
Weighted average (000s) – basic (4)	11,300	10,063	n/a (5)
Add: Unexercised Unit Options	783	719	n/a (5)
Weighted average (000s) – diluted (4)	12,083	10,782	-

Notes:

(1) "Gross Book Value" is defined in the DOT and includes deferred financing costs of $803 as at September 30, 2013 and $101 as at December 31, 2012 and excludes the derivative instrument of $335 as at September 30, 2013.

(2) "Indebtedness" is defined in the DOT and excludes unamortized financing costs of $694 as at September 30, 2013 and $99 as at December 31, 2012.

(3) Defined as the ratio of Indebtedness to Gross Book Value.

(4) For purposes of calculating FFO and 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 the unexercised Unit and Warrant options.

(5) The performance measures used by the REIT do not represent a useful comparable measure for the period from July 13, 2012 to September 30, 2012 given the REIT began property operations following the Plan of Arrangement on December 14, 2012.

PROPERTY PROFILE

The following table highlights certain information about the REIT's properties as at September 30, 2013:

Property Name	City	Province	Type	Occupancy	Average Remaining Lease Term [(1)]	Sq Ft
Office						
Laurier Property	Ottawa	ON	Office	100%	4.4 years	279,047
Century Property	Calgary	AB	Office	95.1%	4.4 years	75,675
Maple Property	Ottawa	ON	Office	100%	3.9 years	107,243
Carlingview Property	Toronto	ON	Office	100%	4.3 years	26,754
Office/Retail						
Miramichi Property	Miramichi	NB	Office/Retail	100%	3.8 years	73,163
Retail						
Coronation Mall	Duncan	BC	Retail	100%	5.4 years	48,994
Average/Total				99.4%	4.3 years	610,876

Notes:

(1) Weighted by budgeted gross revenue for 2013

PROPERTY DESCRIPTIONS

CORONATION MALL

Coronation Mall is a 48,994 square foot retail shopping centre comprised of two retail buildings located in Duncan, British Columbia. The property is currently 100% occupied. The property was originally constructed in 1970, but was extensively renovated in 2010 and 2011. The shopping centre is situated on a 3.58 acre site on the corner of the Trans-Canada Highway and Coronation Avenue, and is highly visible and accessible given that the average daily traffic count passing the property is over 22,000 vehicles on the Trans-Canada Highway.

FEBRUARY 2013 PROPERTY ACQUISITIONS ("FEBRUARY 2013 PROPERTIES"):

LAURIER PROPERTY

The Laurier Property is a 279,047 square foot office building located in Ottawa, Ontario that is currently 100% occupied, with the Canadian Federal Government leasing approximately 98% of its rentable area. The Laurier Property is well maintained with high quality common area and building systems. The Laurier Property has a prominent location on a well recognized downtown arterial road and is located within Ottawa's downtown central business district, five blocks from Parliament Hill.

CENTURY PROPERTY

The Century Property is a 75,675 square foot office building located in Calgary, Alberta that is currently 95.1% occupied. The Century Property is approximately 63.5% occupied by the Province of Alberta. The building has been well-maintained and provides 43 parking stalls in its underground parkade.

MAPLE PROPERTY

The Maple Property is a 107,243 square foot office building located in Ottawa, Ontario that is 100% occupied and fully leased to Honeywell International, a New York Stock Exchange listed company. The Maple Property is located near the intersection of Terry Fox Drive and Maple Grove Road in the heart of Terry Fox Business Park, one of the more desirable suburban office nodes in Ottawa. The property is located approximately 20 minutes west of the downtown core of Ottawa. Significant investment has been made by the tenant to customize the leasehold to suit specific engineering and fabrication needs.

MIRAMICHI PROPERTY

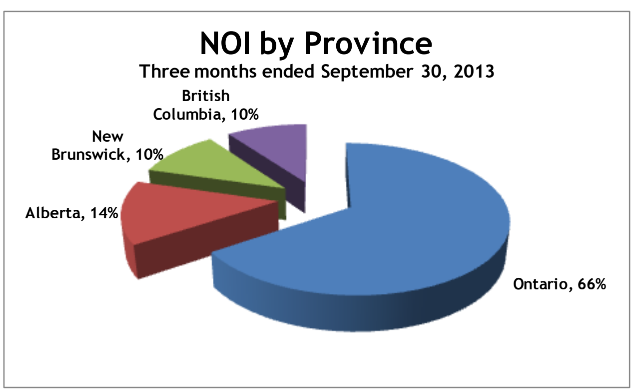
The Miramichi Property is a 73,163 square foot office/retail facility located in Miramichi, New Brunswick that is 100% occupied. The property was originally constructed in 1969 as a neighbourhood retail strip plaza with major renovations completed in 1995, 1996, and 2012. Over $4 million of capital improvements were made over the last two years to facilitate the change of use for recent tenant additions, including the Federal Government of Canada.

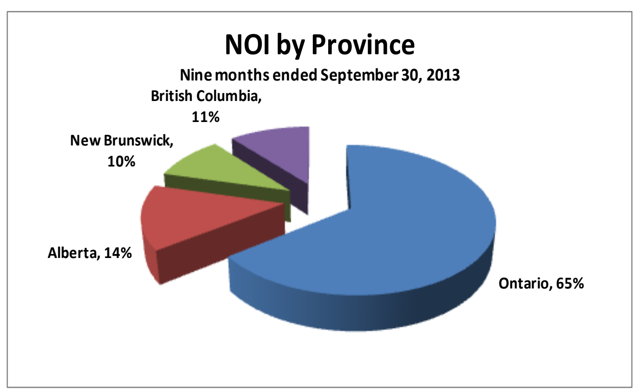
CARLINGVIEW PROPERTY

The Carlingview Property is a 26,754 square foot single-tenant office building located in the city of Toronto, Ontario. The Carlingview Property is 100% occupied on a recently entered into five year lease. The Carlingview Property benefits from the close proximity to Toronto Pearson International Airport, and access to Highways 401, 407, 427, and 409. The Carlingview Property is currently occupied by Cash Money Cheque Cashing Inc., a cash lender with locations in Ontario, Alberta, British Columbia, Manitoba, New Brunswick and Nova Scotia.

GEOGRAPHIC DISTRIBUTION

The properties are diversified regionally as follows:

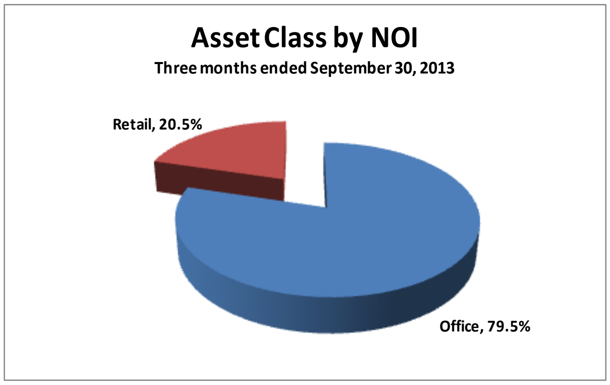


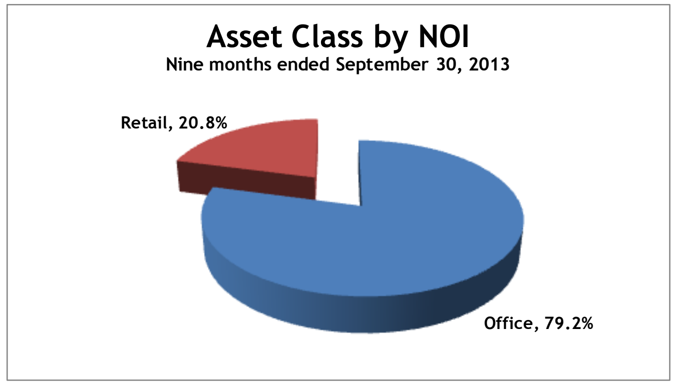


NOI is based on actual results for the three and nine months ended September 30, 2013.

ASSET CLASS DISTRIBUTION

THE DISTRIBUTION OF THE PROPERTIES BY ASSET CLASS IS AS FOLLOWS:

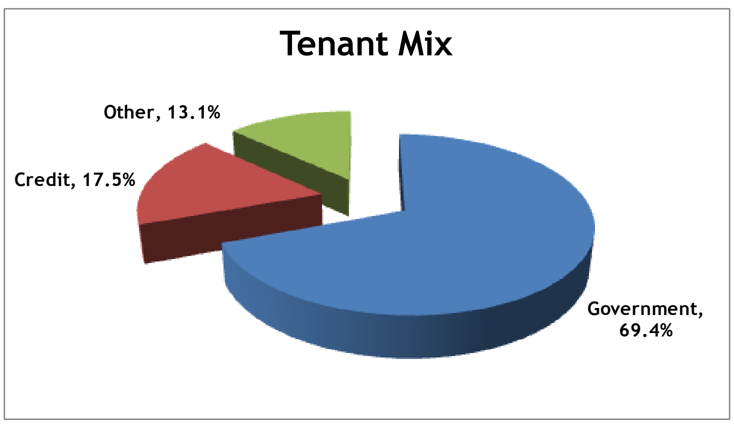




NOI is based on actual results for the three and nine months ended September 30, 2013.

TENANT MIX

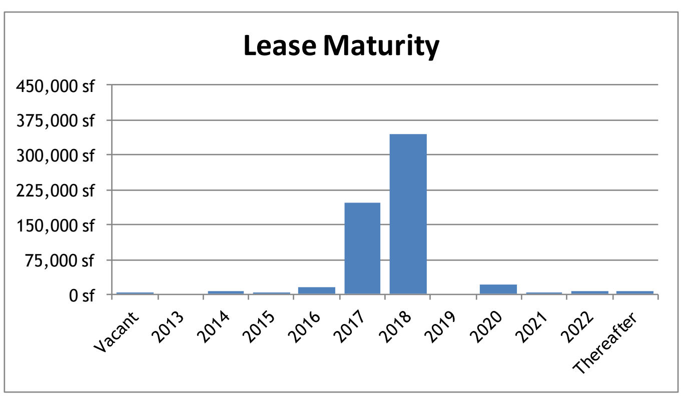
As at September 30, 2013, the percentage of tenants occupying the properties that are government institutions, credit-rated or other is as follows:



The tenant mix is based on the tenant's annualized budgeted gross revenue.

LEASE ROLLOVER PROFILE

As at September 30, 2013, the lease rollover profile of the REIT is as follows:



Lease maturity is based on square footage of the leases.

FINANCIAL PERFORMANCE

The REIT's financial performance and results of operations for the three and nine months ended September 30, 2013 and for the period from July 13, 2012 to September 30, 2012 are summarized below. The REIT's revenue, property operating costs, net operating income, trust expenses and finance costs for the three and nine month period ended September 30, 2013 are not directly comparable to the corresponding prior period in 2012 as the REIT acquired its first property on December 14, 2012.

FINANCIAL PERFORMANCE

	Three months ended September 30, 2013	Nine months ended September 30, 2013	For the period from July 13, 2012 to September 30, 2012
Revenue	$ 4,881	$ 12,141	$ -
Expenses:			
Property operating costs	1,064	2,516	-
Realty taxes	810	1,947	-
	1,874	4,463	-
Net operating income	$ 3,007	$ 7,678	$ -
NOI margin	61.6%	63.2%	0.0%
Trust expenses	(408)	(1,422)	(295)
Fair value adjustment of investment properties	989	13,947	-
Finance income	-	6	-
Finance costs	(898)	(2,304)	-
Finance costs - fair value adjustment of Class B LP Units	533	2,988	-
Finance costs - distributions on Class B LP Units	(317)	(1,009)	-
Unrealized (loss) gain on change in fair value of derivative instrument	(132)	335	-
Income (loss) and comprehensive income (loss)	$ 2,774	$ 20,219	$ (295)

REVENUE AND PROPERTY OPERATING EXPENSES

Revenue includes all rental income earned from the 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.

The REIT accounts for rent step-ups and free rent periods by straight-lining the incremental increases and free rent periods over the entire non-cancelable lease term. The straight-line rent adjustment for the three and nine months ended September 30, 2013 was $14 and $690, respectively.

Property operating costs include costs relating to building maintenance, HVAC, elevator, insurance, utilities and management fees.

Revenue for the three and nine months ended September 30, 2013 was $4,881 and $12,141, respectively. Property operating costs for the respective periods were $1,874 and $4,463, respectively. The acquisitions of the majority of the current property portfolio occurred in the middle of February 2013, therefore, the nine months ended September 30, 2013 does not represent a full nine months of operations of the six properties currently owned by the REIT.

The NOI margin for the three months ended September 30, 2013 is lower than the year to date results due to a slight decrease in occupancy of 0.3% and an increase in non recoverable expenses for the quarter.

Occupancy for the property portfolio has remained stable at 99.4%, consistent with the occupancy rate at June 30, 2013.

TRUST EXPENSES

Trust 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 (the "Unit Option Plan") and other general and administrative expenses associated with the operation of the REIT. Also included in trust expenses are asset management fees payable to Starlight Investments Ltd. ("Starlight"). See "Related Party Transactions and Arrangements – Arrangements with Starlight".

The breakdown of trust expenses for the three and nine months ended September 30, 2013 and for the period from July 13, 2012 to September 30, 2012 is as follows:

	Three months ended September 30, 2013	Nine months ended September 30, 2013	For the period from July 13, 2012 to September 30, 2012
Legal, audit and tax	$ 9	$ 202	$ 286
Investor relations	26	87	1
Unit based compensation	77	320	8
General and administration	155	283	-
TSX listing and graduation fees	-	172	-
Asset management fee	141	358	-
Trust expenses	$ 408	$ 1,422	$ 295

THREE MONTHS ENDED SEPTEMBER 30, 2013

Legal, audit and tax of $9 is made up of audit and tax fees of $29 offset by a legal fee reduction of $20. Investor relations expense consists of regular monthly registrar and transfer agent fees as well as investor and public relations fees. General and administration expenses include $89 of due diligence acquisition costs relating to an acquisition that the REIT is no longer pursuing.

NINE MONTHS ENDED SEPTEMBER 30, 2013

Included in legal, audit and tax expenses are additional legal and other fees associated with annual regulatory filing requirements and the annual general meeting of the REIT which was held in June, 2013. Investor relations expense also includes additional fees for annual regulatory filing requirements of $11 for filing the annual information form and printing and mailing fees of $10 for the annual general meeting. TSX listing and graduation fees of $172 are one-time fees associated with the REIT's graduation and listing of its Units on the TSX on June 19, 2013. General and administration expenses mainly include trustee fees and due diligence acquisition costs relating to acquisitions that the REIT is no longer pursuing.

PERIOD FROM JULY 13, 2012 TO SEPTEMBER 30, 2013

Trust expenses include legal and consulting fees of $286 incurred in connection with the Plan of Arrangement.

INVESTMENTS PROPERTIES – FAIR VALUE ADJUSTMENTS

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).

The REIT calculates fair value using both the discounted cash flow method and direct capitalization method which are generally accepted appraisal methodologies and 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 rollovers. Fair values are supported by a combination of internal financial information, market data and external independent valuations.

The following table summarizes the change in investment properties for the three and nine months ended September 30, 2013 and the period from July 13, 2012 to December 31, 2012:

		Amount
Balance at July 13, 2012	$	-
Acquisition of investment property		14,657
Fair value adjustment		(103)
Balance at December 31, 2012		14,554
Acquisition of investment properties		139,946
Additions to investment properties		9
Leasing commissions		10
Straight line rent adjustment		676
Fair value adjustment		12,958
Balance at June 30, 2013		168,153
Additions to investment properties		943
Straight line rent adjustment		14
Fair value adjustment		989
Balance at September 30, 2013	$	170,099

Additions to investment properties for the three months ended September 30, 2013 was $943, of which $886 relate to the Laurier Property. The additions relate to building enhancements and tenant improvements relating to the largest tenant of the Laurier Property. The REIT capitalizes all capital improvement expenditures on its properties that enhance the service potential of the property and extend the useful life.

The fair value changes in individual properties result from changes in the projected income and cash flow projections of these properties as well as from changes in capitalization rates and discount rates applied. The increase in fair value adjustment for the three months ended September 30, 2013 of $989 was a result of an increase in expected market rents and increased cash flow as a result of future tenant changes.

The key valuation assumptions for the REIT's investment properties at September 30, 2013 are set out in the following table:

	Percentage
Terminal capitalization rates - range	6.00% - 11.60%
Terminal capitalization rate - weighted average	6.67%
Discount rates - range	6.50% - 10.50%
Discount rate - weighted average	7.17%

FINANCE COSTS

The REIT's finance costs for the three and nine months ended September 30, 2013 and for the period from July 13, 2012 to September 30, 2012 are summarized below.

	Three months ended September 30, 2013	Nine months ended September 30, 2013	For the period from July 13, 2012 to September 30, 2012
Interest on mortgages payable	$ 852	$ 2,195	$ -
Other interest expense	1	1	-
Amortization of financing costs	45	108	-
	898	2,304	-
Distributions on Class B LP Units	317	1,009	-
Fair value adjustment of Class B LP Units	(533)	(2,988)	-
	$ 682	$ 325	$ -

Interest on mortgages payable for the three and nine months ended September 30, 2013 is comprised of interest on outstanding mortgages payable of $98,018 as at September 30, 2013. Total financing costs associated with the mortgages amounts to $803. (See "Mortgages Payable"). The amortization of those financing costs associated with the mortgages amounts to $45 and $108 for the three and nine months ended September 30, 2013.

The REIT declared its first distribution for the period from December 14, 2012 to January 31, 2013 on February 15, 2013. Distributions on Class B LP Units for the three and nine months ended September 30, 2013 of $317 and $1,009, respectively reflect distributions on 2,134,375 Class B LP Units issued and outstanding and includes distributions payable for the 17 day period from December 14 to December 31, 2012. (See "Unitholders' Equity & Class B LP and Special Voting Units")

The fair value change in Class B LP Units is an increase or decrease in correlation to the increase or decrease in the trading price of the Units on the TSX and any resulting change in their fair value is reported in the period such change occurs. The trading price of the Units on December 31, 2012 was $7.50 compared to $6.10 on September 30, 2013 thus resulting in a fair value adjustment of $533 and $2,988, respectively, for the three and nine months ended September 30, 2013.

UNREALIZED LOSS ON CHANGE IN FAIR VALUE OF DERIVATIVE INSTRUMENT

The REIT entered into an interest rate swap agreement on February 12, 2013 to limit its interest rate exposure during the term of the mortgage on the Laurier Property. The mortgage has a principal balance of $48,125 as at September 30, 2013 and an annual fixed interest rate of 3.388%. For this derivate instrument, an asset or liability is recognized and measured initially at fair value. The asset or liability is remeasured to fair value at each reporting date and at each settlement date. Changes in the fair value of the asset or liability are recognized as an unrealized gain or loss on change in fair value of the derivative instrument. The unrealized gain and corresponding receivable of $335 is the present value of the difference between the fixed rate the lender would offer the REIT on September 30, 2013 compared to the 3.388% multiplied by the principal balance of the mortgage.

FFO AND AFFO RECONCILIATIONS

FUNDS FROM OPERATIONS

The REIT calculates FFO in accordance with the guidelines set out by the Real Property Association of Canada.

Reconciliation of income (loss) and comprehensive income (loss), determined in accordance with IFRS, to FFO for the three and nine months ended September 30, 2013 and the period from July 13, 2012 to September 30, 2012 is as follows:

	Three months ended September 30, 2013	Nine months ended September 30, 2013	For the period from July 13, 2012 to September 30, 2012
Income (loss) and comprehensive income (loss)	$ 2,774	$ 20,219	$ (295)
Add / (Deduct):			
Trust expense - revaluation of Unit Options (1)	83	331	8
Trust expense - revaluation of warrant options (2)	(6)	(11)	
Fair value adjustment of investment properties	(989)	(13,947)	-
Finance costs - fair value adjustment of Class B LP Units	(533)	(2,988)	-
Finance costs - distributions on Class B LP Units	317	1,009	-
Unrealized gain on change in fair value of derivative instrument	132	(335)	-
FFO	$ 1,778	$ 4,278	$ (287)
FFO per Unit - basic (3)	$0.16	$0.43	n/a (4)
FFO per Unit - diluted (3)	$0.15	$0.40	n/a (4)
Weighted average units outstanding:			
Basic - (000s) (3)	11,300	10,063	n/a (4)
Add:			
Unexercised Unit Options	783	719	n/a (4)
Diluted - (000s) (3)	12,083	10,782	-

Notes:

(1) Unit Options are treated as a financial liability and are remeasured at fair value at each reporting date.

(2) Warrant options are treated as a financial liability and are remeasured at fair value at each reporting date.

(3) 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 assume the conversion of the unexercised Unit and Warrant options.

(4) The performance measures used by the REIT do not represent a useful comparable measure for the period from July 13, 2012 to September 30, 2012 given the REIT began property operations following the Plan of Arrangement on December 14, 2012.

FFO for the three and nine months ended September 30, 2013 was $1,778 and $4,278, respectively. Year to date FFO does not include a full nine months of operations of the six properties currently owned by the REIT given the majority of the portfolio was acquired in February, 2013.

ADJUSTED FUNDS FROM OPERATIONS

Reconciliation of income (loss) and comprehensive income (loss), determined in accordance with IFRS, to AFFO for the three and nine months ended September 30, 2013 and the period from July 13, 2012 to September 30, 2012 is as follows:

	Three months ended September 30, 2013	Nine months ended September 30, 2013	For the period from July 13, 2012 to September 30, 2012
FFO	$ 1,778	$ 4,278	$ (287)
Add / (Deduct):			
Non-cash compensation expense [(1)]	24	75	-
Amortization of deferred financing costs	45	108	-
Straight-line rent	(14)	(690)	-
Capital reserve [(2)]	(69)	(190)	-
AFFO	$ 1,764	$ 3,581	$ (287)
AFFO per unit - basic [(3)]	$0.16	$0.36	n/a [(5)]
AFFO per unit - diluted [(3)]	$0.15	$0.33	n/a [(5)]
Distributions declared [(4)]	$ 1,680	$ 4,728	n/a [(5)]
AFFO payout ratio - basic	96%	125%	
AFFO	$ 1,764	$ 3,581	$ (287)
Add / (Deduct):			
TSX graduation costs	-	172	-
Due diligence acquisition costs	89	101	-
Rental income related to purchase price adjustments	-	695	-
AFFO - normalized	$ 1,853	$ 4,549	$ (287)
AFFO normalized per unit - basic [(3)]	$0.16	$0.45	n/a [(5)]
AFFO normalized per unit - diluted [(3)]	$0.15	$0.42	n/a [(5)]
AFFO normalized payout ratio - basic	91% [(6)]	98%	

Notes:

(1) Non-cash compensation expense includes certain trustee fees.

(2) Based on an estimate of $.45 per square foot per annum. Capital reserve includes capital expenditures, tenant inducments and leasing costs.

(3) 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 the unexercised Unit Options Diluted amounts assume the conversion of the unexercised Unit Options.

(4) Distributions declared for the period from December 14, 2012 to September 30, 2013.

(5) The performance measures used by the REIT do not represent a useful comparable measure for the period from July 13, 2012 to September 30, 2012 given the REIT began property operations following the Qualifying Transaction on December 14, 2012.

(6) The AFFO normalized payout ratio for the three months ended September 30, 2013 is lower than the year to date ratio as a result of lower trust expenses incurred in the quarter.

The REIT adjusted for non-recurring items below to arrive at a normalized AFFO for the three and nine months ended September 30, 2013:

- One-time TSX graduation costs of $nil and $172, respectively associated with the graduation of the REIT to the TSX on June 17, 2013
- Due diligence acquisition costs of $89 and $101, respectively related to potential property acquisitions that the REIT is no longer pursuing

- Rental income recognized as purchase price adjustments under IFRS upon acquisition of the February 2013 Properties of $nil and $695. The rental income relates to rent free periods for various tenants for which the REIT received funds as part of the acquisition.

OTHER NON-IFRS FINANCIAL MEASURES

See detailed calculation of NOI under "Financial Performance" on page 8 and Indebtedness to GBV ratio under "Debt Profile" below.

CAPITAL STRUCTURE AND DEBT PROFILE

CAPITAL STRUCTURE

The REIT defines its capital as the aggregate of Unitholders' equity, mortgages payable and Class B LP Units. The REIT's capital management program is designed to maintain a level of capital which allows it to implement its business strategy of building long-term Unitholder value and maintaining sufficient capital reserves while complying with investment and debt restrictions pursuant to the DOT and lender debt covenants.

As at September 30, 2013 and December 31, 2012, the total capital of the REIT was as follows:

	As at September 30, 2013	As at December 31, 2012
Mortgages payable (excludes unamortized financing costs of $694 at September 30, 2013 and $99 at December 31, 2012)	$ 98,018	$ 10,250
Credit facility	200	-
Class B LP Units	13,020	16,008
Unitholders' equity	59,796	(11,747)
Total capital	$ 171,034	$ 14,511

DEBT PROFILE

As at September 30, 2013, the overall leverage, as represented by the ratio of Indebtedness to GBV was 56.18% compared to 65.20% at December 31, 2012. The maximum allowable ratio under the DOT is 75%. Below is a calculation of the REIT's Indebtedness to GBV ratio at September 30, 2013 and December 31, 2012.

	As at September 30, 2013	As at December 31, 2012
Total assets	$ 174,017	$ 15,619
Deferred Financing Costs	803	101
Gross Book Value	$ 174,820	$ 15,720
Mortgages payable	97,324	10,151
Unamortized financing costs	694	99
Credit facility	200	-
Indebtedness	$ 98,218	$ 10,250
Indebtedness to Gross Book Value	56.18%	65.20%

The mortgages carry a weighted average fixed interest rate of 3.48% (December 31, 2012 – 3.92%), and a weighted average term to maturity of 4.33 years (December 31, 2012 – 5.00 years). All interest rates are fixed for the term of the respective mortgages.

The REIT's strategy is 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 availability of financing, market conditions and the financial characteristics of each property.

MORTGAGES PAYABLE

The following table sets out, as at September 30, 2013, scheduled principal repayments and amounts maturing on the mortgages payable 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
2013 remaining	$ 588	$ -	$ 588	$ 848	0.60%
2014	2,579	1,662	4,241	3,323	4.33%
2015	2,671	-	2,671	3,214	2.73%
2016	2,765	-	2,765	3,121	2.82%
2017	2,838	9,136	11,974	2,992	12.22%
Thereafter	493	75,286	75,779	651	77.30%
	$ 11,934	$ 86,084	98,018	$ 14,149	100.00%
Unamortized financing costs			(694)		
			$ 97,324		

Included in the balance of $98,018 is financing obtained by the REIT from the vendor of the Miramichi Property, in the amount of $1,662. Subsequent to the acquisition, this vendor take back mortgage was sold as a secured promissory note ("Note"). The Note will be repaid by an amount equal to the total gross revenue realizable upon the execution of any new lease of a specified portion of the property for the period from June 1, 2014 to February 12, 2018. However, the full amount is repayable no later than February 12, 2018. The Note bears interest at an annual fixed rate of 2.0%. The Note is interest-only and is payable monthly in arrears.

OPERATING CREDIT FACILITY

On February 12, 2013, the REIT entered into a credit agreement with a Canadian chartered bank to obtain a $5,000 floating rate revolving credit facility (the "Credit Facility"). The Credit Facility bears interest on cash advances at 225 basis points per annum over the floating banker's acceptance rate or 100 basis points over prime rate to be determined on the date the Credit Facility is drawn down. The Credit Facility expires on February 12, 2015. As at September 30, 2013, $200 was drawn on the Credit Facility. The revolving Credit Facility is secured by a first charge on the Miramichi Property.

LIQUIDITY AND CASH FLOW

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, the level of operating and other expenses and other factors. Material changes in these factors may adversely affect the REIT's net cash flow from operating activities and liquidity. A more detailed discussion of these risks can be found under the "Risks and Uncertainties" section.

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 its operating activities; (ii) mortgage debt secured by investment properties; (iii) the Credit Facility; and (iv) issuances of debt and equity.

CASH FLOW

The following table details the changes in cash and cash equivalents for the three and nine months ended September 30, 2013 and the period from July 13, 2012 to September 30, 2012:

	Three months ended September 30, 2013	Nine months ended September 30, 2013	For the period from July 13, 2012 to September 30, 2012
Cash provided (used) by operating activities	$ 3,018	$ 4,520	$ (111)
Cash used in investing activities	(943)	(139,025)	-
Cash provided (used) by financing activities	(2,549)	134,509	4,937
Increase (decrease) in cash and cash equivalents	(474)	4	4,826
Cash and cash equivalents, beginning of period	1,385	907	-
Cash and cash equivalents, end of period	$ 911	$ 911	$ 4,826

THREE MONTHS ENDED SEPTEMBER 30, 2013

Cash provided by operating activities of $3,018 relates to the property operations of all six properties for a full three months. The cash used in investing activities for the three months ended September 30, 2013 of $943 relates to additions on capital and leasehold improvements to investment properties. Cash used in financing activities of $2,549 is made up of principal mortgage payments of $562, interest payments of $916, and distributions to Unitholders of $1,271 offset by $200 provided by the Credit Facility.

NINE MONTHS ENDED SEPTEMBER 30, 2013

Cash provided by operating activities for nine months ended September 30, 2013 of $4,520 relates primarily to the property operations of Coronation Mall for a full nine months and the February 2013 Properties from their dates of acquisition. The cash used in investing activities of $139,025 reflects the acquisition of the February 2013 Properties. Cash provided by financing activities of $134,509 relates primarily to proceeds from the mortgages of $86,523 (net of financing costs of $650), the issuance of Units of $54,028 (net of costs of $4,716) and $200 provided by the Credit Facility. This was offset by interest payments and other finance costs and income of $2,138, principal mortgage payments of $1,119 and distributions to Unitholders of $2,985.

PERIOD FROM JULY 13, 2012 TO SEPTEMBER 30, 2012

Cash used in operating activities of $111 relate to costs affiliated with the Plan of Arrangement. Cash provided by financing activities relates to proceeds from the issuance of common shares of the Company of $4,778 (net of costs of $222) and $159 due to changes in non-cash accruals.

UNITHOLDERS' EQUITY, CLASS B LP UNITS AND SPECIAL VOTING 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 "Special Voting Units").

UNITS

Each Unit confers the right to one vote at any meeting of Unitholders and to participate pro rata in all distributions by the REIT and, in the event of termination or winding-up of the REIT, in the net assets of the REIT. The holders of Units have the right to require the REIT to redeem their Units on demand up to a maximum of $50 in a calendar month. The Units have no par value. Upon receipt of the redemption notice by the REIT, all rights to and under the Units tendered for redemption shall cease and the holder thereof shall be entitled to receive a price per Unit ("Redemption Price") as determined by a formula outlined in the DOT. The Redemption Price will be paid in accordance with the conditions provided for in the DOT.

The following table summarizes the changes in Units for the period from July 13, 2012 to September 30, 2013:

	Units		Amount
Outstanding as at July 13, 2012	-	$	-
Issuance of Units on exchange for common shares of the Company, December 14, 2012, net of costs of $192	1,303,125		1,728
Issuance of Units, December 14, 2012	66,845		500
Outstanding as at December 31, 2012	1,369,970		2,228
Issuance of Units, February 12, 2013, net of costs of $4,716	7,274,957		51,010
Issuance of Units, February 12, 2013, private placement	391,645		3,000
Issuance of Units under DRIP	153,850		1,008
Issuance of Units from warrants exercised	3,721		18
Outstanding as at September 30, 2013	9,194,143	$	57,264

The number of Units increased by 57,361 from June 30, 2013 due to the issuance of units under the Distribution Reinvestment Plan ("DRIP").

CLASS B LP UNITS AND SPECIAL VOTING UNITS

The DOT and the exchange agreement dated December 14, 2012 between the REIT, Starlight, the GP and the Partnership, amongst others (the “Exchange Agreement”) provide for the issuance of the Special Voting Units which have no economic entitlement in the REIT or in the distribution or assets of the REIT, but are used to provide voting rights proportionate to the votes of the Units to holders of securities exchangeable into Units (i.e. the Class B LP Units). Each Special Voting Unit is not transferable separately from the Class B LP Unit to which it is attached and will be automatically redeemed and cancelled upon the exchange of the attached Class B LP Unit into a Unit.

The Class B LP Units issued by the Partnership to holders, together with the related Special Voting Units, have economic and voting rights equivalent, in all material aspects, to the REIT’s Units. They are exchangeable at the option of the holder thereof on a one-for-one basis (subject to anti-dilution adjustments) for the REIT’s Units, under the terms of the Exchange Agreement. 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 instead of Class B LP Units.

The Class B LP Units meet the definition of a financial liability under IAS 32, Financial Instruments – Presentation. Further, the Class B LP Units 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 and comprehensive income. The distributions paid on the Class B LP Units are accounted for as finance costs.

The following table summarizes the changes in Class B LP Units for the period from July 13, 2012 to September 30, 2013:

	LP Units		Amount
Outstanding as at July 13, 2012	-	$	-
Issuance of Class B LP Units on exchange for common shares of the Company, December 14, 2012	2,134,375		3,080
Fair value adjustment	-		12,928
Outstanding at December 31, 2012	2,134,375	$	16,008
Fair value adjustment	-		(2,988)
Outstanding at September 30, 2013	2,134,375	$	13,020

No Class B LP Units were issued during the three months ended September 30, 2013.

A summary of the carrying and fair value of the Class B LP Units as at September 30, 2013 and December 31, 2012 is as follows:

		As at September 30, 2013		As at December 31, 2012
Carrying value	$	3,080	$	3,080
Cumulative fair value adjustment		9,940		12,928
Fair value	$	13,020	$	16,008

DISTRIBUTIONS

The REIT adopted a DRIP on January 1, 2013 and amended it effective at June 19, 2013. Eligible Unitholders, as well as holders of Class B LP Units can elect to reinvest cash distributions for additional Units at a 3% discount to the weighted average closing price of the Units on the TSX for the five trading days immediately preceding the applicable date of distribution. The REIT will determine for each distribution payment date, the amount of new equity, if any that will be made available under the DRIP on that date.

The REIT currently pays monthly distributions to Unitholders of $0.0495 per Unit or Class B LP Unit or $0.594 on an annualized basis. Distributions declared for the three and nine months ended September 30, 2013 were $1,680 and $4,728, respectively. The amounts of $228 and $1,008 were reinvested into 57,361 and 153,850 additional Units pursuant to the terms of the DRIP.

The following table shows distribution payments to holders of Units and Class B LP Units for the three and nine months ended September 30, 2013:

	Three months ended September 30, 2013			Nine months ended September 30, 2013		
	Units	LP Units	Total	Units	LP Units	Total
Distributions paid	$ 848	$ 43	$ 891	$ 2,985	$ 174	$ 3,159
Distributions paid in Units pursuant to DRIP	60	168	228	279	729	1,008
Distributions Payable at September 30, 2013	455	106	561	455	106	561
Total	$ 1,363	$ 317	$ 1,680	$ 3,719	$ 1,009	$ 4,728

There were no distributions paid for the period from July 13, 2012 to September 30, 2012.

UNIT OPTION PLAN

The REIT's Unit Option Plan provides for, from time to time, at the discretion of the Trustees of the REIT (the "Trustees"), the issuance of Unit Options to purchase Units for cash. Participation in the Unit Option Plan is restricted to the Trustees and officers of the REIT, certain employees of Starlight and eligible service providers to the REIT. The Unit Options are non-transferable options to purchase Units, exerciseable for a period of up to five years from the date of grant. The maximum number of Units reserved for issuance under the Unit Option Plan may not exceed 10% of the Units issued and outstanding, which amount shall be inclusive of the issued and outstanding Class B LP Units of the Partnership. All currently outstanding Unit Options vest in equal parts over a three-year period from the date of grant.

On August 27, 2012, the Company granted 1,950,000 share options at an exercise price of $0.20 per share, expiring on August 27, 2017. These options vest over a three-year period beginning one year from the date of grant.

Pursuant to the Plan of Arrangement approved by the Company's shareholders on December 13, 2012 and the TSXV on December 14, 2012, the 1,950,000 outstanding share options have been exchanged for 243,750 Unit Options at an exercise price of $1.60 per Unit Option on the basis of one Unit Option for every eight share options of the Company. The Unit Options have terms identical to the share options, subject to the adjustment of the number of Units based on the exchange ratio of one Unit for every eight common share options.

On December 14, 2012, the REIT granted 100,000 Unit Options at an exercise price of $7.48 per Unit Option, expiring on December 14, 2017. These Unit Options vest over a three-year period beginning one year from the date of grant.

On February 12, 2013, the REIT granted 427,500 Unit Options at an exercise price of $7.66 per Unit Option expiring on February 12, 2018. These Unit Options vest over a three-year period beginning one year from the date of grant.

WARRANTS

On August 28, 2012, in connection with the Company's equity offering, Raymond James Ltd. (the "Agent") was granted non-transferable warrant options (the "Warrants") to purchase, in aggregate, 125,000 shares at a price of $0.60 per share, expiring on August 28, 2014. The Warrant certificate contains provisions which provides that if there is a reorganization or reclassification of the shares into other shares or into other securities, the Agent will be entitled to receive in lieu of the number of shares to which it was theretofore entitled upon such exercise, the aggregate number of shares, other securities or other property which the Agent would have been entitled to receive as a result of such reorganization.

Pursuant to the Plan of Arrangement approved by the Company's shareholders on December 14, 2012, the 125,000 outstanding Warrants have been exchanged for 15,625 Unit Options at an exercise price of $4.80 per Unit Option on the basis of one Unit Option for every eight Warrants of the Company, such that there are no longer any Warrants outstanding. The Unit Options have terms identical to the Warrants, subject to the adjustment of the number of Units based on the exchange ratio of one Unit for every eight Warrants.

On March 18, 2013, 3,721 Unit Options were exchanged for Units and exercised at an exercise price of $4.80 per Unit Option. The fair value adjustment on the Unit Options exercised of $7 was recognized through unitholders' equity.

The changes in the REIT's Unit Options for the period from July 13, 2012 to September 30, 2013 are summarized below:

	Number of Unit Options	Weighted average exercise price (in actual dollars)
Outstanding as at July 13, 2012	-	$ -
Unit Options exchanged for share options of the Company, December 14, 2012	243,750	1.60
Unit Options exchanged for Warrants, December 14, 2012	15,625	4.80
Granted Unit Options, December 14, 2012	100,000	7.48
Outstanding as at December 31, 2012	359,375	3.38
Granted Unit Options, February 12, 2013	427,500	7.66
Unit Options exchanged for Warrants exercised	(3,721)	4.80
Outstanding as at September 30, 2013	783,154	$ 5.71

No Unit Options were issued during the three months ended September 30, 2013.

Unit Options outstanding at September 30, 2013 consist of the following:

Weighted average exercise price (in actual dollars)	Number of Unit Options	Weighted average remaining contractual life	Number of Unit Options exercisable
$1.60	243,750	4.16 years	81,250
4.80	11,904	1.16 years	11,904
7.48	100,000	4.46 years	-
7.66	427,500	4.37 years	
	783,154		93,154

For the three and nine months ended September 30, 2013 and for the period from July 12, 2012 to September 30, 2012 compensation expense for the Unit Options issued of $83, $331 and $8, respectively, were determined using the Black-Scholes option pricing model, with the following assumptions:

	Three months ended September 30, 2013	For the period from July 13, 2012 to September 30, 2012
Expected option life	2.67 years	3.38 years
Expected volatility	20.00%	75.00%
Dividend yield	9.74%	7.00%
Risk-free interest rate	1.48%	0.98%

RELATED PARTY TRANSACTIONS AND ARRANGEMENTS

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

ARRANGEMENTS WITH STARLIGHT

On December 14, 2012, the REIT entered into an asset management agreement with Starlight (the "Asset Management Agreement"). Pursuant to the Asset Management Agreement, Starlight provides advisory, asset management and administrative services to the REIT. The REIT will be administered and operated by the REIT's CEO and Chief Financial Officer 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 the termination provisions in the Asset Management Agreement.

Starlight will be 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 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) From and after January 1, 2013, an incentive fee payable by the REIT for each fiscal year equal to 15% of the REIT's FFO in excess of the FFO per hurdle rate determined by the Trustees by September 30, 2013 for the 2013 fiscal year, with reference to such parameters and information as the Trustees deem prudent, including without limitation, the 2013 business plan of the REIT, and for fiscal years from and after January 1, 2014, an amount equal to the REIT's FFO per Unit for fiscal 2013 plus 50% of the increase in the weighted average consumer price index (or other similar metric as determined by the Trustees) of the jurisdictions in which the properties are located. For the purpose of this calculation, FFO per Unit means the quotient obtained by dividing: (i) the sum of: (A) the gain on the dispositions of any properties in the fiscal year (calculated as the difference between the total sale price set out in any agreement entered into by the REIT with respect to the disposition of the property or properties and the historical purchase price of such property or properties inclusive of costs incurred), and (B) FFO, by (ii) the total number of issued and outstanding Units as at the end of such fiscal year.

(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.

For the three and nine months ended September 30, 2013 and the period from July 13, 2012 to September 30, 2012, the base asset management fee was $140; $358 and $nil, respectively. Of these amounts, $46 (December 31, 2012 - $3) is included in accounts payable and accrued liabilities.

For the three and nine months ended September 30, 2013 and the period from July 13, 2012 to September 30, 2012, the REIT incurred $nil, $1,335 and $nil, respectively, for acquisition services under the Asset Management agreement, which were paid at the time of acquisition.

There were no capital expenditure fees incurred for the three and nine months ended September 30, 2013 and the period from July 13, 2012 to September 30, 2012.

In addition, the REIT will reimburse Starlight for all reasonable and necessary actual 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 by Starlight.

Reimbursement of out-of-pocket costs and expenses for the three and nine months ended September 30, 2013 and the period from July 13, 2012 to September 30, 2012 were $nil, $14 and $nil, respectively.

RISKS AND UNCERTAINTIES

There are certain risks inherent in an investment in the securities of the REIT and in the activities of the REIT, including those set out in the annual information form of the REIT dated June 19, 2013 (the "AIF"), as well as, the following, which current and prospective holders of securities of the REIT should carefully consider. The AIF is available on SEDAR at www.sedar.com. If any of the following or other risks occurs, the REIT's business, prospects, financial condition, financial performance and cash flows could be materially adversely impacted. In that case, the ability of the REIT to make distributions to Unitholders could be adversely affected, trading price of the securities of the REIT could decline and investors could lose all or part of their investment in such securities. There is no assurance risk management steps taken will avoid future loss due to the occurrence of the below described or other unforeseen risks.

RISKS RELATED TO THE REAL ESTATE INDUSTRY

REAL PROPERTY OWNERSHIP AND TENANT RISKS

All real property investments are subject to elements of risk. The value of real property and any improvements thereto depend on the credit and financial stability of tenants and upon the vacancy rates of such properties. The properties generate revenue through rental payments made by the tenants thereof. The ability to rent vacant space in properties will be affected by many factors, including changes in general economic conditions (such as the availability and cost of mortgage funds), local conditions (such as an oversupply of space or a reduction in demand for real estate in the area), government regulations, changing demographics, competition from other available properties, and various other factors.

If a significant number of tenants are unable to meet their obligations under their leases or if a significant amount of available space in the properties becomes vacant and cannot be re-leased on economically favourable terms, the properties may not generate revenues sufficient to meet operating expenses, including debt service payments and capital expenditures.

Upon the expiry of any lease, there can be no assurance the lease will be renewed or the tenant will be replaced. The terms of any subsequent lease may be less favourable to the REIT than those of an existing lease. Historical occupancy rates and revenues are not necessarily an accurate prediction of the future occupancy rates for the REIT's properties or revenues to be derived from them. There can be no assurance that, upon the expiry or termination of existing leases, the average occupancy rates and revenues will be higher than historical occupancy rates and revenues, and it may take a significant amount of time for market rents to be recognized by the REIT due to internal and external limitations on its ability to charge these new market based rents in the short term.

CREDIT RISK AND TENANT CONCENTRATION

The REIT is exposed to risk as tenants may be unable to pay their contracted rents. Management mitigates this risk by seeking to acquire properties across several asset classes. As well, management seeks to acquire properties with strong tenant covenants in place. The REIT's portfolio includes over 20 tenant leases with a weighted-average term to maturity of 4.3 years. Approximately 86.9% of the REIT's portfolio was occupied by government and other credit-rated entities based on annualized budgeted gross revenue.

INTEREST RATE RISK

The REIT may be subject to higher interest rates in the future, given the current economic climate. The REIT may also be unable to renew its maturing debt either with an existing or a new lender, and if it is able to renew its maturing debt, significantly lower loan-to-value ratios may be used. Per the REIT's 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. All interest rates are fixed for the term of the respective mortgages.

GOVERNMENT REGULATION AND ENVIRONMENTAL MATTERS

The REIT is subject to federal, provincial and municipal environmental regulations that apply generally to the ownership of real property and the operation of commercial rental properties. If it fails to comply with those laws, the REIT could be subject to significant fines or other governmental sanctions. Under various federal, provincial and local laws, ordinances and regulations, an owner or operator of real estate may be required to investigate and clean up hazardous or toxic substances or petroleum product releases at a property and may be held liable to a governmental entity or to third parties for property damage and for investigation and clean up costs incurred by such parties in connection with contamination. Such liability may be imposed whether or not the owner or operator knew of, or was responsible for, the presence of these hazardous or toxic substances. The cost of investigation, remediation or removal of such substances may be substantial, and the presence of such substances, or the failure to properly remediate such substances, may adversely affect the owner's ability to sell or rent such property or to borrow using such property as collateral. In addition, in connection with the ownership, operation and management of real properties, the REIT could potentially be liable for property damage or injuries to persons and property.

It is the REIT's operating policy to obtain (or be entitled to rely upon) a Phase I environmental audit conducted by a qualified environmental consultant prior to acquiring a property. Where a Phase I environmental audit warrants further assessment, it is the REIT's operating policy to conduct further environmental audits. The environmental assessments received in respect of the REIT's properties have not revealed, nor is the REIT aware of, any environmental liability the REIT believes will have a material adverse effect. However, the REIT cannot assure Unitholders any environmental assessments performed have identified or will identify all material environmental conditions, that any prior owner of any facility did not create a material environmental condition not known to the REIT or that a material environmental condition does not or will not otherwise exist with respect to its properties.

COMPETITION

The real estate business is competitive. Numerous developers, managers and owners of properties compete with the REIT in seeking tenants. The existence of competing developers, managers and owners and competition for the REIT's tenants could have an impact on the REIT's ability to lease space in its properties and on the rents charged.

The REIT is subject to competition for suitable real property investments with individuals, corporations and institutions (both Canadian and foreign) and other real estate investment trusts which are presently seeking, or which may seek in the future, real property investments similar to those targeted by the REIT. A number of these investors may have greater financial resources than those of the REIT, or operate without the investment or operating restrictions of the REIT. An increase in the availability of the investment funds, and an increase in interest in real property investments, may tend to increase competition for real property investments, thereby increasing purchase prices and reducing the yield on them.

The REIT seeks to locate and complete property acquisitions that are accretive to AFFO per Unit. There is a risk that continuing increased competition for real property acquisitions may increase purchase prices to levels that are not accretive.

ILLIQUIDITY OF REAL ESTATE INVESTMENTS

Real estate investments tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for, and the perceived desirability of, such investments. Such illiquidity may limit the REIT's ability to promptly adjust its portfolio in response to changing economic or other conditions. If the REIT were required to quickly liquidate its real property investments, the proceeds might be significantly less than the aggregate carrying value of its properties or less than what could be expected to be realized under normal circumstances. In addition, by concentrating on commercial rental properties, the REIT is exposed to the adverse effects on that segment of the real estate market and will not benefit from a diversification of its portfolio by property type.

RISKS RELATED TO THE REIT AND ITS BUSINESS

PUBLIC MARKET RISK

It is not possible to predict the price at which the Units will trade and there can be no assurance that an active trading market for the Units will be sustained. The Units will not necessarily trade at values determined solely by reference to the value of the REIT's current properties or future properties acquired by the REIT. Accordingly, the Units may trade at a premium or a discount to values implied by the value of the current or future-acquired properties of the REIT. The market price for the Units may be affected by changes in general market conditions, fluctuations in the markets for equity securities and numerous other factors beyond the control of the REIT.

ACQUISITIONS

The REIT's strategy includes growth through identifying suitable acquisition opportunities, pursuing such opportunities, completing acquisitions and effectively operating and leasing such properties. There can be no assurance as to the pace of growth through property acquisitions or the REIT will be able to acquire assets on an accretive basis.

Acquisitions of properties by the REIT are subject to the normal commercial risks and satisfaction of closing conditions that may include, among other things, lender approval, Competition Act (Canada) approval, receipt of estoppel certificates and obtaining title insurance. Such acquisitions may not be completed or, if completed, may not be on terms that are exactly the same as initially negotiated.

ACCESS TO CAPITAL AND FINANCING RISK

The real estate industry is highly capital intensive. The REIT requires access to capital to maintain its properties, as well as to fund its growth strategy and significant capital expenditures from time to time. There can be no assurance the REIT will have access to sufficient capital or access to capital on terms favourable to the REIT for future property acquisitions, financing or refinancing of properties, funding operating expenses or other purposes. Further, the REIT may not be able to borrow funds due to the limitations set forth in the DOT.

In addition, global financial markets have experienced a sharp increase in volatility during recent years. The underlying market conditions may continue or become worse and unexpected volatility and illiquidity in financial markets may inhibit the REIT's access to long-term financing in the Canadian capital market. As a result, it is possible financing which the REIT may require in order to grow and expand its operations may not be available, or if available, it could be on unfavourable terms to the REIT.

As at September 30, 2013, the REIT had outstanding mortgage debt of $98,018 (before adjusting for unamortized financing costs of $694). A portion of the cash flow generated by the REIT's properties is devoted to servicing the REIT's debt, and there can be no assurance the REIT will continue to generate sufficient cash flow from operations to meet required interest and principal payments. If the REIT is unable to meet interest or principal payments, it could be required to seek renegotiation of such payments or obtain additional equity, debt or other financing. There is a risk the REIT may be unable to make or renegotiate interest or principal payments or obtain additional equity, debt or other financing.

The REIT is subject to the risks associated with debt financing, including the risk the mortgages and credit facilities secured by the REIT's properties will not be able to be refinanced, or the terms of such refinancing will not be as favourable as the terms of existing indebtedness due to, for instance, higher interest rates. To the extent the REIT utilizes variable rate debt, such debt will result in fluctuations in the REIT's cost of borrowing as interest rates change. Per the REIT's 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. All interest rates are fixed for the term of the respective mortgages.

POTENTIAL CONFLICTS OF INTEREST WITH TRUSTEES

The Trustees will, from time to time, in their individual capacities, deal with parties with whom the REIT may be dealing, or may be seeking investments similar to those desired by the REIT. The interests of these persons could conflict with those of the REIT. The DOT contains conflict of interest provisions requiring the Trustees to disclose their interests in certain contracts and transactions and to refrain from voting on those matters. In addition, certain decisions regarding matters that may give rise to a conflict of interest must be made by a majority of the REIT's Independent trustees only. Conflicts may also exist due to the fact that one Trustee of the REIT is affiliated with Starlight.

LITIGATION RISKS

In the normal course of the REIT's operations, it may become involved in, named as a party to or the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions relating to personal injuries, property damage, property taxes, land rights, the environment and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to the REIT. Even if the REIT prevails in any such legal proceeding, the proceedings could be costly and time-consuming and would divert the attention of management and key personnel from the REIT's business operations.

TAXATION MATTERS

Management of the REIT believes the REIT currently qualifies as a mutual fund trust and a real estate investment trust for income tax purposes. If the REIT were not to so qualify, the consequences could be material and adverse.

The Income Tax Act (the "Tax Act") contains rules (the "SIFT Rules"), which tax certain publicly traded or listed trusts in a manner similar to corporations and taxes certain distributions from such trusts as taxable dividends from a taxable Canadian corporation. Distributions paid by a specified investment flow-through trust or specified investment flow-through partnership as returns of capital will generally not be subject to the tax.

The SIFT Rules are not applicable to a real estate investment trust that meets prescribed conditions relating to the nature of its assets and revenue (the "REIT Exception").

Unless the REIT qualifies for the REIT Exception, the SIFT Rules could impact the level of cash distributions which would otherwise be made by the REIT and the taxation of such distributions to Unitholders. Management of the REIT has determined that the REIT is not subject to the SIFT tax under the Tax Act as it meets the REIT Exception for the three and nine months ended September 30, 2013, and plans to continue to do so throughout 2013 and subsequent years. Accordingly, no current income tax expense or deferred income tax assets or liabilities have been recorded in the financial statements as at and for the three and nine months ended September 30, 2013.

If the REIT were to no longer qualify for the REIT Exception, it would not be able to flow through its taxable income to Unitholders and the REIT would therefore be subject to tax. The REIT Exception is applied on an annual basis. As such, it will not be possible to determine if the REIT will satisfy the conditions of the REIT Exception for 2013 or any subsequent year until the end of the particular year.

SIGNIFICANT OWNERSHIP BY STARLIGHT

As at September 30, 2013, Daniel Drimmer, the REIT's CEO, and his related parties held an approximate 20.01% effective interest in the REIT through ownership of Units and Class B LP Units. For so long as Starlight maintains a significant effective interest in the REIT, Starlight benefits from certain contractual rights regarding the REIT. Starlight has the ability to exercise influence with respect to the affairs of the REIT and significantly affect the outcome of Unitholder votes, including the ability to prevent certain fundamental transactions. Starlight may discourage transactions involving a change of control of the REIT, including transactions in which an investor might otherwise receive a premium for its Units over the then current market price. The Units may also be less liquid and worth less than they would if Starlight did not have the ability to influence matters affecting the REIT. Additionally, Starlight's significant effective interest may discourage transactions involving a change of control of the REIT, including transactions in which an investor as a holder of the Units might otherwise receive a premium for its Units over the then-current market price.

Pursuant to the Exchange Agreement, each Class B LP Unit is exchangeable at the option of the holder for one Unit of the REIT (subject to customary anti-dilution adjustments). If Starlight exchanges Class B LP Units for Units and sells the Units in the public market, the market price of the Units could fall. The perception among the public that these sales will occur could also produce such effect.

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 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 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 any design will succeed in achieving its stated goals under all potential conditions.

The Chief Executive Officer and Chief Financial Officer of the REIT evaluated the effectiveness of the REIT's disclosure controls and procedures (as defined in NI 52-109) and concluded that the design and operation of the REIT's disclosure controls and procedures were effective for the period ended September 30, 2013.

The Chief Executive Officer and Chief Financial Officer of the REIT evaluated the design of the REIT's internal controls over financial reporting (as defined in NI 52-109) and concluded that the design of internal controls over financial reporting continue to be appropriate and were effective as at September 30, 2013.

SIGNIFICANT ACCOUNTING POLICIES AND CHANGES IN ACCOUNTING POLICIES

Except as described below, the accounting policies applied by the REIT in the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2013 are the same as those applied by the REIT in its consolidated financial statements for the period from July 13, 2012 to December 31, 2012.

IFRS 10, Consolidated Financial Statements ("IFRS 10"), replaced the guidance in IAS 27, Consolidated and Separate Financial Statements, and SIC-12, Consolidation – Special Purpose Entities. The REIT has assessed its consolidation conclusions on January 1, 2013 and determined that the adoption of IFRS 10 did not result in any changes in the consolidation status of the Partnership and other entities.

IFRS 13, Fair Value Measurement ("IFRS 13"), replaces the fair value measurement guidance contained in individual IFRS's with a single source of fair value measurement guidance. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, ie. an exit price.

The REIT adopted IFRS 13 on January 1, 2013 on a prospective basis. The adoption of IFRS 13 resulted in the REIT changing its methodology for determining fair value of Class B LP Units and resulted in additional disclosure of the REIT's various methods in estimating the fair values of assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the statement of financial position.

USE OF ESTIMATES

The preparation of the 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.

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 these consolidated financial statements.

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

INVESTMENT PROPERTIES

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

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 to being 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 and that of comparable companies. The average risk-free interest rate is based on zero-coupon 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.

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 it is 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.

- Fair value through profit and loss — Class B LP Units, restricted cash and cash and cash equivalents.
- Loans and receivables — tenant and other receivables.
- Other financial liabilities — mortgages payable, tenant rental deposits, accounts payable and accrued liabilities, finance costs payable and derivative instruments.

The fair values of the REIT's financial assets, which include tenant and other receivables, cash and cash equivalents, as well as financial liabilities, which include tenant rental deposits, accounts payable and accrued liabilities, and finance costs payable, approximate their recorded values due to their short-term nature at the date of the consolidated statement of financial position.

The estimated fair value of the mortgage payable approximates its carrying value.

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 and Warrants granted are carried at fair value which is estimated using the Black Scholes option pricing model.

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

COMMITMENTS AND CONTINGENCIES

From time to time in the normal course of business, the REIT is involved in litigation and claims in relation to the 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.

SUBSEQUENT EVENTS

On October 15, 2013 the REIT declared a distribution of $0.0495 per Unit or Class B LP Unit for the month of October 2013. The distribution is payable on November 15, 2013 to Unitholders and holders of Class B LP Units of record as at October 31, 2013.

On November 13, 2013, the REIT completed the acquisition of one commercial property for an aggregate purchase price of $17,000 plus closing costs. The purchase price was funded through a new mortgage of $11,885, issuance of 454,545 Class B LP Units to the vendor for gross proceeds of $3,000, and issuance of 386,364 Units for gross proceeds of $2,550 through a private placement. D.D. Acquisitions Partnership, an affiliate of Daniel Drimmer, has agreed to purchase 378,788 Units pursuant to the Private Placement, resulting in an approximate 21.76% effective interest in the REIT.

OUTLOOK

The REIT's external growth strategy focuses primarily on acquisitions of commercial rental properties across Canada. The REIT will continue to identify potential acquisitions using investment criteria that focus on the security of cash flow, capital appreciation, increasing value through more efficient management of the assets being acquired and growth of the REIT's AFFO per Unit.

The REIT will achieve its objective by employing the following strategies:

- execute an aggressive acquisitions program, targeting diversified commercial real estate assets in secondary markets across Canada. The program will primarily focus on office, retail and industrial properties with strong tenant profiles and long term lease maturities.

- leverage the relationship with the REIT's external asset manager, Starlight, through its extensive resources and relationship to source off–market acquisitions. The REIT will benefit from Starlight's industry and lending relationships as well as the economies of scale and expertise of Starlight's management and staff; and

- focus on internal NOI growth and value creation through the use of best-in-class, third party property managers who offer clients the benefits of both exceptional service and local market knowledge and expertise.

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.

The REIT's strategy is to maintain a combination of short, medium and long term debt maturities that are appropriate for the overall debt level of the REIT, taking into account availability of financing, market conditions and the financial characteristics of each property and to extend the current weighted average term to maturity.

The REIT's internal growth strategy focuses on generating greater cash flow from its property portfolio. The REIT achieves this by strengthening its asset base by maximizing occupancy and average rents in accordance with local conditions in each of its geographic markets. Management conducts regular reviews of the property portfolio and, based on its experience and market knowledge, assesses ongoing opportunities within the portfolio.

QUARTERLY INFORMATION

The following table shows information for revenue and income (loss) and comprehensive income (loss) for the periods noted therein.

	Three months ended				For the Period from July 13, 2012 to
	September 30, 2013	June 30, 2013	March 31, 2013 (1)	December 31, 2012 (2)	September 30, 2012
Revenue	$4,881	$4,774	$ 2,486	$ 73	$ -
Property operating costs	1,874	1,786	803	19	-
Operating income	3,007	2,988	1,683	54	-
Trust expenses	(408)	(613)	(401)	(495)	(295)
Fair value adjustment of investment properties	989	16,349	(3,391)	(103)	-
Finance income	-	3	3	28	-
Finance costs	(898)	(902)	(504)	(44)	-
Finance costs - fair value adjustment of Class B LP Units	533	2,241	214	(12,928)	-
Finance costs - distributions on Class B LP Units	(317)	(317)	(375)	-	-
Unrealized (loss) gain on change in fair value of derivative instrument	(132)	1,122	(655)	-	-
Income (loss) and comprehensive income (loss) for the period	$ 2,774	$ 20,871	$ (3,426)	$ (13,488)	$ (295)

Notes:

(1) During the three months ended March 31, 2013, the REIT acquired the February 2013 Properties.

(2) The REIT acquired Coronation Mall on December 14, 2012.

Additional information relating to the REIT including the REIT's AIF, can be found on SEDAR at www.sedar.com.

Dated: November 13, 2013
Toronto, Ontario, Canada