Enercare Inc.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Third Quarter ended September 30, 2015

Dated November 12, 2015

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The condensed interim consolidated financial statements of Enercare are prepared in accordance with IFRS. Enercare's basis of presentation and significant accounting policies are summarized in detail in notes 2 and 3 of the condensed interim consolidated financial statements for the period ended September 30, 2015. Unless otherwise specified, amounts are reported in this MD&A in thousands, except customers, units and "per unit" amounts, Shares and "per Share" amounts, Subscription Receipts and percentages (except as otherwise noted). Dollar amounts are expressed in Canadian currency.

Enercare operates its businesses in two segments: Home Services – provision of water heaters, furnaces, air conditioners and other HVAC rental products, protection plans and related services and Sub-metering – provision of Sub-metering equipment and billing services.

Certain definitions of key financial and operating terms used in this MD&A are located at the end of this MD&A under "Glossary of Terms".

FORWARD-LOOKING INFORMATION

This MD&A, dated November 12, 2015, contains certain forward-looking statements that involve various risks and uncertainties and should be read in conjunction with Enercare's 2014 audited consolidated financial statements. Additional information in respect to Enercare, including the AIF, can be found on SEDAR at www.sedar.com.

When used herein, the words "anticipates", "believes", "budgets", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "projects", "schedule", "should", "will", "would" and similar expressions are often intended to identify forward-looking information, although not all forward-looking information contains these identifying words. The forward-looking information in this MD&A includes statements that reflect management's expectation regarding Enercare's growth, results of operations, performance, business prospects and opportunities. Such forward-looking information reflects management's current beliefs and is based on information available to them and/or assumptions management believes are reasonable. Many factors could cause actual results to differ materially from the results discussed in the forward-looking information. Although the forward-looking information is based on what management believes to be reasonable assumptions, Enercare cannot assure investors that actual results will be consistent with this forward-looking information. All forward-looking information in this MD&A is made as of the date of this MD&A. Except as required by applicable securities laws, Enercare does not intend and does not assume any obligations to update or revise the forward-looking information, whether as a result of new information, future events or otherwise.

A thorough discussion in respect of the material risks relating to the business and structure of Enercare can be found in the AIF, which is available on SEDAR at www.sedar.com.

OVERVIEW

Enercare, primarily through acquisition, has become a multi-segment and product company since its origins in 2002 as the Fund, which primarily financed rental equipment originated and serviced by DE. On October 20, 2014, Enercare purchased the Ontario home and small commercial services business from DE and effectively reunited the business separated in 2002 with the creation of the Fund. Enercare Solutions, a wholly-owned subsidiary of Enercare, through its subsidiaries, operates the Home Services business.

Enercare also owns Enercare Connections Inc. (a successor by amalgamation effective January 1, 2012 to Stratacon Inc. and Enercare Connections Inc.). ECI provides sub-metering services for electricity, thermal and water to condominiums and apartments in Ontario, Alberta and elsewhere in Canada. On July 15, 2015, ECI purchased and amalgamated with Triacta Power Technologies Inc., a leader in the design and manufacturing of advanced, utility-grade energy management meters for multi-unit residential, commercial and institutional applications. Triacta's primary markets are Canada and the U.S.

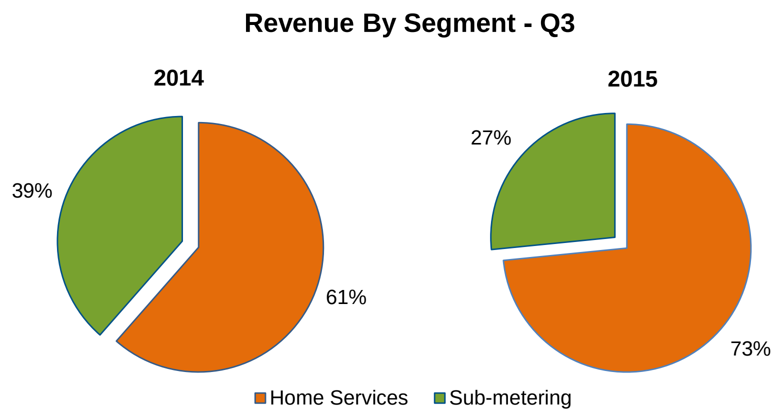
Through its Home Services and Sub-metering businesses, Enercare provides intelligent and energy-efficient products, services, programs and solutions that enable homeowners, multi-unit owners and tenants to make a substantial contribution to Canada's growing culture of energy conservation.

Enercare has grown revenues every year since its inception in 2002, generated stable cash flow and consistently maintained a high dividend yield. Enercare has investment grade ratings of BBB+/negative and BBB (high) stable rating from S&P and DBRS, respectively.

Enercare's Shares trade under the symbol ECI and its Convertible Debentures trade under the symbol ECI.DB on the Toronto Stock Exchange. Enercare is a member of the S&P/TSX Composite Index.

PORTFOLIO SUMMARY

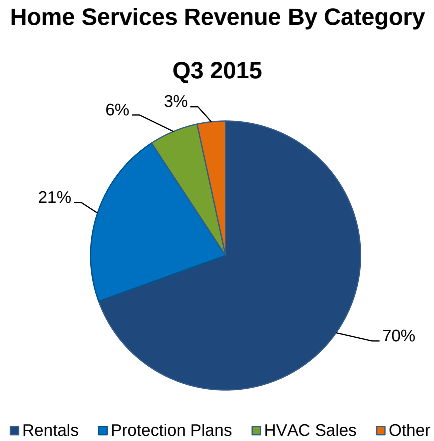
Enercare's primary businesses are comprised of Home Services and Sub-metering. As seen by the graph below, the Home Services business accounted for 73% of the overall revenue of Enercare during the third quarter of 2015. Prior to October 20, 2014, the Home Services segment only comprised of water heater and HVAC rental products, primarily subject to the origination and servicing arrangements with DE. Since the Acquisition, Home Services includes the other revenue sources discussed below.



Home Services Business

There are four main business activities within Home Services: Rentals, Protection Plans, HVAC Sales and Other (which includes duct cleaning, chargeable plumbing work and other chargeable services). The following diagram shows the breakdown of customer contracts for each such activity ending in the third quarter of 2015.

Of the four main business activities, the Rentals component produces the largest portion of revenue, followed by Protection Plans, HVAC Sales and Other, as illustrated in more detail by the following chart.

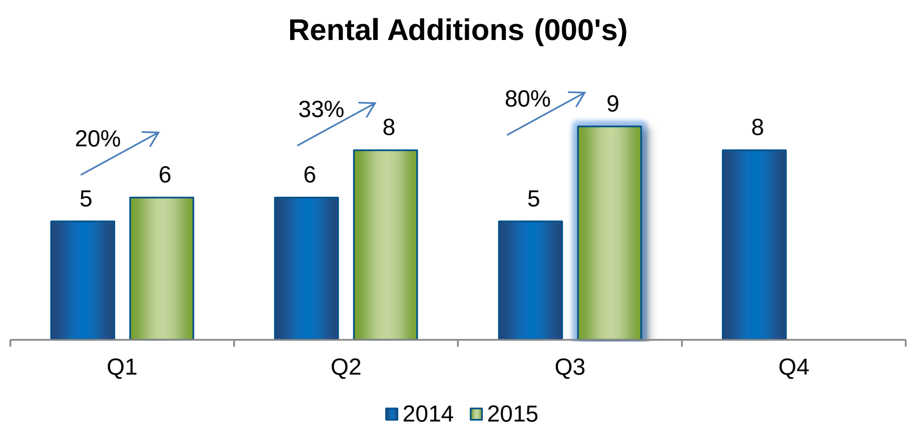


Rentals

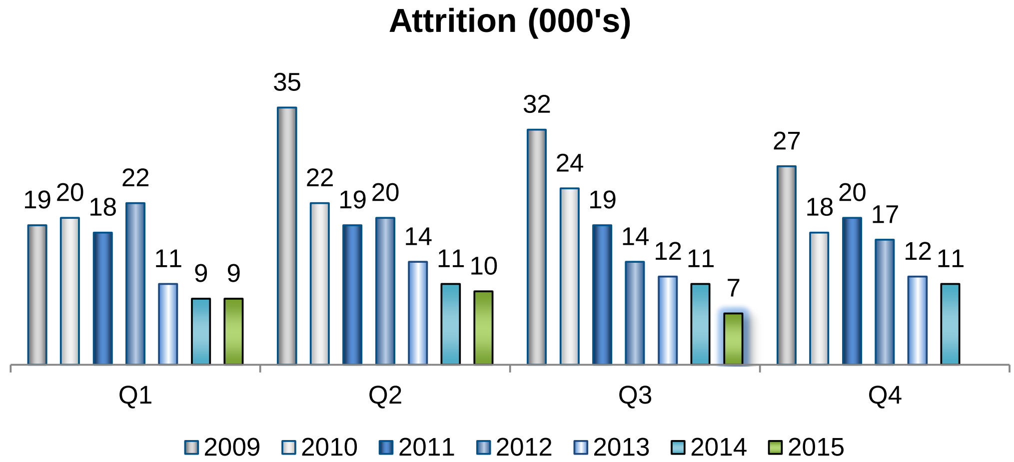
Prior to the Acquisition, Enercare had expanded its Home Services business through a number of acquisitions and origination arrangements with various parties; however, approximately 90% of the Rentals revenue was subject to the Co-ownership Agreement.

For the portfolios under the Co-ownership Agreement, Enercare was entitled to 65% of the revenue and other payments and DE was entitled to 35% of the revenue. For DE's portion of the revenue, it was responsible for servicing and maintaining the assets. Through its origination agreement with DE, Enercare essentially incurred the capital expenditures in respect of the portfolio. Following the Acquisition, Enercare now receives 100% of the revenues and is responsible for the service and maintenance obligations associated with those assets.

Enercare is focused on growing its rental portfolio by increasing originations and reducing Attrition. Originations are primarily obtained from the new home builder market and new customers identified through its field technicians. New products, such as rental HVAC (discussed further below in the section entitled "HVAC Sales and Rentals"), have contributed significantly to increasing total originations. In the third quarter, as seen in the graph below, additions were 9,000, an increase of 80% over the prior year.

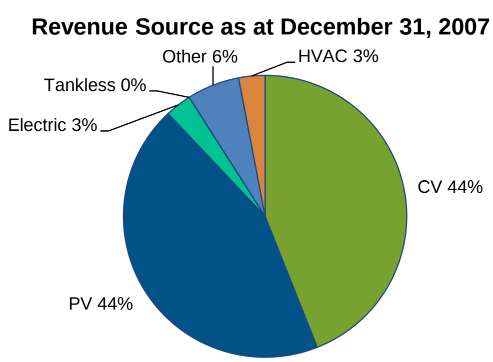


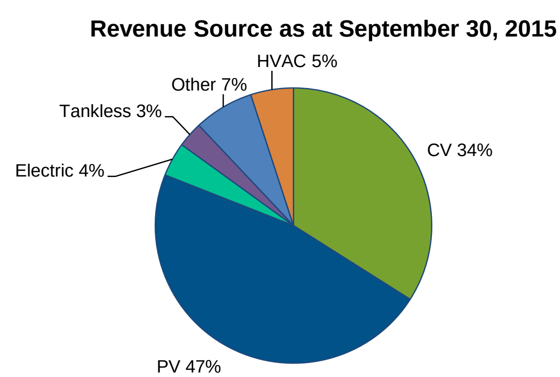
To aid in the reduction of Attrition, Enercare has implemented many programs, including continued consumer education campaigns. Such initiatives, coupled with enhancements to our customer value proposition (for example, the "same day service campaign") and the coming into effect of Bill 55 on April 1, 2015, have helped to significantly reduce Attrition. Attrition decreased in the third quarter of 2015 by 4,000 units or 36% and by 5,000 units or 16% year to date, compared to the same periods in 2014. Attrition has improved year-over-year since 2009 (see table below).



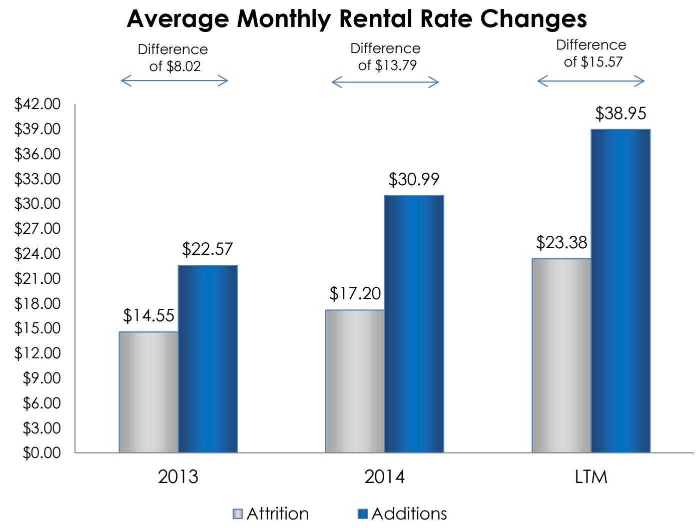
Rental unit growth surpassed Attrition during the third quarter of 2015, the first time since the third quarter of 2007, with the approximately 2,000 net unit growth being the strongest organic growth in the rental portfolio since 2005.

In recent years changes in water heater technology and consumer trends have led to an increase in originating higher value products. As discussed above, one of Enercare's growth platforms has been to focus on single family and multi-residential HVAC rental units. Although the results have a small impact on the unit continuity, HVAC units provide three to five times more rental revenue than that of a water heater. A comparison of the product mix seven years ago to that of today reveals that the portfolio contains a higher percentage of power vent ("PV"), HVAC and tankless units, all of which provide a higher revenue than conventional vent ("CV") units.

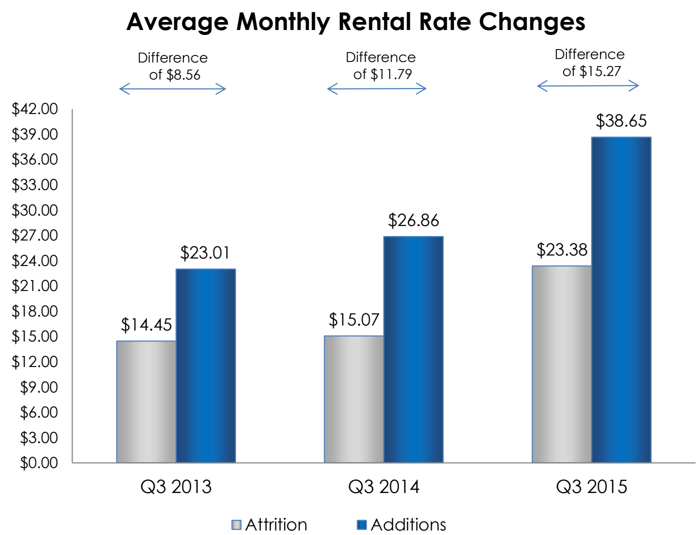




The impact of changes in product mix over time is outlined further in the graph below which shows revenue for the last twelve months to September 30, 2015 from unit additions contributing approximately $15.57 per unit more than revenue from units lost on account of Attrition. New customers are worth approximately 1.7 times that of a lost customer.

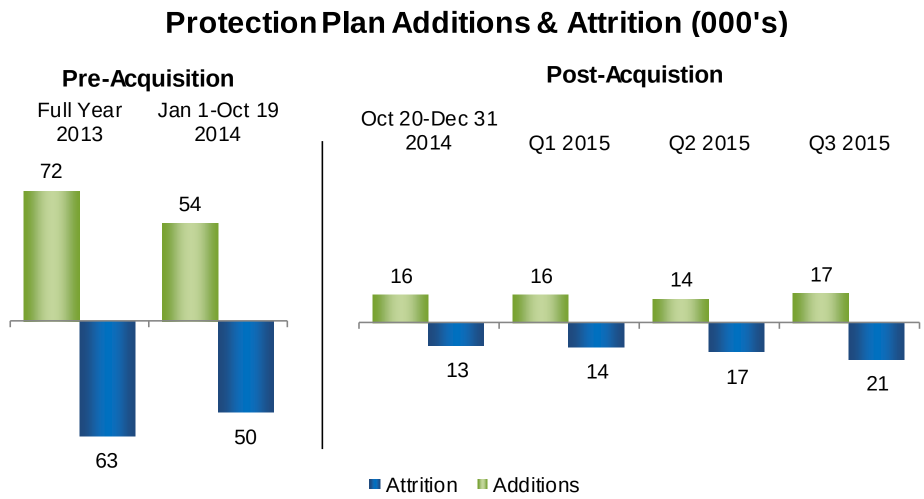


This difference in rental rates applicable to new and lost customers has increased steadily over the past three years, with the third quarter of 2015 revenue spread widening to $15.27, an increase of $3.48 over the same period in 2014.



Protection Plans

Home Services sells a variety of plans covering such items as furnaces, air conditioning, plumbing and appliances. There are essentially two types of protection plans: maintenance protection plans and full service protection plans. Maintenance protection plans essentially only provide for maintenance services, whereas full service protection plans provide a broader suite of protections, such as parts and labour. The plans are typically one year in length with monthly, quarterly or annual payment options. Due to the annual nature of the contract, the protection plans tend to have a higher churn rate. The following chart depicts the additions and attrition for the category.



During the third quarter of 2015, protection plan churn increased, primarily as a result of non-renewals of one year promotional offers in connection with HVAC sales provided in 2014. As HVAC unit additions in 2015 have been more through a rental than a sale, the opportunities for protection plan sales are fewer as rentals already include service. Even with this shift, protection plan additions increased in the third quarter of 2015 by 3,000 units or 21% and were consistent year to date, compared to the same periods in 2014. In addition, we are rationalizing and simplifying protection plans, including combining multiple services into one contract, which has and will continue to result in fewer contracts with no impact on the number of services being provided.

As announced in the first quarter, Enercare launched an Extended Protection Plan program on heating and air conditioning sales. Prior to the launch of this program, these types of plans were outsourced to a third party extended warranty provider. These Enercare plans not only allow Enercare to retain the customer relationship, but also provide for ongoing maintenance, whereas the outsourced arrangement covered only limited parts and labour. These plans augment the customer value proposition when a customer chooses to purchase rather than rent. Since inception, approximately 51% of HVAC unit sales included an Extended Protection Plan.

The following tables illustrate the protection plan contract continuity for the three and nine months ended September 30, 2015.

	Three months ended September 30,	
Protection Plan Unit Continuity (000's)	**Post-Acquisition 2015**	Pre-Acquisition 2014
Contracts - start of period	**552**	554
Portfolio additions	**17**	14
Protection Plan Attrition	**(21)**	(19)
Contracts - end of period	**548**	549
% change in units during the period	**(0.7%)**	(0.9%)
% of units from start of period:		
Portfolio additions	**3.1%**	2.5%
Protection Plan Attrition	**(3.8%)**	(3.4%)

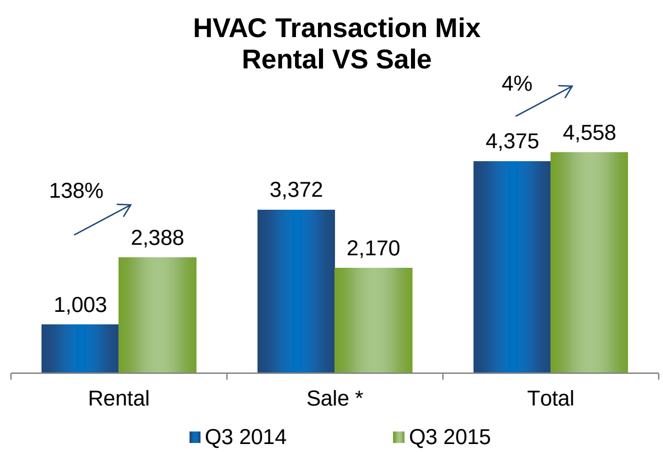
	Nine months ended September 30,	
	Post-Acquisition	Pre-Acquisition
Protection Plan Unit Continuity (000's)	**2015**	2014
Contracts - start of period	**553**	546
Portfolio additions	**47**	47
Protection Plan Attrition	**(52)**	(44)
Contracts - end of period	**548**	549
% change in units during the period	**(0.9%)**	0.5%
% of units from start of period:		
Portfolio additions	**8.5%**	8.6%
Protection Plan Attrition	**(9.4%)**	(8.1%)

HVAC Sales and Rentals

A customer can acquire an HVAC asset through a sale, comprised of an outright purchase or financing through a third party. Typically, most HVAC sales occur during the heating and cooling seasons of the year.

As part of Enercare's strategy to grow its recurring revenue customer base, Enercare in 2013 re-launched its HVAC rental program. Converting a customer from an outright sale to a long-term rental product is capital intensive and creates a short-term reduction in the income statement, as instead of a one-time in year gain on margin, the rental HVAC creates a long-term customer revenue stream. However, the rental relationship provides greater cross-selling opportunities and is therefore more valuable than a one-time sale. Enercare estimates that a rental unit is worth approximately 2.5 times that of a sale on a discounted cash flow basis.

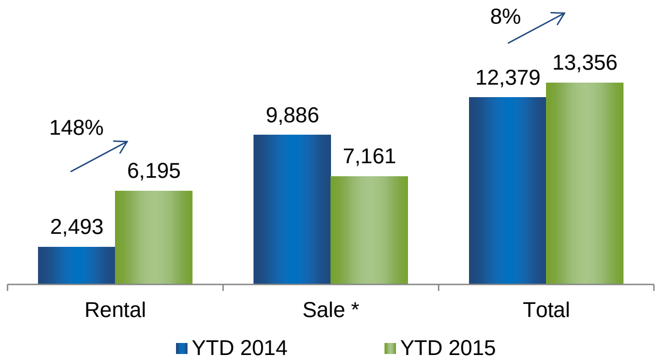
During the third quarter of 2015, Enercare rented approximately 2,388 new units, an increase of 138% over the prior year and sold approximately 2,170 units for a total of 4,558 HVAC transactions, compared to 4,375 units in the prior year, an increase of 4%. A third quarter comparison between 2015 and 2014 is outlined in the chart below.



* The historical HVAC sale information is being provided as an illustration of the improvement in the overall HVAC segment. Enercare was not party to HVAC sales before the close of the Acquisition. However, Enercare did originate the historical HVAC rentals in 2014.

On a year to date basis, Enercare rented approximately 6,195 new units, an increase of 148% over the prior year and sold approximately 7,161 units for a total of 13,356 HVAC transactions, compared to 12,379 units in the prior year, an increase of 8%. A year to date comparison between 2015 and 2014 is outlined in the chart below.

HVAC Transaction Mix
Rental VS Sale



* The historical HVAC sale information is being provided as an illustration of the improvement in the overall HVAC segment. Enercare was not party to HVAC sales before the close of the Acquisition. However, Enercare did originate the historical HVAC rentals in 2014.

Other

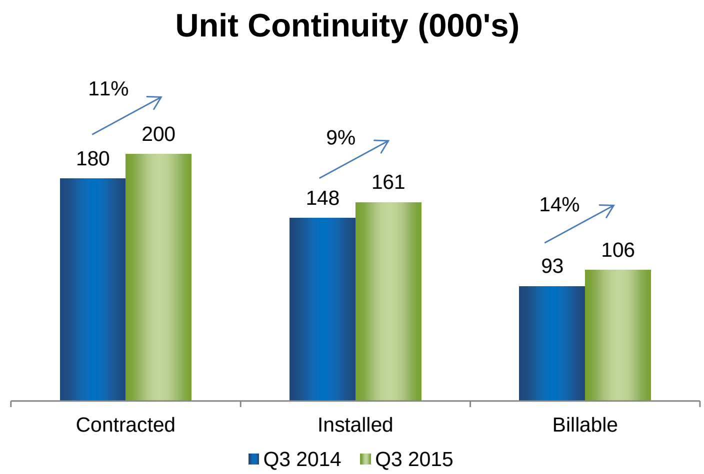
The Other category includes ancillary services such as duct cleaning, plumbing work and other non-contracted chargeable services provided by Home Services.

Sub-metering Business

Enercare entered the multi-residential Sub-metering business through two acquisitions made in the last seven years. There are two main market segments for Sub-metering in the multi-residential market: retro-fit sub-metering and new build construction. Within each market, apartments and condos have significantly different revenue streams.

Within the retro-fit revenue stream, after a contract is signed, the meters are typically installed within the first two quarters of signing. However, typically for a retro-fit installed unit to become Billable, Enercare must wait for tenant turnover to occur. As a result, it can take many years for all units in a retro-fit building to become Billable. In the new build sub-metering market, after a contract is signed, the meters are usually not installed for several years as installation occurs when the building is in its final construction stages. However, in this revenue stream, once the meters are installed they become Billable relatively quickly and revenue is typically at 100% penetration from that point onwards.

Through acquisition and our subsequent growth in contracted units, many of the above-mentioned up-front capital investments have been made. As seen in the graph below, currently we have 200,000 contracted units. Of those contracted units, 161,000 have meters installed and 106,000 units are billing. We expect to experience continued revenue growth as these contracted units are turned into installed units and subsequently Billable units.



Over the past year, Enercare has implemented a number of LEAN and continuous improvement initiatives improving work flow, efficiencies and expanding capacity within Sub-metering. The revenue assurance program, initiated in the second quarter of 2014, has yielded improvements which we anticipate will contribute more than $3,000 incremental net revenue in 2015, exceeding the originally anticipated $2,000.

On July 15, 2015, Enercare purchased Triacta, a leader in the design and manufacturing of advanced, utility-grade energy management meters for multi-unit residential, commercial and institutional applications. Triacta's installed base includes the U.S., Canada and off-shore markets. Triacta has generated revenues of $1,025 since the acquisition date.

THIRD QUARTER 2015 HIGHLIGHTS

	Three months ended September 30,		Nine months ended September 30,	
(000's)	**2015**	2014	**2015**	2014
Rentals	**$106,820**	$49,154	**$317,206**	$147,014
Sub-metering	**38,591**	30,837	**104,829**	89,132
Investment income	**44**	478	**170**	595
Total revenues	**$145,455**	$80,469	**$422,205**	$236,741
EBITDA[1]	**56,186**	38,740	**165,087**	119,080
Adjusted EBITDA[1]	**57,187**	41,044	**169,992**	127,167
Acquisition Adjusted EBITDA[1]	**61,133**	43,926	**176,511**	130,751
Earnings before income taxes	**17,669**	4,205	**51,251**	23,759
Current tax (expense)	**(2,169)**	(8,924)	**(7,413)**	(21,338)
Deferred income tax recovery	**(2,376)**	6,852	**(6,608)**	14,183
Net earnings	**$ 13,124**	$ 2,133	**$ 37,230**	$ 16,604
Payout Ratio[2]	**62%**	83%	**63%**	75%
Payout Ratio – Maintenance[2]	**43%**	49%	**45%**	46%

The following highlights compare results for the third quarter of 2015 with the third quarter of 2014.

- Total revenues of $145,455 increased by $64,986, or 81% in the third quarter of 2015. Revenues in the Home Services business were $106,820, greater than the prior year by $57,666, of which approximately $55,900 of revenue was added through the Acquisition. The remaining increase of approximately $1,800 was primarily as a result of rental rate increases, improved billing completeness and asset mix changes. Sub-metering revenues increased to $38,591 from $30,837, primarily as a

1 EBITDA, Adjusted EBITDA and Acquisition Adjusted EBITDA are Non-IFRS financial measures. Refer to the Non-IFRS Financial and Performance Measures section in this MD&A.
2 Payout Ratio and Payout Ratio - Maintenance are Non-IFRS financial measures. Refer to the Non-IFRS Financial and Performance Measures section in this MD&A.

result of an increase in flow through commodity charges, Billable units and revenue assurance initiatives.

- EBITDA increased by $17,446 to $56,186 in the third quarter of 2015, driven principally by improved total revenues and lower losses on disposal of equipment, partially offset by higher cost of goods sold and SG&A costs primarily associated with integration costs related to the Acquisition. Adjusted EBITDA of $57,187 increased by $16,143 after removing from EBITDA the impact of the loss on disposal of equipment and including other income. After removing integration costs associated with the Acquisition of $3,767 and Triacta acquisition costs of $179, Acquisition Adjusted EBITDA was $61,133 in the third quarter of 2015, an increase of $17,207 over the same period in 2014.
- EBITDA for the Sub-metering business increased by $1,361, or 75% in the third quarter of 2015, driven primarily by improvements in Billable units, the impact of the revenue assurance program as well as LEAN and continuous improvement initiatives.
- Net earnings of $13,124 in the third quarter of 2015, increased by $10,991 or 515% compared to the same period in 2014, reflecting increased EBITDA, partly offset by higher amortization expenses, total taxes payable and increased interest expenses primarily from the New Term Loan resulting from the Acquisition.
- Attrition in the Rentals portfolio of 0.5% or 7,000 units for the third quarter of 2015 was 4,000 units or 36% lower than the same period in 2014. As of the end of 2014, Attrition had improved year-over-year since 2009. Rental unit growth surpassed Attrition during the third quarter of 2015, the first time since the third quarter of 2007, with the approximately 2,000 net unit growth being the strongest organic growth in the rental portfolio since 2005.
- The Payout Ratio – Maintenance, which includes only capital expenditures in respect of exchanged assets, was 43% in the third quarter of 2015, compared to 49% during the same period in 2014, primarily from increased operating cash flow, offset by higher dividend payments as a result of the 16% increase announced in the first quarter of 2015 and higher acquisition related costs.
- The Payout Ratio was 62% in the third quarter of 2015, versus 83% compared to the same period in 2014 (see additional commentary under “*Distributable Cash and Payout Ratios*”).

RECENT DEVELOPMENTS

New York Public Service Commission approves Triacta Meter for Residential Sub-metering

On July 8, 2015, the New York Public Service Commission approved the use of the Triacta PowerHawk 6312 high-density meter for sub-metering electricity in multi-unit residential buildings. The Triacta meter passed rigorous accuracy, compliance and performance testing at MET Laboratories, a world-class independent electrical testing and certification lab and received Commission approval to be used for billing residents. Triacta meters met American National Standards for Electricity Meters. The testing at MET Laboratories resulted in an ANSI 12.20 class 0.5 accuracy rating for Triacta’s meters.

In New York, multi-residential building owners and management companies are required to install and use approved sub-meters. Enercare anticipates increasing annual demand for sub-metering equipment in the U.S. Triacta also has a Certification of Approval from the State of California.

Enercare Completes Acquisition of Triacta Power Technologies Inc.

On July 15, 2015, Enercare, through its wholly-owned subsidiary, ECI completed its acquisition of Triacta Power Technologies Inc.

Enercare acquired all of the issued and outstanding shares of Triacta, through a plan of arrangement under the Ontario Business Corporations Act. The purchase price for the acquisition was $7.5 million, subject to certain working capital and other adjustments, and payment in full by Triacta of its existing indebtedness. Enercare paid the purchase price using cash on hand. Completion of the acquisition required receipt of approval of the plan of arrangement by two-thirds of Triacta's shareholders and approval of the Ontario Superior Court of Justice.

Triacta, headquartered outside Ottawa, Canada, is a leader in the design and manufacturing of advanced, utility-grade energy management meters for multi-unit residential, commercial and institutional applications. Triacta's primary markets are the United States and Canada. With a large installed base of Triacta meters, Enercare has and will continue to use Triacta's products extensively.

Triacta will continue to offer the same range of hardware, complete with software that combines meter management, automated data collection, powerful analysis tools and flexible billing capabilities.

On July 15, 2015, Triacta amalgamated with ECI.

Enercare Announces Normal Course Issuer Bid

On July 16, 2015, Enercare announced that it had filed with the TSX a Notice of Intention to make a Normal Course Issuer Bid ("NCIB"), as approved by Enercare's board of directors, pursuant to which Enercare may purchase for cancellation up to 9,161,779 Shares, representing approximately 10% of its public float of issued and outstanding Shares as of July 3, 2015. As of July 3, 2015, there were 91,940,571 Shares outstanding. The average daily trading volume from January 1, 2015 to June 30, 2015 was 213,430 Shares. Daily purchases will be limited to 53,357 Shares, other than block purchase exceptions. The purchases may commence on July 20, 2015 and will terminate on July 19, 2016, or on such earlier date as Enercare may complete its purchases under its NCIB. The purchases made by Enercare will be implemented through the facilities of the TSX or other Canadian marketplaces and in accordance with applicable rules at market prices prevailing at the time of purchase. The actual amount of Shares that may be purchased under the NCIB is subject to, and cannot exceed, limits referred to above and the timing of such purchases will be determined by Enercare.

All Shares purchased under the NCIB will be cancelled. In addition to purchases under the NCIB, Enercare may from time to time make other purchases of its Shares in accordance with applicable securities laws and rules of the applicable stock exchange.

Enercare believes that, from time to time, the market price of its Shares does not fully reflect the value of its business and its future business prospects. As a result, Enercare believes that the purchase of its Shares represents an appropriate and desirable use of its available funds. In addition, purchases, including purchases under the NCIB, may increase the liquidity of the Shares.

Enercare is Included in the S&P/TSX Composite Low Volatility Index

On September 11, 2015, the S&P Dow Jones Canadian Index Services announced Enercare was to be included in the S&P/TSX Composite Low Volatility Index after the close of trading on Friday, September 18, 2015. The S&P/TSX Composite Low Volatility Index is designed to measure the performance of the 50 least-volatile stocks within the S&P/TSX Composite Index. Volatility is defined as the standard deviation of the security’s daily price returns over the prior one-year trading period.

RESULTS OF OPERATIONS

Earnings Statement

Three months ended September 30, (000's)	**Home Services**	**Sub-Metering**	**Corporate**	**2015 Total**	Home Services	Sub-Metering	Corporate	2014 Total
Revenues:								
Contracted revenue	**$ 97,987**	**$37,067**	**$ -**	**$135,054**	$49,147	$30,710	$ -	$79,857
Sales and other services	**8,833**	**1,524**	**-**	**10,357**	7	127	-	134
Investment Income	**38**	**6**	**-**	**44**	66	6	406	478
Total revenue	**$106,858**	**$38,597**	**$ -**	**$145,455**	$49,220	$30,843	$ 406	$80,469
Expenses:								
Cost of goods sold:								
Commodity	**-**	**(30,254)**	**-**	**(30,254)**	-	(25,220)	-	(25,220)
Maintenance & servicing costs	**(16,522)**	**-**	**-**	**(16,522)**	-	-	-	-
Sales and other services	**(6,119)**	**(872)**	**-**	**(6,991)**	(6)	(132)	-	(138)
Total cost of goods sold	**(22,641)**	**(31,126)**	**-**	**(53,767)**	(6)	(25,352)	-	(25,358)
SG&A expenses	**(24,794)**	**(4,291)**	**(5,372)**	**(34,457)**	(6,497)	(3,672)	(3,420)	(13,589)
Amortization expense	**(29,646)**	**(1,577)**	**(383)**	**(31,606)**	(23,515)	(1,243)	(428)	(25,186)
Net (loss) on disposal	**(1,001)**	**-**	**-**	**(1,001)**	(2,304)	-	-	(2,304)
Interest expense:								
Interest expense payable in cash				**(6,462)**				(9,672)
Non-cash interest expense				**(493)**				(155)
Total interest expense				**(6,955)**				(9,827)
Total expenses				**(127,786)**				(76,264)
Other income	**-**	**-**	**-**	**-**	-	-	-	-
Earnings before income taxes				**17,669**				4,205
Current tax (expense)				**(2,169)**				(8,924)
Deferred tax (expense) / recovery				**(2,376)**				6,852
Net earnings				**13,124**				$ 2,133
EBITDA	**$ 58,384**	**$ 3,174**	**$(5,372)**	**$ 56,186**	$40,347	$ 1,813	$(3,420)	$38,740
Adjusted EBITDA	**$ 59,385**	**$ 3,174**	**$(5,372)**	**$ 57,187**	$42,651	$ 1,813	$(3,420)	$41,044
Acquisition Adjusted EBITDA	**$ 63,152**	**$ 3,353**	**$(5,372)**	**$ 61,133**	$45,533	$ 1,813	$(3,420)	$43,926

Nine months ended September 30, (000's)	**Home Services**	**Sub-Metering**	**Corporate**	**2015 Total**	Home Services	Sub-Metering	Corporate	2014 Total
Revenues:								
Contracted revenue	**$288,965**	**$102,998**	**$ -**	**$391,963**	$146,941	$88,747	$ -	$235,688
Sales and other services	**28,241**	**1,831**	**-**	**30,072**	73	385	-	458
Investment Income	**154**	**16**	**-**	**170**	175	14	406	595
Total revenue	**317,360**	**104,845**	**$ -**	**$422,205**	$147,189	$89,146	$ 406	$236,741
Expenses:								
Cost of goods sold:								
Commodity	**-**	**(82,662)**	**-**	**(82,662)**	-	(73,149)	-	(73,149)
Maintenance & servicing costs	**(45,270)**	**-**	**-**	**(45,270)**	-	-	-	-
Sales and other services	**(19,520)**	**(1,114)**	**-**	**(20,634)**	(50)	(300)	-	(350)
Total cost of goods sold	**(64,790)**	**(83,776)**	**-**	**(148,566)**	(50)	(73,449)	-	(73,499)
SG&A expenses	**(77,342)**	**(11,862)**	**(14,853)**	**(104,057)**	(12,914)	(10,624)	(12,350)	(35,888)
Amortization expense	**(88,016)**	**(4,309)**	**(1,174)**	**(93,499)**	(69,783)	(3,520)	(1,259)	(74,562)
Net loss on disposal	**(4,325)**	**-**	**-**	**(4,325)**	(7,679)	-	-	(7,679)
Interest expense:								
Interest expense payable in cash				**(19,612)**				(21,302)
Non-cash interest expense				**(1,475)**				(460)
Total interest expense				**(21,087)**				(21,762)
Total expenses				**(371,534)**				(213,390)
Other income	**-**	**580**	**-**	**580**	408	-	-	408
Earnings before income taxes				**51,251**				23,759
Current tax (expense)				**(7,413)**				(21,338)
Deferred tax (expense)/recovery				**(6,608)**				14,183
Net earnings				**37,230**				$ 16,604
EBITDA	**$170,749**	**$ 9,191**	**$(14,853)**	**$165,087**	$126,371	$ 5,059	$(12,350)	$119,080
Adjusted EBITDA	**$175,074**	**$ 9,771**	**$(14,853)**	**$169,992**	$134,458	$ 5,059	$(12,350)	$127,167
Acquisition Adjusted EBITDA	**$181,230**	**$ 10,134**	**$(14,853)**	**$176,511**	$138,042	$ 5,059	$(12,350)	$130,751

Revenues

Total revenues of $145,455 for the third quarter of 2015 increased by $64,986 or 81% and by $185,464 or 78% to $422,205 year to date compared to the same periods in 2014.

Home Services revenues, excluding investment income, increased during the quarter by $57,666 to $106,820 and by $170,192 to $317,206 year to date, compared to the same periods in 2014, primarily as a result of additional revenue added through the Acquisition of approximately $55,900 for the third quarter and $166,000 year to date. The remaining increase of approximately $1,800 for the third quarter and $4,200 year to date were primarily due to a rental rate increase implemented in January 2015, improved billing completeness and changes in asset mix. Contracted revenue in Home Services represents revenue generated by the Rentals portfolio and protection plan contracts, while sales and other services revenue mainly pertains to one-time sales and installations of residential furnaces, boilers and air conditioners as well as duct cleaning and other services.

Sub-metering revenues, excluding investment income, in the third quarter of 2015, were $38,591, an increase of $7,754 or 25% with year to date revenues increasing to $104,829 or 18% over the comparable periods in 2014, primarily as a result of increased commodity charges, Billable units and revenue assurance initiatives. Sub-metering revenue includes total pass through energy charges of $30,254 in the third quarter and $82,662 year to date in 2015, increases of $5,034 or 20% and $9,513 or 13% over the same periods in 2014. Sales and other services revenue for Sub-metering are earned from the sale and installation of water conservation products in apartments and condominiums.

Investment income was $44 in the third quarter of 2015 and $170 year to date, decreases of $434 and $425, respectively, compared to the same periods in 2014. The change in investment income was primarily attributable to $397 of non-recurring interest earned from the Subscription Receipts proceeds issued in the third quarter of 2014 in connection with the Acquisition.

Cost of Goods Sold

Total cost of goods sold were $53,767 in the third quarter of 2015 and $148,566 year to date, increases of $28,409 or 112% and $75,067 or 102%, respectively, compared to the same periods in 2014.

Home Services cost of goods sold increased by $22,635 in the third quarter of 2015 and $64,740 year to date, compared to the same periods in 2014, primarily due to expenses resulting from the increased scope of the business following the Acquisition offset by approximately $1,300 relating to supplier reimbursements and other items recorded in the second quarter of 2015. Maintenance and servicing costs in Home Services primarily consist of protection plan expenses and servicing costs related to the rental portfolio, while sales and other services expenses mainly pertain to one-time sales and installations of residential furnaces, boilers, air conditioners and small commercial products as well as duct and other cleaning services.

Sub-metering cost of goods sold of $31,126 in the third quarter and $83,776 year to date in 2015, increased by $5,774 or 23% and $10,327 or 14%, respectively, as a result of an increase in pass through energy charges over the same periods in 2014. Sales and other services expenses for Sub-metering relate to the sale and installation of water conservation products in apartments and condominiums.

Selling, General & Administrative Expenses

Total SG&A expenses were $34,457 in the third quarter of 2015 and $104,057 year to date, increases of $20,868 and $68,169, respectively, compared to the same periods in 2014.

Home Services and corporate expenses of $30,166 in the third quarter and $92,195 year to date, increased by $20,249 and $66,931, respectively, compared to the same periods in 2014, primarily due to additional expenses resulting from the increased scope of the business following the Acquisition. The

$20,249 increase in the third quarter was primarily as a result of approximately $11,100 in wages and benefits, $4,600 of billing and servicing costs, $3,700 in selling expenses, $700 in office expenses, $500 in bad debts and $300 in claims expenses partly offset by $700 of lower professional fees. The $66,931 year to date increase was primarily as a result of approximately $31,800 in wages and benefits, $15,000 of billing and servicing costs, $10,800 in selling expenses, $5,500 in office expenses, $1,300 in professional fees, $2,000 in bad debts and $650 in claims expenses. During the third quarter there were one-time items totaling approximately $1,400, resulting in improvements to SG&A expenses. These improvements arose from revisions to estimates related to costs resulting from the Acquisition.

During the third quarter and year to date 2015, Home Services and corporate SG&A expenses included $3,767 and $6,156, respectively, of integration costs associated with the Acquisition, primarily from marketing spend related to rebranding activities. In 2014, SG&A expenses in the third quarter and year to date included $2,882 and $3,584, respectively, of Acquisition expenditures primarily consisting of professional fees associated with the entering into of the Asset Purchase Agreement.

Sub-metering SG&A expenses in the third quarter of 2015 were $4,291, an increase of $619 over the comparable period in 2014, primarily from higher wages and benefits of $440, professional fees of $280 and selling and office expenses of $220, partly offset by lower bad debts of $180 and billing and servicing costs of $140. Year to date, Sub-metering SG&A expenses of $11,862 were $1,238 higher than the same period in 2014, primarily as a result of higher wages and benefits of $390, professional fees of $340, selling and office expenses of $300 and bad debts of $180.

During the third quarter and year to date 2015, Sub-metering SG&A expenses included $179 and $363, respectively, of costs associated with the acquisition of Triacta, primarily related to professional fees associated with the entering into of the purchase agreement.

Amortization Expense

Amortization expense increased by $6,420 or 25% to $31,606 in the third quarter of 2015 and by $18,937 or 25% to $93,499 year to date, over the same periods in 2014, primarily due to additional Acquisition related amortization from intangible and capital assets of $5,013 and $930, respectively, in the third quarter or $15,039 and $2,934, respectively, year to date. The remaining increases of $477 in the third quarter and $964 year to date, over the same periods in 2014, were primarily from an increasing capital asset base from asset mix changes in the Rentals portfolio and increased Sub-metering capital investments, which are amortized over a shorter life than those of the Home Services business.

Loss on Disposal of Equipment

Enercare reported a net loss on disposal of equipment of $1,001 in the third quarter of 2015 and $4,325 year to date, reductions of $1,303 or 57% and $3,354 or 44%, respectively, over the same periods in 2014. The loss on disposal amount is influenced by the number of assets retired, proceeds on disposal of equipment, changes in the retirement asset mix and the age of the assets retired.

Interest Expense

	Three months ended Sept. 30,		Nine months ended Sept. 30,	
(000's)	**2015**	2014	**2015**	2014
Interest expense payable in cash	**$6,462**	$5,791	**$19,612**	$17,398
Interest payable on subscription receipts	**-**	3,097	**-**	3,097
Equity bridge financing fees	**-**	775	**-**	775
Non-cash items:				
Notional interest on employee benefit plans, net	**274**	-	**822**	-
Amortization of financing costs	**219**	164	**653**	492
Interest expense	**$6,955**	$9,827	**$21,087**	$21,762

Interest expense payable in cash increased by $671 to $6,462 in the third quarter of 2015 and by $2,214 to $19,612 year to date, compared to the same periods in 2014. These increases are primarily related to the increase in the New Term Loan related to the financing of the Acquisition, partially offset by the conversion of Convertible Debentures to Shares. As part of the Acquisition, Subscription Receipts were issued during the third quarter of 2014 and subsequently converted to Shares upon the closing of the Acquisition on October 20, 2014. While the Subscription Receipts remained outstanding, they were classified as debt, resulting in an interest expense liability of $3,097, which was equivalent to the dividend payments on such Subscription Receipts if they had been Shares. Equity bridge financing fees of $775 were incurred as part of the Acquisition. Notional interest of $274 in the third quarter and $822 year to date in 2015 relate to the employee benefits plans acquired as part of the Acquisition. Amortization of financing costs includes the previously unamortized costs associated with the 2012 Notes, 2013 Notes, Convertible Debentures and in 2015 the New Term Loan.

Other Income

During the second quarter of 2015, Enercare realized a settlement of $580 from a supplier of sub-metering equipment.

During the first quarter of 2014, Enercare realized a settlement of $408 from DE on account of the reclassification of certain water heaters under the Co-ownership Agreement to Enercare's owned portfolio, originally associated with the Toronto Hydro Energy Services Inc. portfolio acquisition.

Income Taxes

Enercare reported current tax expenses of $2,169 in the third quarter of 2015 and $7,413 year to date, reductions of $6,755 and $13,925, respectively, over the same periods in 2014, primarily as a result of a one year tax deferral available through a subsidiary of Enercare Solutions. The deferred income tax expenses of $2,376 in the third quarter of 2015 and $6,608 year to date, increases of $9,228 and $20,791, respectively, compared to the deferred tax recoveries recorded in the same periods in 2014, were primarily as a result of temporary difference reversals in the Home Services and Sub-metering businesses.

Net Earnings

Net earnings were $13,124 in the third quarter of 2015 and $37,230 year to date, increases of $10,991 and $20,626, respectively, compared to the same periods in 2014, as previously described.

EBITDA, Adjusted EBITDA and Acquisition Adjusted EBITDA

The following table summarizes comparative quarterly results for the last eight quarters, and reconciles net earnings, an IFRS measure, to EBITDA, Adjusted EBITDA and Acquisition Adjusted EBITDA.

(000's)	**Q3/15**	Q2/15	Q1/15	Q4/14	Q3/14	Q2/14	Q1/14	Q4/13
Net earnings	**$13,124**	$16,204	$ 7,902	$ 5,672	$ 2,133	$ 7,457	$ 7,014	$ 4,793
Deferred tax expense/(recovery)	**2,376**	1,323	2,909	(3,222)	(6,852)	(3,810)	(3,521)	(3,552)
Current tax expense	**2,169**	2,290	2,954	5,949	8,924	6,335	6,079	6,148
Amortization expense	**31,606**	31,044	30,849	30,319	25,186	24,870	24,506	25,792
Interest expense	**6,955**	7,021	7,111	7,129	9,827	5,963	5,972	6,002
Other (income)	**-**	(580)	-	-	-	-	(408)	(769)
Investment (income)	**(44)**	(49)	(77)	(211)	(478)	(80)	(37)	(35)
EBITDA	**56,186**	57,253	51,648	45,636	38,740	40,735	39,605	38,379
Add: Net loss on disposal	**1,001**	1,572	1,752	2,180	2,304	2,371	3,004	2,666
Add: Other income	**-**	580	-	-	-	-	408	769
Adjusted EBITDA(1)	**57,187**	59,405	53,400	47,816	41,044	43,106	43,017	41,814
Add: Acquisition SG&A	**3,946**	1,777	612	4,138	2,882	702	-	-
Acquisition Adjusted EBITDA	**$61,133**	$61,182	$54,012	$51,954	$43,926	$43,808	$43,017	$41,814

(1) Historical Adjusted EBITDA has been conformed to the current presentation which includes other income and expense.

The variances over the last eight quarters are primarily due to the following:

1. Net earnings are impacted by rental rate increases, generally implemented in January of each year, and accruals related to billing and servicing matters and the Acquisition results commencing in the fourth quarter of 2014.
2. Increasing current taxes from higher taxable income. Commencing in the first quarter of 2015, current taxes reflect the impact of a one year tax deferral available through a subsidiary of Enercare Solutions.
3. In the third quarter of 2014, additional interest expense was incurred as part of the Acquisition, related to the bridge financing and treatment of Subscription Receipts for accounting purposes. Commencing in the fourth quarter of 2014, interest expense reflects higher debt related to the financing of the Acquisition.
4. Amortization and loss on disposal of equipment are primarily driven by unit continuity activity such as Attrition, exchanges and outstanding units. Commencing in the fourth quarter of 2014, amortization reflects increases from the amortization of capital assets and intangibles following the Acquisition.
5. In the second quarter of 2015, Enercare realized a settlement of $580 from a supplier of sub-metering equipment. Other income in periods prior to 2015 relates to settlements with DE on account of installation and billing matters

DISTRIBUTABLE CASH AND PAYOUT RATIOS

Enercare amended its payout ratio calculation in 2013. As a transition to the new calculation, Enercare has chosen to show both the historical calculation, Payout Ratio and our new calculation, Payout Ratio - Maintenance. Historically, Enercare included both the Rentals capital associated with maintaining (other than Sub-metering and acquisitions) the current customer base (exchanges) as well as the capital associated with acquiring new customers. With the significant improvement in Attrition over the last five years, combined with the success of transitioning Rentals customers into higher revenue generating rental products, Enercare has started to grow revenue beyond annual rate increases. As a result, Enercare changed the calculation to remove the capital required to acquire new Rentals customers. Enercare believes that the new calculation better reflects the on-going cash requirements to maintain the revenue from the current Rentals customer base.

	Three months ended Sept. 30,		Nine months ended Sept. 30,	
Historical Payout Ratio - (000's)	**2015**	2014	**2015**	2014
Cash provided by operating activities	**$54,440**	$30,966	**$107,767**	$87,339
Net change in non-cash working capital	**(6,274)**	(7,978)	**35,959**	(2,080)
Operating Cash Flow[3]	**48,166**	22,988	**143,726**	85,259
Capital expenditures: (excluding growth capital and acquisitions)				
Rentals additions	**(15,455)**	(9,699)	**(40,404)**	(28,040)
Rentals exchanges	**(7,740)**	(8,156)	**(25,933)**	(25,744)
Subtotal	**(23,195)**	(17,855)	**(66,337)**	(53,784)
Total proceeds on disposal of equipment	**1,868**	1,353	**5,565**	3,912
Net capital expenditures	**(21,327)**	(16,502)	**(60,772)**	(49,872)
Other income	**-**	-	**(580)**	(408)
Triacta acquisition costs	**179**	-	**363**	-
OHCS acquisition costs	**3,767**	6,357	**6,156**	7,059
Total reductions	**(17,381)**	(10,145)	**(54,833)**	(43,221)
Distributable Cash[3]	**30,785**	12,843	**88,893**	42,038
Dividends declared	**(19,229)**	(10,607)	**(56,070)**	(31,519)
Net cash retained	**$ 11,556**	$ 2,236	**$32,823**	$10,519
Payout Ratio	**62%**	83%	**63%**	75%

[3] Operating Cash Flow and Distributable Cash are a Non-IFRS financial measure. Refer to the Non-IFRS Financial and Performance Measures section in this MD&A.

The Payout Ratio, after capital expenditures (excluding growth capital for Sub-metering and acquisitions), decreased to 62% for the third quarter of 2015 and 63% year to date, compared to 83% and 75% for the same periods in 2014, primarily as a result of higher operating cash flow, offset by higher net capital expenditures and dividend payments, as a result of the 16% dividend increase announced in the first quarter of 2015, and adjustments for other income and higher acquisition related costs. On a year to date basis, cash used in operating activities and the change in non-cash working capital were both influenced by the Enbridge prepayment of approximately $30,000, on December 30, 2014, for December's Enercare billings in advance of its normal settlement dates. Under the OBA cash is typically paid 21 days after billing.

Acquisition related expenditures in 2015 primarily consist of marketing spend related to rebranding activities, while expenditures in 2014 primarily consist of professional fees associated with the entering into of the Asset Purchase Agreement, interest on the Subscription Receipts and bridge financing costs. Triacta acquisition costs in 2015 primarily consist of professional fees associated with entering into the purchase agreement. These amounts have been adjusted in the payout ratio to better reflect recurring distributable cash.

Enercare intends to finance its recurring capital expenditures with cash flow from operations, cash on hand and available credit.

	Three months ended Sept. 30,		Nine months ended Sept. 30,	
Payout Ratio - Maintenance - (000's)	**2015**	2014	**2015**	2014
Cash provided by operating activities	**$ 54,440**	$ 30,966	**$107,767**	$ 87,339
Net change in non-cash working capital	**(6,274)**	(7,978)	**35,959**	(2,080)
Operating Cash Flow	**48,166**	22,988	**143,726**	85,259
Capital expenditures: (excluding growth capital, additions and acquisitions)				
Rentals exchanges	**(7,740)**	(8,156)	**(25,933)**	(25,744)
Proceeds on disposal of equipment – warranty recoveries	**464**	579	**1,527**	1,639
Net capital expenditures	**(7,276)**	(7,577)	**(24,406)**	(24,105)
Other income	**-**	-	**(580)**	(408)
Triacta acquisition costs	**179**	-	**363**	-
OHCS acquisition costs	**3,767**	6,357	**6,156**	7,059
Total reductions	**(3,330)**	(1,220)	**(18,467)**	(17,454)
Distributable Cash – Maintenance	**44,836**	21,768	**125,259**	67,805
Dividends declared	**(19,229)**	(10,607)	**(56,070)**	(31,519)
Net cash retained	**$ 25,607**	$ 11,161	**$ 69,189**	$ 36,286
Payout Ratio – Maintenance	**43%**	49%	**45%**	46%

The Payout Ratio - Maintenance, which is calculated based upon capital expenditures associated with the exchange of assets for existing customers and excludes capital expenditures associated with obtaining new customers, decreased to 43% in the third quarter of 2015 and to 45% year to date, compared to 49% and 46%, respectively, over the equivalent periods in 2014.

LIQUIDITY AND CAPITAL RESOURCES

(000's)	Three months ended Sept. 30, **2015**	2014	Nine months ended Sept. 30, **2015**	2014
Cash flow from operating activities	**$ 54,440**	$ 30,966	**$107,767**	$ 87,399
Net change in non-cash working capital	**(6,274)**	(7,978)	**35,959**	(2,080)
Operating Cash Flow	**48,166**	22,988	**143,726**	85,259
Capital expenditures: (excluding growth capital and acquisitions)	**(23,210)**	(17,975)	**(66,192)**	(53,868)
Proceeds on disposal of equipment	**1,868**	1,353	**5,565**	3,912
Net capital expenditures	**(21,342)**	(16,622)	**(60,627)**	(49,956)
Acquisitions	**(7,273)**	-	**(8,153)**	(3,035)
Growth capital	**(5,403)**	(1,641)	**(12,387)**	(6,114)
Cash used in investing activities	**(34,018)**	(18,263)	**(81,167)**	(59,105)
Dividends paid	**(19,267)**	(10,605)	**(55,222)**	(31,372)
Other financing activities	**(8,092)**	(305)	**(9,652)**	(903)
Cash used in financing activities	**(27,359)**	(10,910)	**(64,874)**	(32,275)
Cash and equivalents – end of period	**$ 29,781**	$ 21,899	**$ 29,781**	$ 21,899

Operating Cash Flow of $48,166 in the third quarter of 2015 increased by $25,178 and by $58,467 to $143,726 year to date, compared to the same periods in 2014, primarily as a result of improved revenues and changes in non-cash working capital, partially offset by increased cost of goods sold, SG&A and net taxes. On a year to date basis, cash used in operating activities and the change in non-cash working capital were both influenced by the Enbridge prepayment of approximately $30,000, on December 30, 2014, for December's Enercare billings in advance of its normal settlement dates. Under the OBA cash is typically paid 21 days after billing.

Net capital expenditures of $21,342 in the third quarter of 2015, increased by $4,720 and by $10,671 to $60,627 year to date, compared to the same periods in 2014, due to increased HVAC rentals and changes in asset mix. Acquisition costs in 2015 include $7,273 in respect of the purchase of Triacta in the third quarter and $880 in respect of the purchase of the CNI rental portfolio in the first quarter, while the $3,035 in 2014 was in respect of the purchase of the ESN rental portfolio during the first quarter. Growth capital investments were $5,403 for the third quarter of 2015 and $12,387 year to date, increases of $3,762 and $6,273, respectively, when compared to the same periods in 2014. Growth capital expenditures increased in 2015 primarily from expenditures related to the decoupling from DE's information technology platform.

Dividends paid reflect dividend payments on outstanding Shares.

Other financing activities for the third quarter of 2015 primarily reflect $7,544 of Shares repurchased and cancelled under the NCIB and the repayment of obligations under finance leases during the period.

Available credit of $100,000 under the New Revolver was not drawn as at September 30, 2015. Enercare is subject to a number of covenants and has the ability to incur additional senior debt as described in "*Liquidity and Capital Resources – Cash from Financing*" in this MD&A.

Management believes that Enercare has sufficient cash flow, cash on hand and available credit to meet its 2015 obligations, including capital expenditures, financing activities and working capital requirements for its businesses.

Capital Expenditures

Capital expenditures typically have a significant impact on liquidity and are best understood with reference to the unit continuity analysis below.

Installed Asset Unit Continuity (000's)			Three months ended September 30, **2015**			2014
Segment	**Rentals**	**Sub-metering**	**Total**	Rentals	Sub-metering	Total
Units - start of period	**1,125**	**157**	**1,282**	1,138	145	1,283
Portfolio additions	**9**	**4**	**13**	5	3	8
Acquisitions	**-**	**-**	**-**	-	-	-
Attrition	**(7)**	**-**	**(7)**	(11)	-	(11)
Units - end of period	**1,127**	**161**	**1,288**	1,132	148	1,280
Asset exchanges – units retired and replaced	**10**	**-**	**10**	12	-	12
% change in units during the period			**0.5%**			(0.2%)
% of units from start of period:						
Portfolio additions (net of acquisitions)			**1.0%**			0.6%
Attrition			**(0.5%)**			(0.9%)
Units retired and replaced			**0.8%**			0.9%

Installed Asset Unit Continuity (000's)			Nine months ended September 30, **2015**			2014
Segment	**Rentals**	**Sub-metering**	**Total**	Rentals	Sub-metering	Total
Units - start of period	**1,129**	**151**	**1,280**	1,145	136	1,281
Portfolio additions	**23**	**10**	**33**	16	12	28
Acquisitions	**1**	**-**	**1**	2	-	2
Attrition	**(26)**	**-**	**(26)**	(31)	-	(31)
Units - end of period	**1,127**	**161**	**1,288**	1,132	148	1,280
Asset exchanges – units retired and replaced	**35**	**-**	**35**	38	-	38
% change in units during the period			**0.6%**			(0.1%)
% of units from start of period:						
Portfolio additions (net of acquisitions)			**2.6%**			2.2%
Attrition			**(2.0%)**			(2.4%)
Units retired and replaced			**2.7%**			3.0%
Billable units	**1,127**	**106**	**1,233**	1,132	93	1,225
Contracted units		**200**			180	

In the third quarter of 2015, the portion of net capital expenditures in Home Services related to unit additions and asset exchanges, net of proceeds on disposal, were $21,342 in the third quarter of 2015 and $60,627 year to date, increasing by 28% or $4,720 and 21% or $10,671, respectively, when compared to the same periods in 2014, primarily as a result of increased HVAC rentals.

Installations in the Sub-metering business were approximately 4,000 units in the third quarter of 2015 and 10,000 units year to date, an increase of 1,000 units and decrease of 2,000 units, respectively, compared to the same periods in 2014. Sub-metering capital expenditures in the third quarter of 2015 were $4,235 and $8,095 year to date, approximately $2,651 and $2,102, respectively, higher than in the same periods in 2014 on account of the timing and costs of projects under completion.

Attrition decreased in the third quarter of 2015 by 4,000 units or 36% and 5,000 units or 16% year to date compared to the same periods in 2014. Enercare has implemented many programs, including continued consumer education campaigns. Such initiatives, coupled with Bill 55 as well as enhancements to our customer value proposition (for example, the "same day service campaign"), have helped to significantly reduce Attrition in recent years.

For the Home Services units, changes in Billable units reflect the asset activity as reported in the continuity schedule. For the Sub-metering business, Billable units of 106,000 increased by 13,000 units in the third quarter of 2015 compared to the same period in 2014, primarily due to additional installations and increased penetration in the rental apartment market.

Sub-metering sales activity was approximately 3,000 units in the third quarter of 2015 and 15,000 units year to date, reflecting improvements in sales of 1,000 units in both the third quarter and year to date, compared to the same periods in 2014. Although not reflected in the unit continuity, in October, one of ECI's customer exercised its buy-out option in respect of 10,209 installed units, 6,089 of which are billing. It is anticipated the buyouts will take place in stages from October to December 2015.

Cash From Financing

Financing activities for Enercare may reflect dividend payments, periodic financing of Enercare Solutions' indebtedness, Enercare's offering of Shares and Convertible Debentures, and to a much lesser extent financing of the Sub-metering business. During the third quarter of 2015, Enercare recorded $548 of financing repayments, excluding dividends and Share repurchases under the NCIB, which is primarily related to the scheduled repayment of the Stratacon Debt, obligations under finance leases and the purchase of treasury shares. During the third quarter of 2015, Enercare repurchased and cancelled $7,544 Shares under the NCIB.

Capitalization	Nine months ended September 30,	
(000's)	**2015**	2014
Cash and cash equivalents	**$ 29,781**	$ 21,899
Restricted Cash held in escrow	**-**	326,597
Net investment in working capital	**34,068**	(12,929)
Cash, net of working capital	**63,849**	335,567
Total debt	**687,345**	539,186
Subscription receipts payable	**-**	326,597
Shareholders' equity	**452,615**	57,209
Total capitalization – book value	**$1,139,960**	$922,992

Typically, Enercare maintains cash balances and available credit to provide sufficient cash reserves to satisfy short-term requirements, including interest payments, dividends and certain capital expenditures and acquisitions.

At September 30, 2015, total debt was comprised of the 2012 Notes, the 2013 Notes, the New Term Loan, Convertible Debentures and the Stratacon Debt.

Enercare Solutions is subject to a number of covenant requirements as described in the AIF and below. The following discussion outlines the principal covenants.

Debt Financing

As described in the AIF, the Previous Revolver and Previous Term Loan each contained terms, representations, warranties, covenants and events of default that were customary for credit facilities of this kind, including financial covenants discussed below, restrictions on asset sales and reorganizations, a negative pledge and limits on distributions to Enercare (and, therefore, in effect, holders of Shares). Events of default under the Previous Revolver and Previous Term Loan included a cross-default provision and the occurrence of a change of control of Enercare or Enercare Solutions. Enercare Solutions' obligations under the Previous Revolver and Previous Term Loan were guaranteed by all of Enercare Solutions' direct and indirect subsidiaries.

The New Debt Financing is an amendment and restatement of Enercare Solutions' Previous Revolver, with substantially similar terms to that facility but with the following material additions and revisions made to reflect the inclusion of the New Term Loan and contemplation of the Acquisition: (i) the addition of the New Term Loan commitments, (ii) the addition of EHCS LP and the general partner of EHCS LP as guarantors, (iii) the revision to the definition of "Adjusted EBITDA" to include add-backs for Acquisition-related transaction expenses, one-time rebranding costs and information technology system harmonization costs not to exceed $23,500, (iv) increase in the "basket" sizes permitted under certain covenants and events of default (to take into account the increase of assets under management due to the Acquisition), and (v) favourable changes to the financial covenants as described below.

The Previous Revolver and Previous Term Loan contained the following financial covenants (i) all additional incurrences of senior debt, with certain exceptions, must, on the date of incurrence, result in a *pro forma* ratio equal to or greater than 3.8 to 1.0 of Incurrence EBITDA (as defined in the Senior Unsecured Indenture) to Net Interest Expense (as defined in the Senior Unsecured Indenture); (ii) the ratio of total debt (other than subordinated debt) to "Adjusted EBITDA" must be less than 4.25:1; (iii) the ratio of Adjusted EBITDA to "Cash Interest Expense" must be greater than 3.00:1; and (iv) the ratio of Adjusted EBITDA less capital expenditures to Cash Interest Expense must be greater than 1.75:1.

As described in the AIF, the Previous Revolver and Previous Term Loan defined "Adjusted EBITDA" as the consolidated net income of Enercare Solutions and any losses on dispositions of assets less, to the extent included in calculating such net income, all interest income and income tax recoveries, gains on hedging contracts and all extraordinary, non-recurring and unusual income items, plus, to the extent deducted in calculating such net income, amounts for total interest expense, fees payable under the origination agreement with DE (as assigned to Enercare in connection with the Acquisition), amortization and depreciation expenses, income taxes and any other non-cash items, losses on hedging contracts, proceeds of disposal of water heaters in the ordinary course of business, determined on a consolidated basis. The Previous Revolver and Previous Term Loan essentially defined "Cash Interest Expense" as the aggregate amount of interest and other financing charges payable in cash and expensed by Enercare Solutions with respect to debt (other than subordinated debt between Enercare Solutions and Enercare or any subsidiary of Enercare Solutions or between subsidiaries of Enercare Solutions), but excluding any make-whole, prepayment, penalty or premium or other yield maintenance amount with respect to debt.

The New Debt Financing contains financial covenants that are more favourable than the Previous Revolver and Previous Term Loan. The ratio of total debt (other than subordinated debt) to Adjusted EBITDA described above must now only be less than 4.75:1, and the financial covenant pertaining to the ratio of Adjusted EBITDA less capital expenditures to Cash Interest Expense described above has been removed entirely. The New Debt Financing also contains substantially similar definitions to those of the Previous Revolver and Previous Term Loan except that "Adjusted EBITDA" adds back certain specified items incurred with respect to the Acquisition, including transaction expenses, one-time rebranding costs and information technology system harmonization costs, not to exceed $23,500.

Enercare Solutions was in compliance with the covenants within the New Revolver and New Term Loan as of September 30, 2015. No amounts were drawn under the New Revolver at September 30, 2015.

2012 Notes and 2013 Notes – Incurrence Test

The covenants in respect of the 2012 Notes and 2013 Notes are contained in the Senior Unsecured Indenture. Under the terms of the Senior Unsecured Indenture, Enercare Solutions may not incur additional senior debt other than certain refinancing debt and certain working capital debt if the Incurrence Test (as described in the AIF) is less than 3.8 to 1. On September 30, 2015, Enercare Solutions exceeded this minimum and had the capacity under the covenant to raise more than $300,000 additional senior debt should it elect to do so.

SUMMARY OF QUARTERLY RESULTS

(000's)	**Q3/15**	Q2/15	Q1/15	Q4/14	Q3/14	Q2/14	Q1/14	Q4/13
Total revenues	**$145,455**	$134,938	$141,812	$126,012	$80,469	$74,047	$82,225	$75,675
Net earnings	**13,124**	16,204	7,902	5,672	2,133	7,457	7,014	4,793
Dividends declared	**19,229**	19,303	17,538	16,648	10,607	10,600	10,312	10,161
Average Shares outstanding	**91,634**	91,916	91,898	84,628	58,532	58,486	58,449	58,356
Per Share								
Basic net earnings	**$0.14**	$0.18	$0.09	$0.07	$0.04	$0.13	$0.12	$0.08
Diluted net earnings	**$0.14**	$0.18	$0.09	$0.07	$0.03	$0.13	$0.12	$0.08
Dividends declared	**$0.21**	$0.21	$0.191	$0.181	$0.181	$0.181	$0.176	$0.174

In addition to quarterly comments found under "*Results of Operations – EBITDA and Adjusted EBITDA*", differences in net earnings between quarters reflect the timing of expenses, current tax expense, the temporary difference reversals of deferred income tax and the impact of the Acquisition in the fourth quarter of 2014. Dividends declared primarily reflect the change in outstanding Shares over time as well as the dividend increases implemented in the first quarters of 2014 and 2015.

The average number of Shares outstanding and the related per Share data reflect the impact of the conversion of Convertible Debentures.

SUMMARY OF CONTRACTUAL DEBT AND LONG TERM OBLIGATIONS

The following schedule summarizes the contractual debt and long term obligations of Enercare at September 30, 2015:

Period	Debt		Finance Leases		Other
(000's)	Principal	Interest	Principal	Interest	Obligations
Due in 2015	$ 316	$ 5,849	$ 537	$ 56	$ 467
Due in 2016	992	21,499	1,954	183	2,215
Due in 2017	253,383	21,269	1,653	119	1,443
Due in 2018	210,126	10,360	1,246	66	839
Due in 2019	25	10,356	773	29	754
Thereafter	225,055	5,179	376	9	4,500
Total	$689,897	$74,512	$6,539	$462	$10,218

As at September 30, 2015, long-term senior contractual obligations of Enercare included debt service on the 2012 Notes and 2013 Notes bearing interest at 4.30% and 4.60%, respectively. Interest on the 2012 Notes is payable semi-annually on May 30 and November 30 and is payable semi-annually on February 3 and August 3 in respect of the 2013 Notes. The New Term Loan, maturing on October 20, 2018, bears interest at a variable rate based upon the banker's acceptance rate plus 1%, which was 1.743% at September 30, 2015.

The Stratacon Debt of $2,129, as at September 30, 2015, was originally issued in 14 series with maturity dates ranging from 4 to 14 years, ending in 2022. The interest rate on the Stratacon Debt ranges from 7.50% to 8.75%. Principal and interest is paid monthly.

The Convertible Debentures bear interest at 6.25%, with interest payable semi-annually on June 30 and December 31 until maturity in June 2017.

At September 30, 2015, no amounts were drawn on the New Revolver. The New Revolver bears a standby charge of 0.20%, which has not been included in the above schedule.

The obligations under finance leases are secured by the leased vehicles and bear floating interest rates that are 2.5% above the one month banker's acceptance rate, per annum, which are contingent on market rates. The finance leases mature at dates ranging between October 2015 and August 2021.

Other obligations include long term sponsorship, premises and office equipment. Substantially all of the future expense obligations are the result of naming rights for the Enercare Centre and leased premises.

ENERCARE SHARES ISSUED AND OUTSTANDING

Enercare's authorized share capital consists of an unlimited number of Shares and 10,000,000 preferred shares. At September 30, 2015, there were 91,401,385 Shares (58,540,830 at September 30, 2014) issued and outstanding, and no preferred shares were outstanding. Preferred shares may, at any time and from time to time, be issued in one or more series, with such rights, privileges, restrictions and conditions as may be determined by the directors. The preferred shares of each series shall, with respect to the payment of dividends and the distribution of assets, be entitled to preference over the Shares and any other share ranking junior to the preferred shares from time to time.

From October 1, 2015 to November 11, 2015, approximately $35 principal amount of additional Convertible Debentures were converted into 5,401 Shares. The Convertible Debentures principal balance outstanding of $2,733 at November 11, 2015 may be converted into approximately 421,759 additional Shares.

NON-IFRS FINANCIAL AND PERFORMANCE MEASURES

The condensed interim consolidated financial statements of Enercare are prepared in accordance with IFRS. Enercare's basis of presentation and significant accounting policies are summarized in detail in notes 2 and 3 of the condensed interim consolidated financial statements for the period ended September 30, 2015.

Enercare reports on certain non-IFRS measures that are used by management to evaluate performance of Enercare and meet certain covenant requirements relating to debt financing. Since non-IFRS measures do not have standardized meanings prescribed by IFRS, securities regulations require that non-IFRS measures be clearly defined, qualified, and reconciled with their nearest IFRS measure. These measures do not have standardized meanings or interpretations, and may not be comparable to similar terms and measures provided by other issuers.

EBITDA, Adjusted EBITDA, Acquisition Adjusted EBITDA, Distributable Cash, Payout Ratio and Payout Ratio-Maintenance should not be construed as alternatives to net income or earnings per Share determined in accordance with IFRS as indicators of Enercare's performance.

Non-IFRS financial indicators used by Enercare and reported in this MD&A include:

Measures of Asset Portfolio Performance

Capital Expenditures and Acquisitions

Enercare makes two principal types of investments to grow its installed base of water heaters, sub-meters and other assets: capital expenditures and acquisitions.

Measures of Financial Performance

EBITDA

This measure is comprised of net earnings plus income taxes, interest expense and amortization expense, less investment and other income. It is one metric that can be used to determine Enercare's ability to service its debt, finance capital expenditures, and provide for the payment of dividends to shareholders. EBITDA is reconciled with net earnings, an IFRS measure, in the section *"Results of Operations – EBITDA, Adjusted EBITDA and Acquisition Adjusted EBITDA"* in this MD&A.

Adjusted EBITDA

This measure is comprised of net earnings plus income taxes, interest expense, amortization expense, impairment losses, loss on disposal of equipment, less investment income. It is one metric that can be used to determine Enercare's ability to service its debt, finance capital expenditures, and provide for the payment of dividends to shareholders. Adjusted EBITDA is reconciled with net earnings, an IFRS measure, (see *"Results of Operations – EBITDA, Adjusted EBITDA and Acquisition Adjusted EBITDA"* in this MD&A).

Acquisition Adjusted EBITDA

This measure reflects the same components as Adjusted EBITDA, however, eliminates the additional one-time costs associated with the Acquisition and the acquisition of Triacta, including interest expense for accounting purposes on the Subscription Receipts and equity bridge financing fees related to the Acquisition, professional fees associated with due diligence, pre and post-merger integration, expenditures associated with rebranding, severance and other costs in SG&A. This is one metric that can be used to determine Enercare's ability to service its ongoing debt, finance capital expenditures, and provide for the payment of dividends to shareholders. Acquisition Adjusted EBITDA is reconciled with net earnings, an IFRS measure, in the section *"Results of Operations - EBITDA, Adjusted EBITDA and Acquisition Adjusted EBITDA"* in this MD&A.

Billable

Sub-metering Billable units represent assets or services in the case of multiple products, for which an invoice has been issued to a customer in the past. From time to time there may be periods where no invoicing occurs in respect of such asset or service due to, for example, vacancy or delinquency. Billable Sub-metering assets are no longer Billable upon termination of the contractual agreement with the landlord or condominium corporation, as applicable, or where vacancy exceeds six months. The Rentals portfolio is deemed to be fully Billable upon origination and removed from Billable upon asset termination.

Distributable Cash and Distributable Cash - Maintenance

Distributable Cash is one measure of the amount of cash generated during a period that is available to service debt, finance capital expenditures and provide for the payment of dividends to shareholders.

Historically, Distributable Cash comprised net earnings of Enercare, plus non-cash items, such as deferred income taxes, amortization and non-recurring expenses related to the Acquisition and transition of OHCS, plus the proceeds on disposal of equipment, less capital expenditures (excluding growth capital) and other non-recurring income. Capital expenditures outside of Enercare's traditional Rentals asset purchases, such as Sub-metering equipment, acquisitions and infrastructure assets are considered by management to be growth expenditures and are therefore not deducted in the determination of Distributable Cash.

Distributable Cash per Share is a measure of the amount of Distributable Cash calculated on a per Share basis.

Distributable Cash - Maintenance is the same as the historical Distributable Cash, except that Rentals capital expenditures associated with new customer additions and buyout proceeds on disposal of equipment associated with lost customers are excluded. Growth expenditures for purposes of Distributable Cash - Maintenance definition include capital expenditures such as Rentals new customer equipment additions, Sub-metering equipment, acquisitions and infrastructure assets.

Distributable Cash is reconciled with cash provided by operating activities, an IFRS measure, in the section *"Distributable Cash and Payout Ratios*" in this MD&A.

Distributions, Payout Ratio and Payout Ratio - Maintenance

Dividends are declared and paid monthly to shareholders at the discretion of the board of directors of Enercare. Among other things, the directors consider the level of Distributable Cash, the level of previous dividends, and the amount of cash they wish to retain in the company for contingencies and future growth.

The historical Payout Ratio is the percentage of Distributable Cash to dividends (excluding the exercise of the over-allotment option) declared to shareholders during a period and represents the ability of Enercare to pay dividends, finance capital expenditures and add to its cash reserves.

Payout Ratio - Maintenance is similar to the Payout Ratio, except that the ratio is calculated as the percentage of Distributable Cash – Maintenance to dividends declared to shareholders during the period and represents the ability of Enercare to pay dividends, add to its cash reserves and illustrates the proportion of cash required to maintain its existing customer base.

Operating Cash Flow

Operating Cash Flow is the cash flow from operating activities excluding changes in non-cash working capital. It represents the net cash generated in earnings, excluding non-cash items. It is one indicator of the financial strength of Enercare. Operating Cash Flow is reconciled with cash flow from operating activities, an IFRS measure, in the section *"Liquidity and Capital Resources"* in this MD&A.

Measures Regarding Debt Covenants

As at September 30, 2015, Enercare was in compliance with all covenants under the 2012 Notes, 2013 Notes, New Revolver and New Term Loan. A summary of the financial covenants in respect of such debt, together with those of the New Debt Financing, can be found in "*Liquidity and Capital Resources – Debt Financing*".

New Revolver and New Term Loan

Under the New Revolver and New Term Loan agreements, Enercare Solutions is subject to three principal financial covenants as described in the section *"Risks Related to the Structure of Enercare"* in this MD&A. The covenants address interest and debt coverage. Enercare Solutions complied with these covenants on September 30, 2015. No amounts were drawn under the New Revolver at September 30, 2015.

2012 Notes and 2013 Notes – Incurrence Test

The covenants under the 2012 Notes and 2013 Notes are contained in the Senior Unsecured Indenture. Under the terms of the Senior Unsecured Indenture, Enercare Solutions may not incur additional senior debt other than certain refinancing debt and certain working capital debt if the Incurrence Test (as described in the AIF) is less than 3.8 to 1.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts in the condensed interim consolidated financial statements and accompanying notes. Management applies judgment in its assessment of Enercare's arrangements with customers when determining the classification of leases and the extent to which the risks and rewards incidental to ownership lie with the company or the customer. In addition to leases, other estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates. The following items are of significance for the period.

Revenue Accruals

At September 30, 2015, the Home Services business recorded a revenue accrual of approximately $42,900 (2014 - $800) reflecting accrued service periods. Unbilled protection plans comprise approximately $25,900 (2014 - $0) of this balance which is predominantly made up of protection plans sold in franchisee service areas which are recognized as royalty revenue at inception but are invoiced over a period of twelve months. The remaining unbilled revenues reflect accrued service periods for rental water heaters and other products.

At September 30, 2015, the Sub-metering business recorded a revenue accrual of approximately $10,900 (2014 - $9,700), reflecting accrued service periods, increases in Billable units and pass through commodity charges.

Bad Debt Provisions

The Home Services business is exposed to credit risk in the normal course of business for customers who are billed directly by Enbridge within its service territory and secondarily when billed by Enercare or are billed by Enbridge outside of its service territory. For billing within the Enbridge service territory, Enercare is guaranteed payment by Enbridge for 99.49% in 2015 and 99.56% in 2014 of the amount billed (subject to certain exceptions) 21 calendar days after the invoices are issued.

Management evaluates a number of factors and assumptions in the determination of the bad debt provisions, which was approximately $10,716 at September 30, 2015, compared to approximately $8,711 at the end of 2014. Changes in any of variables or assumptions may result in a materially different amount.

Leases

Management applies judgment in its assessment of Enercare's arrangements with customers when determining the classification of leases and the extent to which the risks and rewards incidental to ownership lie with the company or the customer.

Impairment of Non-Financial Assets and Goodwill

Impairment tests are conducted at least annually, or as warranted by prevailing circumstances at the time of reporting. The recoverable amount is based upon a number of assumptions, including but not limited to: discount rates, billing suites, cash flows and expenses. Changes in any of these assumptions may result in a materially different recoverable amount.

Employee Benefit Plans

Enercare maintains active employee defined benefit pension plans which are closed to new members. The balances related to these plans are subject to a number of assumptions. The actuarial valuations rely on estimates and assumptions including those for wage escalation, mortality, health care and dental costs inflation, retirement ages, life expectancies and discount rates. Changes in these estimates could have a material impact on the employee benefit plans liability and employee benefit plan costs.

Recoverability of Deferred Tax Assets

Deferred tax assets are recognized to the extent that realization is considered probable. Judgments regarding projected future income and tax planning strategies are considered in making this assessment.

Business Combination

With respect to the preliminary estimated fair value of acquired assets and assumed liabilities and other adjustments related to the Acquisition and the acquisition of Triacta, these consolidated financial statements have been prepared using the acquisition method of accounting, in accordance with IFRS 3R, Business Combinations, under which, the total fair value of the consideration transferred has been assigned to the assets acquired and liabilities assumed based on their estimated fair values at the date of the respective acquisitions, with any excess purchase price allocated to goodwill. Changes may be expected as additional information becomes available following the closing date of October 20, 2014. Accordingly, the final fair value determinations may differ from those set forth in these consolidated financial statements and such differences may be material.

DISCLOSURE AND INTERNAL CONTROLS AND PROCEDURES

Enercare's certifying officers have designed, and assessed the design of, a system of DC&P to provide reasonable assurance that (i) material information relating to Enercare, including its consolidated subsidiaries, is made known to them by others; and (ii) information required to be disclosed by Enercare in its annual filings, interim filings and other reports filed or submitted by Enercare under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. As well, Enercare's certifying officers have designed, and assessed the design of, ICFR to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Enercare has used the Internal Control – Integrated Framework (2013) from The Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in order to assess the effectiveness of Enercare's internal control over financial reporting. There are no material weaknesses relating to the design of either DC&P or ICFR at September 30, 2015. There have been no changes to our ICFR during the quarter ended September 30, 2015 that has materially affected, or is reasonably likely to materially affect, Enercare's ICFR.

Enercare has limited the scope of its design of disclosure controls and procedures and internal control over financial reporting to exclude controls, policies and procedures of EHCS LP, which acquired OHCS on October 20, 2014 and Triacta which was acquired on July 15, 2015. This relates to approximately 39% of revenues and 26% of net earnings for the third quarter of 2015 and approximately 40% of revenues and 33% of net earnings year to date in 2015. In addition, it relates to approximately 46% and 45% of the consolidated current assets and current liabilities, respectively, and approximately 45% and 7% of consolidated long term assets and long term liabilities, respectively.

Enercare is currently in the process of documenting and evaluating the controls, policies and procedures in respect of EHCS LP and Triacta. The financial statements include OHCS results since Acquisition at October 20, 2014 and Triacta results as of July 15, 2015.

Management does recognize that any controls and procedures no matter how well designed and operated, can only provide reasonable assurance and not absolute assurance of achieving the desired control objectives. In the unforeseen event that lapses in the disclosure or internal controls and procedures occur and/or mistakes happen, Enercare intends to take whatever steps are necessary to minimize the consequences thereof.

CHANGES IN ACCOUNTING POLICIES

The condensed interim consolidated financial statements of Enercare are prepared in accordance with IFRS as issued by IASB applicable to the preparation of the condensed interim consolidated financial statements, including IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2014. Enercare has consistently applied the same accounting policies and methods of computation throughout all periods presented, as if these policies had always been in effect.

Adoption of New Accounting Standards

Enercare has adopted new or revised standards as required by IFRS, effective January 1, 2015.

IAS 19, “Employee Benefits” (“IAS 19”), was amended in November 2013. The amendments include changes to the accounting treatment of employee or third-party contributions to defined benefit plans under certain circumstances. This standard is required to be applied for accounting periods beginning on or after January 1, 2015. Enercare implemented the standard and has determined that it did not have an impact on the consolidated financial statements.

Accounting Standards Issued But Not Yet Applied

The following are accounting policy changes to be implemented by Enercare in future years:

Revenue Recognition

IFRS 15, “Revenue from Contracts with Customers” (“IFRS 15”), provides a comprehensive five-step revenue recognition model for all contracts with customers. The IFRS 15 revenue recognition model requires management to exercise significant judgment and make estimates that affect revenue recognition. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. Enercare is currently evaluating the impact of adopting this standard on the consolidated financial statements.

Financial Instruments

The final version of IFRS 9, “Financial Instruments” (“IFRS 9”), was issued by the IASB in July 2014 and will replace IAS 39, “Financial Instruments: Recognition and Measurement”. IFRS 9 introduces a model for classification and measurement, a single, forward-looking “expected loss” impairment model and a substantially reformed approach to hedge accounting. The new single, principle-based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity’s own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, however is available for early adoption. In addition, the own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments. Enercare is currently evaluating the impact of adopting this standard on the consolidated financial statements.

Financial Instruments Disclosures

IFRS 7, “Financial Instruments: Disclosures” (“IFRS 7”), has been amended by the IASB to require additional disclosures on transition from IAS 39 to IFRS 9. The amendment to IFRS 7 is effective for periods beginning on or after January 1, 2018. Enercare is currently evaluating the impact of adopting this standard on the consolidated financial statements.

Presentation of Financial Statements

IAS 1, “Presentation of Financial Statements” (“IAS 1”) was amended by the IASB to clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and disclosure of accounting policies. The amendment gives guidance that information within the consolidated statements of financial position and consolidated statements of income should not be aggregated or disaggregated in a manner that obscures useful information, and that disaggregation may be required in the consolidated statements of income in the form of additional subtotals as they are relevant to understanding the entity's financial position or performance. The amendments to IAS 1 are effective for periods beginning on or after January 1, 2016. Enercare is currently evaluating the impact of adopting this standard on the consolidated financial statements.

RISK FACTORS

The risks related to the business and structure of Enercare discussed in the AIF remain unchanged.

OUTLOOK

The forward-looking statements contained in this section are not historical facts but, rather, reflect Enercare's current expectations regarding future results or events and are based on information currently available to management.

Home Services Integration

The purchase of OHCS has been transformative for Enercare. The Acquisition has allowed Enercare to have direct access to its customers, control over all aspects of its operations and larger financial scale. The reunification of the two businesses has been successful to-date. In the first nine months of 2015, Enercare has been pleased with the distributable cash accretion from the transaction, which continues to be ahead of target. Despite increasing the dividends by approximately 16% in March of 2015, we have seen a decline in our payout ratio from 83% in the third quarter of 2014 to 62% in the third quarter of 2015.

In the third quarter of 2015, Enercare completed a number of its rebranding initiatives. In August the Direct Energy Centre at Exhibition Place in Toronto was rebranded to the Enercare Centre and in the third quarter Enercare launched a fully integrated mass marketing campaign featuring television, radio and digital media as well as media outreach programs.

The decoupling from DE's information technology platform continues to progress well. The first phase of de-coupling was completed in the second quarter and ahead of schedule, and the second phase of on-boarding is expected to be completed by the end of the fourth quarter, prior to the expiration of the Transition Services Agreement.

Growth Initiatives - Home Services

Enercare continues to experience improved results through improved rental customer retention and increased average monthly rental rates, largely as a result of our rental HVAC strategy. We continue to believe that the factors contributing to the decline in Attrition, including improved customer awareness, an enhanced customer experience, Bill 55 (effective April 1, 2015) and actions taken in respect of competitive activity, will create a favourable environment for further improvement in customer retention. We are very pleased that in the third quarter of 2015, unit growth surpassed Attrition for the first time since 2007 and also experienced the largest growth since 2005. Our focus remains to grow our annuity contracts through new products and promotional offers.

Enercare has been pleased with the growth of its HVAC rental customer base and this initiative continues to be a priority. While converting a customer from an outright sale to a long-term rental product is capital intensive and creates a short-term reduction to the income statement, the rental HVAC creates a long-term customer relationship. This relationship provides greater cross-selling opportunity and generates more income through time than the sale of an HVAC unit.

Enercare will continue to rationalize and simplify protection plan offers, including combining multiple services into one contract, which may result in fewer contracts with no impact on the number of services being provided.

Growth Initiatives – Sub-metering

The Sub-metering priority is to be cash flow positive by year end by increasing new contract sales and improving productivity and operational efficiencies. We continue to implement technologies to automate process and improve controls in the meter-to-cash cycle as part of our revenue assurance program. We are pleased that the year-over-year improvement in net revenue resulting from the revenue assurance program has contributed more than $3,000 of incremental net revenue in 2015, exceeding the originally anticipated $2,000.

In the third quarter, Enercare acquired Triacta. The addition of Triacta provides Enercare with access to the U.S. market and ensures a reliable, long-term supply of advanced sub-metering technology from within a limited North American supply base. We estimate the annual U.S. market for sub-meters to be $100,000 U.S. (2012 Pike report), including both commercial and multi-residential segments.

GLOSSARY OF TERMS

Defined Term	Definition
AIF	Annual Information Form of Enercare dated March 27, 2015.
Acquisition	The acquisition of the OHCS business of DE by Enercare on October 20, 2014 through EHCS LP pursuant to the Asset Purchase Agreement.
Asset Purchase Agreement	The agreement dated July 24, 2014 between Enercare, EHCS LP and DE regarding the Acquisition.
Attrition	Termination of customer relationships, including buyouts, in the Rentals portfolio.
Bill 55	Stronger Protection for Ontario Consumers Act, 2013.
Billable	Enercare services that are deemed to be billing (see Non-IFRS Financial and Performance Measures – Measures of Financial Performance).
CNI	Cobourg Network Inc.
Conversion	The conversion of the Fund and the Trust, income trusts, to Enercare and Enercare Solutions, respectively.
Convertible Debenture Indenture	The trust indenture dated as of June 8, 2010 between the Fund and Computershare Trust Company of Canada pursuant to which the Convertible Debentures were issued. The Fund was wound-up and dissolved in connection with the Conversion and all of the covenants and obligations of the Fund with respect to the Convertible Debentures were assumed by Enercare.
Convertible Debentures	6.25% convertible unsecured subordinated debentures of Enercare (formerly the Fund), which mature on June 30, 2017, in the original aggregate principal amount of $27,883. Each Debenture is convertible into Shares at the option of the holder at a conversion price of $6.48 (or 154.3210 Shares per $1,000 principal amount of Convertible Debentures).
Co-ownership Agreement	Co-ownership agreement dated December 17, 2002 between DE, Rentco, 4104285 Canada Limited and CIBC Mellon Trust Company as custodian, as assigned by Rentco to ESLP on December 17, 2002, as amended on February 6, 2003, January 1, 2005, December 29, 2006, February 8, 2007 and April 25, 2007, and assigned to EHCS LP as part of the Acquisition.
DBRS	DBRS Limited.
DC&P	Disclosure Controls and Procedures as defined under National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings.
DE	Direct Energy Marketing Limited.
ECI	Enercare Connections Inc. (formerly Stratacon, EECI and Triacta).
EECI	Enbridge Electric Connections Inc. (now ECI).
EHCS LP	Enercare Home and Commercial Services Limited Partnership, the limited partnership formed to own OHCS following the closing of the Acquisition, an indirect wholly-owned subsidiary of Enercare.
Enbridge	Enbridge Gas Distribution Inc.
Enercare	Enercare Inc., formerly the Fund.
Enercare Solutions	Enercare Solutions Inc., formerly the Trust.
ESLP	Enercare Solutions Limited Partnership (formerly the Waterheater Operating Limited Partnership).
ESN	Energy Services Niagara Inc.
Fund	The Consumers' Waterheater Income Fund, predecessor to Enercare prior to the conversion of the Fund from an income trust to corporate structure pursuant to a plan of arrangement on January 1, 2011.
HVAC	Heating, ventilation and air conditioning.
Home Services	Enercare business, which provides rental water heaters, furnaces, air conditioners and other HVAC products and, as of October 20, 2014, also provides protection plans, HVAC sales and related services.
IASB	The International Accounting Standards Board.
ICFR	Internal Control Over Financial Reporting as defined under National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings.
IFRS	International Financial Reporting Standards as adopted by the International Accounting Standards Board.
Incurrence Test	2009 Notes and 2012 Notes Incurrence EBITDA to Net Interest Expense.
LEAN	Lean is a set of "tools" and an operational discipline that assist in the identification and steady elimination of process waste - as waste is eliminated quality improves while cycle time and cost is reduced.
MD&A	Management's Discussion and Analysis.
New Debt Financing	The debt financing of Enercare Solutions in respect of the Acquisition consisting of an unsecured (i) 4-year variable rate, non-revolving term loan facility in the amount of $210,000 and (ii) 5-year variable rate, revolving credit facility in the maximum amount of $100,000.
New Revolver	The 5-year variable rate, revolving credit facility in the maximum amount of $100,000 issued under the New Debt Refinancing.
New Term Loan	The 4-year variable rate, non-revolving term loan facility in the amount of $210,000 issued under the New Debt Financing.
OBA	Open bill access agreement with Enbridge.
OCI	Other Comprehensive Income.
OHCS	The Ontario home and small commercial services business of DE acquired by Enercare on October 20, 2014 pursuant to the Asset Purchase Agreement.
Previous Revolver	$35,000 line of credit, with a maturity date of November 15, 2014, as amended and restated as of July 6, 2011, and further amended on November 15, 2012, February 26, 2013 and July 4, 2014 and replaced on October 20, 2014 with the New Revolver.
Previous Term Loan	$60,000 single draw, variable rate, interest only, open loan with a maturity date of January 28, 2016, which was repaid and terminated on October 20, 2014.
Protection Plan Attrition	Termination of customer relationships in the protection plan portfolio.
Rentals	Business that provides rental water heaters, furnaces, air conditioners and other HVAC products.
Rentco	4483588 Canada Inc. (formerly Direct Waterheater Rentals Inc.).
Senior Unsecured Indenture	The trust indenture dated as of January 29, 2010 between the Trust, as issuer, its subsidiaries, as guarantors, and Computershare Company of Canada, as indenture trustee, as supplemented by the second supplemental indenture dated as of January 29, 2010, the second supplemental indenture dated as of February 19, 2010, the third supplemental indenture dated as of December 1, 2010, the fourth supplemental indenture dated as of January 1, 2011, the fifth supplemental

	indenture dated as of September 30, 2012, the sixth supplemental indenture dated as of November 21, 2012 and the seventh supplemental indentured dated as of February 1, 2013, as the same may be amended, modified, supplemented, restated or replaced from time to time. The Trust was wound-up and dissolved in connection with the reorganization of the Fund`s income trust structure to a corporate structure and all of the covenants and obligations of the Trust with respect to the Senior Unsecured Indenture were assumed by Enercare Solutions.
SG&A	Selling, general and administrative expenses.
S&P	Standard and Poor's Rating Services.
Shares	Common shares of Enercare.
Stratacon	Stratacon Inc. (now ECI).
Stratacon Debt	Secured debt assumed with the acquisition of Stratacon.
Subscription Receipts	$319,931 (net of underwriters' fees) of subscription receipts issued by Enercare on a bought deal basis.
Sub-metering	Business division (ECI) that provides sub-metering equipment and billing services to partially finance the Acquisition.
Transition Services Agreement	The agreement entered into on closing of the Acquisition in respect of the provision by DE of certain ongoing information technology transitional services and information technology decoupling services.
Triacta	Triacta Power Technologies Inc., now ECI pursuant to an amalgamation effective July 15, 2015.
Trust	The Consumers' Waterheater Operating Trust.
TSX	Toronto Stock Exchange.
Units	Trust Units of the Fund.
2009 Notes	Collectively, the 2009-1 Notes and 2009-2 Notes.
2009-1 Notes	$60,000 of 6.20% Series 2009-1 Senior Notes of Enercare Solutions, which matured and were repaid on April 30, 2012.
2009-2 Notes	$270,000 of 6.75% Series 2009-2 Senior Notes of Enercare Solutions, which were redeemed on March 6, 2013.
2010 Notes	$240,000 of 5.25% Series 2010-1 Senior Unsecured Notes of Enercare Solutions, which were redeemed on December 21, 2012.
2012 Notes	$250,000 of 4.30% Series 2012-1 Senior Unsecured Notes of Enercare Solutions, which mature on November 30, 2017.
2013 Notes	$225,000 of 4.60% Series 2013-1 Senior Unsecured Notes of Enercare Solutions, which mature on February 3, 2020.