WPT INDUSTRIAL REAL ESTATE INVESTMENT TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS

OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017

NOVEMBER 8, 2017

CONTENTS

PART I

BASIS OF PRESENTATION

NON-IFRS MEASURES

FORWARD LOOKING STATEMENTS

OVERVIEW

OBJECTIVES

STRATEGIC FOCUS AND OUTLOOK

ASSETS

FINANCIAL AND OPERATIONAL HIGHLIGHTS

PART II

RESULTS OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

EQUITY

PART III

DISCLOSURE AND INTERNAL CONTROLS

PART IV

RISK FACTORS

PART V

RELATED PARTY TRANSACTIONS

PART VI

SIGNIFICANT ACCOUNTING POLICIES

PART I

BASIS OF PRESENTATION

The following Management's Discussion and Analysis ("**MD&A**") is prepared as at November 8, 2017 and outlines WPT Industrial Real Estate Investment Trust's (the "**REIT**") operating strategies, risk profile considerations, business outlook and analysis of its financial performance and financial condition for the three and nine months ended September 30, 2017 as compared to the same periods in 2016. This MD&A should be read in conjunction with the REIT's MD&A for the year ended December 31, 2016, the REIT's unaudited condensed consolidated interim financial statements and accompanying notes for the three and nine months ended September 30, 2017 and 2016 and the REIT's audited consolidated financial statements and accompanying notes for the years ended December 31, 2016 and 2015. These documents, as well as additional information relating to the REIT (including the REIT's annual information form for the year ended December 31, 2016) (the "**Annual Information Form**") can be accessed on the REIT's website at www.wptreit.com and under the REIT's SEDAR profile at www.sedar.com.

This MD&A is based on financial statements prepared by management in accordance with International Accounting Standards ("**IAS**") 34*, Interim Financial Reporting,* as issued by the International Accounting Standards Board ("**IASB**"), unless otherwise stated, amounts are listed in thousands of United States dollars, except per unit amounts.

NON-IFRS MEASURES

Certain terms used in this MD&A such as funds from operations ("**FFO**"), adjusted funds from operations ("**AFFO**"), adjusted cash flows from operations ("**ACFO**"), net operating income ("**NOI**"), same properties NOI ("**Same properties NOI**"), earnings before fair value adjustments to investment properties, interest (inclusive of finance costs), taxes, depreciation and amortization ("**Adjusted EBITDA**"), debt to Adjusted EBITDA, ACFO payout ratio, debt-to-gross book value, interest coverage ratio, fixed charge coverage ratio, and any related per unit amounts used by management to measure, compare and explain the operating results and financial performance of the REIT are not recognized terms under International Financial Reporting Standards ("**IFRS**"), and therefore should not be construed as alternatives to net income (loss) and comprehensive income (loss) or cash flows from operating activities calculated in accordance with IFRS. Management believes that these terms are relevant measures in comparing the REIT's performance to industry data, the REIT's ability to earn and distribute cash returns to holders of the REIT's trust units ("**REIT Units**"), and the REIT's ability to meet its ongoing obligations. These terms are defined below and are reconciled to the most directly comparable measure specified in the condensed consolidated interim financial statements of the REIT for the three and nine months ended September 30, 2017 and 2016, in Part II. Such terms do not have a standardized meaning prescribed by IFRS and may not be comparable to similarly titled measures presented by other issuers.

In February 2017, the Real Property Association of Canada ("**REALPAC**"), published a white paper titled "White Paper on Funds From Operations & Adjusted Funds From Operations for IFRS", as well as a white paper titled "White Paper on Adjusted Cash Flow From Operations (ACFO) for IFRS". The purpose of the white papers are to provide reporting issuers and investors with greater guidance on the definition of FFO, AFFO and ACFO and to help promote more consistent disclosure from reporting issuers. The REIT has reviewed both white papers and has implemented the recommended disclosures effective as of the quarter ended March 31, 2017. Refer to the REIT's MD&A for the quarter ended March 31, 2017 for reconciliations for prior period amounts under the new definitions.

FFO is defined as net income (loss) in accordance with IFRS, (i) plus or minus fair value adjustment to investment properties; (ii) plus or minus gains or losses from sales of investment properties; (iii) plus or minus other fair value adjustments; (iv) plus amortization of tenant incentives; (v) plus transaction costs expensed as a result of the purchase of an investment property being accounted for as a business combination; (vi) plus distributions on redeemable or exchangeable units treated as interest expense; (vii) plus or minus any negative goodwill or goodwill impairment; (viii) plus deferred income tax expense, after adjustments for equity accounted entities and joint ventures calculated to reflect FFO on the same basis as consolidated investment properties; and (ix) adjustments for property taxes accounted for under International Financial Reporting Interpretations Committee ("**IFRIC**") 21. Effective as of the quarter ended March 31, 2017, FFO has been prepared consistently with the definition presented in the white paper on funds from operations prepared by REALPAC and is intended to be used as a sustainable, economic earnings metric.

AFFO is defined as FFO subject to certain adjustments, including: (i) any differences resulting from recognizing investment property rental revenues on a straight-line basis; and (ii) minus a reserve for normalized maintenance capital expenditures, tenant inducements and leasing commissions, as determined by the REIT. However, other adjustments may be made to AFFO as determined by the board of trustees of the REIT (the "**Board**" or the "**Board of Trustees**") in their sole discretion. Strategic process expenses (as described in the "Overview" section of this MD&A) have been adjusted for in this manner. Effective as of the quarter ended March 31, 2017, AFFO has been prepared consistently with the definition presented in the white paper on adjusted funds from operations prepared by REALPAC for all periods presented, except for the addback of strategic process expenses in prior periods. The following adjustments previously included in determining the REIT's AFFO, are excluded for all periods presented: (i) deferred compensation expense; (ii) amortization of fair value mark-to-market adjustments on long-term debt; and (iii) amortization of deferred financing costs.

ACFO is defined as cash flows from operations in accordance with IFRS, (i) plus or minus the change in working capital; (ii) minus interest expense included in cash flow from financing; (iii) minus a reserve for normalized maintenance capital expenditures, tenant inducements and leasing commissions, as determined by the REIT; (iv) plus or minus transaction costs associated with an acquisition or disposition of an investment property that was expensed during the period; (v) plus or minus the non-cash amortization of the deferred financing costs and the debt premium (discount) mark-to-market adjustments; and (vi) plus or minus the difference in recognized interest expense in accordance with IFRS to interest paid due to timing differences. However, other adjustments may be made to ACFO as determined by the Board of Trustees in their sole discretion. Strategic process expenses (as described in the "Overview" section of this MD&A) have been adjusted for in this manner. Management believes ACFO is intended to be used as a sustainable, economic cash flow metric. ACFO has been prepared consistently with the definition presented in the white paper on adjusted cash flows from operations prepared by REALPAC for all periods presented, except for the addback of strategic process expenses in prior periods.

NOI is used by industry analysts, investors and management to measure operating performance of real estate investment trusts. NOI represents investment properties revenue less investment properties operating expenses less fair value adjustment to investment properties in respect of IFRIC 21. Accordingly, NOI excludes certain expenses included in the determination of net income (loss) and comprehensive income (loss), such as interest expense.

Same properties NOI is used by management to evaluate period-over-period performance of investment properties fully-owned by the REIT. Same properties NOI represents NOI from investment properties having consistent leasable areas for consistent periods and excludes amortization of straight-line rent, amortization of lease incentives, tenant incentives – free rent, and other rental income. Same properties NOI has been reconciled to NOI for the consolidated portfolio under the headings "Same properties NOI" and "Same properties NOI prior quarter comparison".

Adjusted EBITDA is defined as earnings before fair value adjustments to investment properties, interest (inclusive of finance costs), taxes, depreciation and amortization.

Debt to Adjusted EBITDA is defined as the average rolling twelve-month consolidated debt balance (excluding mark-to-market adjustments and financing costs) divided by a rolling twelve month Adjusted EBITDA.

ACFO payout ratio is defined as distributions of the REIT (including distributions on Class B partnership units ("**Class B Units**") of WPT Industrial, LP (the "**Partnership**") divided by ACFO.

Debt-to-gross book value is calculated by dividing total principal amounts outstanding under mortgages payable and the senior secured revolving credit facility (the "**Revolving Facility**") by the total carrying value of investment properties.

Interest coverage ratio is defined as year-to-date Adjusted EBITDA divided by the sum of the REIT's year-to-date interest on mortgages payable and interest on the Revolving Facility.

Fixed charge coverage ratio is defined as year-to-date Adjusted EBITDA divided by the sum of the REIT's year-to-date interest on mortgages payable, interest on the Revolving Facility, and scheduled principal repayments of mortgages payable.

FORWARD LOOKING STATEMENTS

This MD&A contains "**forward-looking information**" as defined under Canadian securities laws (collectively, "**forward-looking statements**") which reflect management's expectations regarding objectives, plans, goals, strategies, future growth, results of operations, performance, business prospects and opportunities of the REIT. The words "**plans**", "**expects**", "**scheduled**", "**estimates**", "**intends**", "**anticipates**", "**projects**", "**believes**", or variations of such words and phrases (including negative variations) or statements to the effect that certain actions, events or results "**may**", "**will**", "**could**", "**would**", "**might**", "**be achieved**", or "**continue**" and similar expressions identify forward-looking statements. Some of the specific forward-looking statements in this MD&A include, but are not limited to statements regarding the objectives and strategic focus of the REIT, future distributions by the REIT, predictability and certainty of cash flow, investment opportunities in the U.S. industrial real estate market, U.S. vacancy rate trends, tenant demand in the distribution sub-segment, including demand for state-of-the-art distribution and logistics space, development in distribution markets, vacancy rates in the state-of-the-art distribution market and absorption of vacancy in distribution investment properties in major distribution markets in the U.S. over the past years, re-tenanting costs, key trends and continued and increased demand within the industrial real estate market, the effect of the experience of the external asset and property manager of the REIT, in the U.S. industrial real estate market on tenant retention and future acquisitions by the REIT, the sources of organic growth, including initiatives aimed at optimizing the performance, value and long-term cash flow of the REIT's investment property portfolio, the REIT's external growth strategy, including diversification, the REIT's cost of capital, borrowing costs and opportunities to increase the cash flow and value of the existing portfolio of investment properties through initiatives designed to enhance operations, future maintenance expenditures, future project costs related to the development of investment properties, the attractiveness of newer investment properties to prospective tenants, the quality and future valuations of the REIT's portfolio of investment properties, lease terms, termination and future maintenance and leasing expenditures, the REIT's ability to meet all of its ongoing obligations with current cash generated from operations, draws on its Revolving Facility and new equity and debt issuances, the fair values of the REIT's investment properties and the REIT's debt strategy, including the REIT's intention to maintain staggered mortgages payable maturities.

Forward-looking statements are necessarily based on a number of estimates, beliefs and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies which could cause actual results to differ materially from those that are disclosed in such forward-looking statements. While considered reasonable by management of the REIT as at the date of this MD&A, any of these estimates, beliefs or assumptions could prove to be inaccurate, and as a result, the forward-looking statements based on those estimates, beliefs or assumptions could be incorrect. Such estimates, beliefs and assumptions include the various estimates, beliefs and assumptions set forth herein, and include but are not limited to, the desirability of investment properties in the distribution subsector of the U.S. industrial real estate market to investors, including the industrial investment properties in the REIT's portfolio, key trends and continued and increased demand within the industrial investment property real estate market, the effect of the external manager's experience in the U.S. industrial real estate market on tenant retention and future acquisitions by the REIT, the future growth potential of the REIT and its properties, anticipated amounts of expenses, results of operations, future prospects and opportunities, the demographic and industry trends remaining unchanged, no change in legislative or regulatory matters, future levels of indebtedness, the tax laws in both Canada and the U.S. as currently in effect remaining unchanged, current levels of volatility in the demand for space in the distribution sub-segment remaining unchanged, the continued availability of capital, the current economic conditions remaining unchanged and increased tenant demand for industrial investment properties and declining vacancy rates in the markets in which the REIT's investment properties are located.

When relying on forward-looking statements to make decisions, the REIT cautions readers not to place undue reliance on these statements, as forward-looking statements involve significant risks and uncertainties and should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not the times at or by which such performance or results will be achieved, if achieved at all. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including but not limited to those factors discussed or referenced under the "Risk Factors" section of this MD&A.

Certain statements included in this MD&A may be considered a "**financial outlook**" for purposes of applicable Canadian securities laws, and as such, the financial outlook may not be appropriate for purposes other than to understand management's current expectations and plans relating to the future, as disclosed in this MD&A. These forward-looking statements have been approved by management to be made as at the date of this MD&A. Except as expressly required by applicable law, the REIT assumes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All forward-looking statements in this MD&A are qualified by these cautionary statements.

OVERVIEW

The REIT is an unincorporated, open-ended real estate investment trust established pursuant to a declaration of trust dated March 4, 2013 under the laws of the Province of Ontario, as amended and restated on April 26, 2013 (the "**Declaration of Trust**"). A copy of the Declaration of Trust is available on the REIT's website at www.wptreit.com and on the SEDAR website at www.sedar.com. The REIT's Units are listed and publicly traded in Canada on the Toronto Stock Exchange ("**TSX**"), in U.S. dollars, under the symbol "WIR.U", and in the U.S. on the OTCQX marketplace ("**OTCQX**") under the symbol "WPTIF". As at September 30, 2017, there were 44,545,772 REIT Units outstanding.

The REIT was formed for the purpose of acquiring, developing and owning primarily industrial investment properties located in the U.S., with a particular focus on warehouse and distribution industrial real estate. As at September 30, 2017, the REIT owned a portfolio of investment properties consisting of 17,312,507 square feet of gross leasable area (''**GLA**''), comprised of 50 industrial investment properties and one office investment property, located in 14 states in the U.S.

On May 18, 2015, the REIT announced that its Board of Trustees had formed a special committee to explore strategic alternatives. The strategic process was completed on January 20, 2016. The REIT incurred expenses totaling $610 for the nine months ended September 30, 2016 related to this process.

During the second quarter of 2016, the REIT began the development of an approximately 171,600 square foot industrial property on a vacant land parcel adjacent to the REIT's 3003 Reeves Road property in Indianapolis, Indiana (the "**Indianapolis Development**"). Total estimated project costs are approximately $9,900. The development of the industrial property is being financed by cash on hand and a construction loan. During the third quarter of 2017, the REIT leased approximately 78,000 square feet to one tenant with an expected start date, following tenant buildouts, in the fourth quarter of 2017. The REIT is actively marketing the remaining leasable square feet to prospective tenants.

On July 19, 2016, the REIT issued 5,429,900 REIT Units at a price of $11.05 per REIT Unit to a syndicate of underwriters on a bought deal basis for net cash proceeds to the REIT of approximately $57,138 (the "**July 2016 Base Offering**"). In addition, the REIT completed a concurrent private placement, issuing 1,357,475 REIT Units to Alberta Investment Management Corporation and affiliates ("**AIMCo**"), on a non-brokered private placement basis at a purchase price of $11.05 per REIT Unit for additional net proceeds to the REIT of approximately $14,868 (the "**Concurrent Private Placement**").

On July 25, 2016, the REIT issued 814,485 REIT Units at a price of $11.05 per REIT Unit to the syndicate of underwriters of the July 2016 Offering, pursuant to their exercise in full of their over-allotment option, for net cash proceeds of approximately $8,571 (together with the July 2016 Base Offering, the "**July 2016 Offering**").

On July 26, 2016, the REIT sold the investment property located at 224 North Hoover Road, Durham, North Carolina to a third party purchaser for a sale price of $7,300 (exclusive of closing and transaction costs).

On November 1, 2016, the REIT indirectly acquired from a third party, a 100% occupied investment property located in Columbus, Ohio (the "**Columbus Property**") totaling 226,800 square feet for a purchase price of $13,875 (exclusive of closing and transaction costs). The purchase price was satisfied with cash on hand.

On November 18, 2016, the REIT indirectly acquired from a third party, an 86% occupied investment property located in Minneapolis, Minnesota (the "**Minneapolis Property**") totaling 560,378 square feet for a purchase price of $46,200 (exclusive of closing and transaction costs). The purchase price was satisfied with a combination of cash on hand, funds from the Revolving Facility and the assumption of a $25,921 mortgage payable bearing a fixed interest rate of 3.62% and maturing on October 1, 2021.

On July 5, 2017, the REIT indirectly acquired from a third party, a 100% occupied investment property located in Portland, Oregon (the "**Portland Property**") totaling 492,554 square feet for a purchase price of $56,000 (exclusive of closing and transaction costs). The purchase price was satisfied with funds from the Revolving Facility.

On July 17, 2017, Welsh Property Trust, LLC ("**Welsh**") redeemed 3,110,888 Class B Units in exchange for ownership and control over 3,110,888 REIT Units.

On July 18, 2017, the REIT issued 6,735,500 REIT Units (including REIT Units issued pursuant to the exercise in full of the over-allotment option granted by the REIT to the underwriters) at a price of $12.85 per REIT Unit to a syndicate of underwriters on a bought deal basis for net cash proceeds to the REIT of approximately $82,612 (the "**July 2017 Offering**") (inclusive of underwriters' fees and issuance costs of approximately $3,940). The REIT used a portion of the funds from the July 2017 Offering to repay the outstanding balance on the Revolving Facility. In addition, Welsh sold 3,115,000 REIT Units as part of a secondary offering (the "**Secondary Offering**"). The REIT did not receive any funds from the Secondary Offering.

On August 3, 2017, the REIT indirectly acquired from a third party, an 86% occupied investment property located in Houston, Texas (the "**Houston Property**") totaling 410,600 square feet for a purchase price of $40,320 (exclusive of closing and transaction costs). The purchase price was satisfied with cash on hand and funds from the Revolving Facility.

On August 7, 2017, the REIT sold the investment property located at 8085 Rivers Avenue, North Charleston, South Carolina to a third party purchaser for a sale price of $14,750 (exclusive of closing and transaction costs).

On September 13, 2017, the REIT indirectly acquired from a third party, a 100% occupied investment property located in Quakertown, Pennsylvania (the "**Pennsylvania Property**") totaling 935,540 square feet for a purchase price of $74,300 (exclusive of closing and transaction costs). The purchase price was satisfied with cash on hand and funds from the Revolving Facility. In conjunction with the acquisition, the property was added as borrowing base collateral to the Revolving Facility.

The REIT declared monthly distributions throughout the nine months ended September 30, 2017 at its annualized distribution rate of $0.76 per unit, or $0.0633 per unit on a monthly basis.

OBJECTIVES

The REIT's objectives are to:

- provide unitholders with an opportunity to invest in a portfolio of institutional-quality industrial properties in U.S. markets, with a particular focus on warehouse and distribution industrial real estate;
- provide unitholders with predictable, sustainable and growing cash distributions on a tax-efficient basis. The REIT pays its cash distributions in U.S. dollars;
- enhance the value of the REIT's portfolio and maximize the long-term value of the REIT Units through the active management of the REIT's investment properties; and
- significantly expand and diversify the asset base of the REIT through strategic acquisitions and development of stabilized, high quality and well-located industrial properties located in U.S. markets.

STRATEGIC FOCUS AND OUTLOOK

The U.S. industrial real estate sector is comprised primarily of single-story properties located in or near major cities. Industrial properties typically house activities such as warehousing, distribution, storage and a number of other similar uses. Leases entered into with industrial tenants are frequently ''**triple-net**'', meaning that tenants are responsible for paying the majority of the costs associated with operating a property, including real estate taxes, insurance, common area maintenance and capital repairs. Management believes that tenant responsibility for such costs results in greater cash flow predictability and stability for the REIT relative to other segments of the U.S. real estate market.

The REIT is focused on owning and operating a portfolio of institutional-quality properties located in U.S. markets, primarily in the distribution sub-segment of the U.S. industrial market. Management believes that tenant demand for space in the distribution sub-segment is less volatile than demand in the overall industrial market as goods distributed through distribution facilities are frequently non-discretionary products characterized by relatively inelastic consumer demand. Inelasticity in consumer demand for these products gives rise to stability in tenants' operations which, in turn, results in more stable occupancies and rental incomes. In addition, the re-tenanting costs associated with distribution properties are often lower than the costs associated with properties within the overall industrial real estate market due to the generic nature of distribution properties, reducing the costs associated with leasing vacant and renewal space.

Management also believes that its primary focus on the distribution sub-segment provides: (i) exposure to the dynamic and growing U.S. economy; (ii) the opportunity to invest in a real estate segment with compelling relative fundamentals; and (iii) the opportunity to earn competitive risk-adjusted returns.

Geographically, the REIT's existing portfolio is primarily concentrated in major logistics and distribution markets of the U.S., providing the REIT's tenants with a predictable one or two-day drive to the majority of the population of the continental U.S.

Over the long-term, management believes that global demand for U.S. distribution space will continue to increase, driven by the following key trends:

- **Positive Impact of the e-Commerce Industry**. The primary industries leading the demand for distribution space are e-commerce, food-and-beverage and traditional retailers. According to industry sources, increased consumer spending and growing e-commerce sales have led to logistics, distribution and related third-party service providers accounting for approximately a quarter of all commercial leasing activity; while approximately one-third of all demand for state-of-the-art distribution space remains tied to multi-channel e-commerce retailers. As e-commerce supply chain design and distribution continue to revolutionize the retail sector, retailers utilizing multiple channels to sell their merchandise are finding it more cost-effective to increase online operations rather than open more traditional stores, resulting in continued demand for distribution space.

- **Global Supply Chain Trends**. A physical manufacturing/distribution presence in the U.S. continues to be important for most large companies as a result of increasing labour costs and instability in foreign markets, trade routes and seaports. This macroeconomic and geopolitical landscape has forced companies to re-evaluate their supply chain networks, as shipping continues to represent the largest single cost factor in the global supply chain. These critical supply chain considerations make the U.S. increasingly more attractive from a manufacturing, distribution and sourcing perspective.

- **World-Class U.S. Infrastructure**. The U.S. has a world-class supply chain infrastructure across all transportation sectors. Rail, seaports, highways and airports all provide for a robust distribution and logistics landscape, an important factor in attracting and retaining industrial tenants. With the recent expansion of the Panama Canal, the U.S. supply chain infrastructure is beginning to see meaningful growth and investment within the broader logistics universe impacting everything from shipping routes to freight rail infrastructure construction. Increasing shipping volumes experienced by U.S. seaports continue to create the need to distribute goods directly to inland ports and expands the utilization of intermodal hubs to alleviate distribution costs, creating additional opportunities in the U.S. industrial real estate market.

As a result of these trends, the U.S. industrial real estate market, and specifically the distribution sub-segment of the market, continues to experience a significant increase in both domestic and foreign capital investments. Low interest rates, positive economic indicators, and increasing demand for well-located, high quality and functional properties have created increasingly competitive investment opportunities for the REIT, particularly for recently constructed distribution properties.

To achieve its objectives, the REIT has executed a number of strategies aimed at enhancing Unitholder value through both organic and external growth. Management believes Unitholders will continue to benefit from the external manager's significant experience acquiring, developing, managing and disposing of industrial properties. The external manager maintains an extensive network of relationships with brokers, tenants and institutional and private owners of industrial real estate in its key target geographic markets and leverages these relationships to enhance tenant retention and source strategic acquisitions and development of new industrial properties for the REIT. The REIT also has, subject to certain minimum ownership criteria: (i) a right of first opportunity to acquire additional properties from the external manager, any Fund or any of their affiliates, or any property in which the external manager or any Fund has an interest; and (ii) the right to participate in Fund opportunities, including certain co-investment rights.

Organic growth comes from capitalizing on increasing demand for industrial space and through a number of initiatives aimed at optimizing the performance, value and long-term cash flow of the REIT's investment property portfolio, including: (i) increasing rental rates; (ii) maintaining high occupancy levels; (iii) capitalizing on expansion opportunities; (iv) leveraging continuity of management and strong tenant relationships; (v) continuing to implement active leasing programs; and (vi) maintaining cost management and property maintenance programs.

External growth comes from a disciplined approach to targeting the acquisition and development of state-of-the-art industrial properties in major U.S. distribution markets. The objective of the REIT's external growth initiatives is to continue expanding the REIT's portfolio in order to enhance geographic and tenant diversity, improve the sustainability of cash flow, and mitigate risks associated with concentrated exposure to any one geographic region or tenant.

When evaluating acquisition and development opportunities, the REIT considers the following criteria:

- Whether the properties are located in close proximity to major transportation infrastructure and close to population centers with available and affordable labour.
- Whether the properties are situated within municipalities, counties, or states that provide economic incentives to tenants and/or landlords.
- The functionality and flexibility of development projects to ensure that design specifications and amenities are consistent with best-in-class industrial buildings.
- Whether the properties are in strategic expansion markets for the REIT.
- Whether the properties are state-of-the-art, modern and functional with quality construction and infrastructure.
- Whether the acquisition cost will represent a discount to replacement cost.
- The creditworthiness of in-place tenants and whether in-place rents are below current market rents.
- Degree to which the property performance will be accretive to AFFO per Unit and ACFO over both the short-term and long-term.
- Properties are also evaluated as to ceiling clear height, truck court depth, property dimensions, locations and functionality of traffic flow for both trucks and automobiles, number of docking doors and what type of docking equipment is being utilized, number of trailer and automobile parking stalls, infrastructure relating to fire and life safety equipment, as well as power, lighting, and floor thickness.

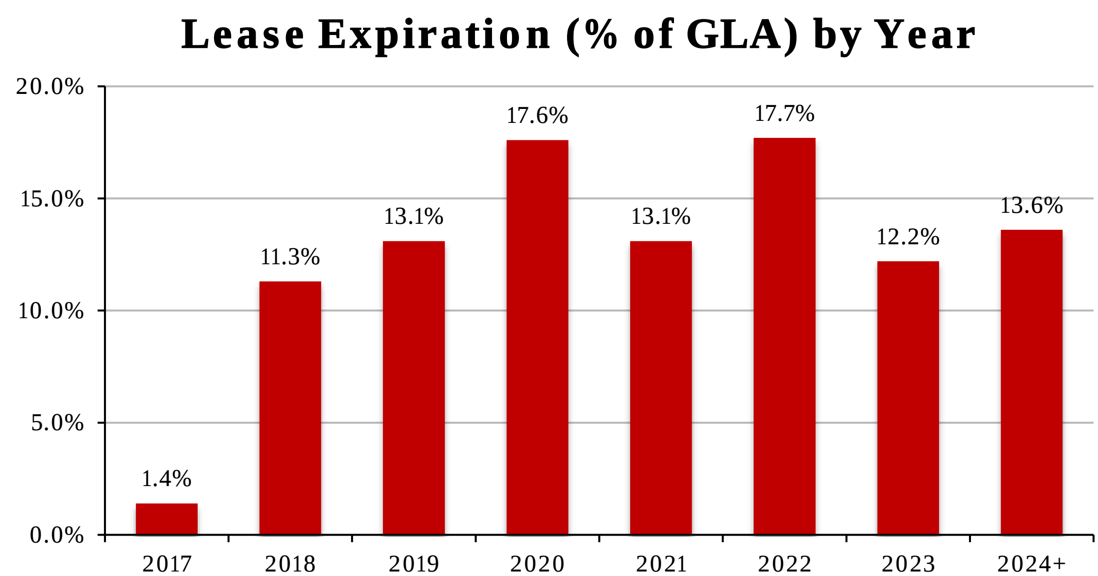
The criteria outlined above are designed to provide the REIT with the opportunity to acquire and develop properties in strategic markets that will generate stable and growing cash flows and to meet the needs of tenants in the distribution subsector of the U.S. industrial real estate market. In addition, in the event of property vacancy, such properties provide the REIT with the ability to accommodate a multitude of uses and industries, thereby quickly and efficiently filling vacant space.

ASSETS

The REIT owns and operates an institutional-quality portfolio of primarily industrial investment properties located in the U.S., with a particular focus on warehouse and distribution industrial real estate. As at September 30, 2017, the REIT owned a portfolio of 51 investment properties comprised of 50 industrial properties and one office property totaling 17,312,507 square feet of GLA with an occupancy rate across the portfolio of 98.4%. The REIT also owned one industrial property under development totaling 171,600 square feet of GLA with a committed lease of 78,000 square feet scheduled to start in the fourth quarter of 2017, which are excluded from the disclosed portfolio statistics until it is recognized as an active investment property.

The majority of the REIT's investment properties were constructed relatively recently, with a weighted average age of approximately 13 years. As a result, management believes the REIT's investment properties will, on average, require less maintenance capital expenditures and be more attractive to prospective tenants than comparable older investment properties. Furthermore, the REIT's industrial investment properties are highly functional, with a weighted average ceiling clear height of approximately 31 feet. High ceiling clear heights are an important feature to many industrial tenants, as this provides tenants with additional vertical space that can house additional racking and equipment, allowing the tenant to maximize storage space.

Future lease expirations are shown in the graph below as at September 30, 2017:



Leases expiring	**2[(1)]**	**13**	**21**	**15**	**25**	**19**	**10**	**15**

(1) Includes one month-to-month lease occupying < 0.1% of GLA

The lease activity in the table above is based on the existing lease terms in-place as at September 30, 2017. Any early termination options, extension options or other terms that may impact the expiration or terms of the lease are not reflected in the above table unless they were formally exercised or otherwise agreed upon in writing as at September 30, 2017.

Occupancy roll-forward

The following table summarizes the change in occupancy during the three months and nine months ended September 30, 2017:

	Three months ended September 30, 2017		Nine months ended September 30, 2017	
	(‘000s sq. ft.)	**Occupancy**	**(‘000s sq. ft.)**	**Occupancy**
Occupancy at beginning of period	15,455.9	98.9%	15,423.4	98.7%
Expansions	3.7		163.5	
New leases	-		64.3	
Renewals	727.9		2,761.3	
Expiries	(727.9)		(2,900.2)	
Acquisitions	1,782.3		1,782.3	
Dispositions	(158.6)		(158.6)	
Early terminations	(41.1)		(93.8)	
Occupancy as at September 30, 2017	**17,042.2**	**98.4%**	**17,042.2**	**98.4%**

Per the preceding table, the REIT’s renewal rate for leased square feet expiring during the three and nine months ended September 30, 2017 was 100% and 95.2%, respectively. Of the 138.9 square feet of space that was not renewed during the nine months ended September 30, 2017, 132.0 square feet was leased to an existing tenant as part of an expansion that commenced during the period. During the three and nine months ended September 30, 2017, the REIT also renewed leases totaling 315.8 and 575.4 square feet, respectively, with lease commencement dates after September 30, 2017.

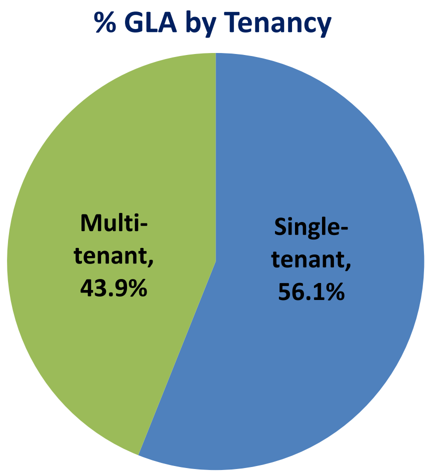
The REIT’s investment properties are geographically diversified as follows as at September 30, 2017:

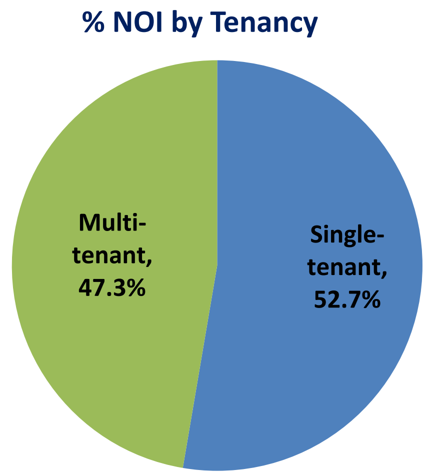
State	Number of Investment Properties	Number of Tenants	Owned GLA (‘000s sq. ft.)	% of Owned GLA	% of NOI by State (1)
Georgia	8	15	2,868.3	16.6%	16.6%
Tennessee	6	10	2,327.0	13.4%	10.5%
Kentucky	4	5	1,907.4	11.0%	10.4%
Indiana	3	5	1,896.5	11.0%	8.8%
Ohio	5	7	1,817.3	10.5%	9.7%
Illinois	3	5	1,492.1	8.6%	7.4%
Minnesota	7	43	1,146.8	6.6%	14.2%
Pennsylvania	1	2	935.5	5.4%	1.4%
Kansas	4	5	827.1	4.8%	6.2%
Wisconsin	4	8	589.7	3.4%	3.9%
Oregon	1	2	492.6	2.9%	4.4%
Texas	1	5	410.8	2.4%	2.1%
Florida	3	6	353.4	2.0%	1.8%
Michigan	1	2	248.0	1.4%	2.0%
South Carolina (2)	-	-	-	-	0.6%
Total	**51**	**120**	**17,312.5**	**100.0%**	**100.0%**

(1) For the three months ended September 30, 2017.

(2) On August 7, 2017, the REIT sold the investment property located in South Carolina. See “Overview” section in Part I.

The following charts show the breakout of the REIT's portfolio between single and multi-tenant investment properties based on percentage of NOI for the three months ended September 30, 2017 and a percentage of GLA as at September 30, 2017:





The following table highlights the REIT's top ten tenants by annualized contractual base rent and GLA occupied as at September 30, 2017:

Top 10 Tenants	% of Total Annualized Base Rent	GLA Occupied ('000s sq. ft.)	% of Total Portfolio GLA
General Mills Operations, LLC	6.0%	1,512.6	8.7%
Unilever Home & Personal Care	5.2%	1,262.6	7.3%
Continental Tire the Americas, LLC	5.2%	740.9	4.3%
Zulily, LLC	3.9%	737.5	4.3%
Keystone Automotive[(1)]	3.5%	580.0	3.3%
Fullbeauty Brands, Inc.	3.2%	741.1	4.3%
Radial, Inc.	3.0%	543.5	3.1%
CEVA Logistics U.S. Inc.	2.9%	648.8	3.7%
Amazon.com	2.9%	572.0	3.3%
Honeywell International Inc.	2.8%	754.0	4.4%
Total	38.6%	8,093.0	46.7%

(1) Comprised of two leases with Keystone Automotive Operations, Inc. and Keystone Automotive Industries, Inc.; both wholly-owned subsidiaries of LKQ Corporation.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

(all figures in '000s, except per Unit amounts, number of investment properties and GLA)

As at and for the quarter ended	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Operating Results:								
Investment properties revenue (1)	$ 20,709	$ 19,174	$ 19,494	$ 18,662	$ 17,334	$ 17,550	$ 17,564	$ 15,769
NOI (1) (2)	15,126	13,919	14,297	13,620	12,966	13,046	13,029	11,372
Net income (loss) and comprehensive income (loss) (1)	6,973	18,539	18,935	1,559	4,128	4,107	24,190	(2,560)
Net income (loss) and comprehensive income (loss) per Unit (basic) (1) (3) (4)	0.149	0.448	0.458	0.038	0.104	0.122	0.717	(0.076)
Net income (loss) and comprehensive income (loss) per Unit (diluted) (1) (3) (5)	0.146	0.439	0.450	0.037	0.102	0.120	0.710	(0.075)
FFO (1) (2) (6)	10,468	9,456	9,807	9,257	8,811	8,470	7,683	6,263
FFO per Unit (basic) (1) (2) (3) (4) (6)	0.223	0.228	0.237	0.224	0.222	0.251	0.228	0.186
FFO per Unit (diluted) (1) (2) (3) (5) (6)	0.220	0.224	0.233	0.220	0.219	0.248	0.226	0.184
AFFO (2) (6)	8,774	7,788	8,490	7,882	7,547	7,109	6,808	7,107
AFFO per Unit (basic) (2) (3) (4) (6)	0.187	0.188	0.205	0.191	0.190	0.211	0.202	0.211
AFFO per Unit (diluted) (2) (3) (5) (6)	0.184	0.184	0.202	0.188	0.187	0.208	0.200	0.209
Cash flows from operations	13,557	12,816	14,429	13,127	11,720	12,075	11,689	9,642
ACFO (2)	9,503	8,514	9,009	8,501	7,898	7,563	7,188	7,612
Distributions:								
Distributions per Unit (3) (4) (7)	0.190	0.190	0.190	0.190	0.190	0.190	0.190	0.190
Distributions declared (4) (7)	9,145	7,864	7,856	7,856	7,856	6,411	6,409	6,408
ACFO payout ratio (2) (7)	96.2%	92.4%	87.2%	92.4%	99.5%	84.8%	89.2%	84.2%
Weighted average number of Units (basic) (3) (4)	46,840	41,393	41,375	41,375	39,752	33,756	33,748	33,748
Weighted average number of Units (diluted) (3) (5)	47,668	42,216	42,076	41,994	40,307	34,194	34,051	34,023

As at	September 30, 2017	December 31, 2016
Operational Information:		
Number of investment properties	51	49
GLA	17,312,507	15,632,184
Occupancy	98.4%	98.7%
Average remaining lease term (years)	4.1	4.1
Fair value of investment properties	$ 1,004,406	$ 806,431
Ratios:		
Weighted average effective interest rate (8)	3.6%	3.8%
Variable interest rate debt as percentage of total debt (9)	16.7%	5.9%
Debt-to-gross book value (2)	41.6%	41.8%
Interest coverage ratio (2)	3.8x	3.5x
Fixed charge coverage ratio (2)	3.2x	3.0x
Debt to Adjusted EBITDA (2)	7.1x	7.5x

(1) The three months ended December 31, 2015 includes a cumulative non-recurring adjustment of $1,652 due to the overstatement of straight-line rent. Refer to the REIT's MD&A for the year ended December 31, 2015 for further details.

(2) NOI, FFO, AFFO, ACFO, FFO per Unit (basic and diluted), AFFO per Unit (basic and diluted), ACFO payout ratio, Adjusted EBITDA, debt-to-gross book value, interest coverage ratio, fixed charge coverage ratio and debt to Adjusted EBITDA are key measures of performance used by real estate operating companies, however, they are not defined by IFRS, do not have standard meanings and may not be comparable with other industries or issuers. This data should be read in conjunction with the "Non-IFRS Measures" section of this MD&A.

(3) Includes REIT Units and Class B Units (collectively, the "**Units**").

(4) Excludes all options and DTUs (defined on pages 27 and 28) outstanding under the REIT's equity compensation plans.

(5) Includes all options and DTUs (defined on pages 27 and 28) outstanding under the REIT's equity compensation plans.

(6) FFO, AFFO, FFO per Unit (basic and diluted) and AFFO per Unit (basic and diluted) for all periods presented have been adjusted to align with the definition presented by REALPAC. See page 1 for a description of the changes.

(7) Includes distributions on REIT Units and Class B Units.

(8) Includes mortgages payable, the construction loan, the Revolving Facility, mark-to-market adjustments and financing costs.

(9) Includes amounts outstanding under the Revolving Facility and the construction loan.

Quarter-Over-Quarter Trends

Compared to the previous quarter, FFO and AFFO for the three months ended September 30, 2017 were higher by $1,012 and $986, respectively. FFO and AFFO increased mainly due to the acquisitions in the current quarter, partially offset by the property disposition in the current quarter, and a tenant receivable write-off in the prior quarter.

PART II

RESULTS OF OPERATIONS

The following tables compare results for the three and nine months ended September 30, 2017 and 2016. The principal reasons for the variances between the financial figures presented in such year-over-year periods is due to the property acquisitions during the fourth quarter of 2016 and third quarter of 2017 and the disposition of one investment property in the third quarter of 2016 and 2017, respectively.

(all figures in '000s, except per unit amounts)	Three months ended September 30, 2017	Three months ended September 30, 2016	Variance	Nine months ended September 30, 2017	Nine months ended September 30, 2016	Variance
Investment properties revenue	$ 20,709	$ 17,334	$ 3,375	$ 59,377	$ 52,448	$ 6,929
Investment properties operating expenses	2,138	1,717	421	18,765	16,036	2,729
Fair value adjustment to investment properties – IFRIC 21	3,445	2,651	794	(2,730)	(2,629)	(101)
NOI (1)	15,126	12,966	2,160	43,342	39,041	4,301
Other (income) and expenses						
General and administrative	1,911	1,301	610	6,152	4,481	1,671
Other income	-	-	-	-	(97)	97
Fair value adjustment to investment properties	1,410	1,373	37	(28,760)	(1,711)	(27,049)
Finance costs	4,832	6,164	(1,332)	21,503	3,943	17,560
Net income and comprehensive income	$ 6,973	4,128	$ 2,845	$ 44,447	$ 32,425	$ 12,022
Net income and comprehensive income per Unit (basic)	$ 0.149	0.104	$ 0.045	$ 1.055	$ 0.943	$ 0.112
Net income and comprehensive income per Unit (diluted)	$ 0.146	0.102	$ 0.044	$ 1.035	$ 0.932	$ 0.103

(1) Non-IFRS measure. See "Non-IFRS Measures" section of this MD&A.

Investment properties revenue

Investment properties revenue includes contractual base rent to be received from operating leases recognized on a straight-line basis over the term of its respective lease, recoveries of operating expenses, including property taxes, common area maintenance, lease termination fees and other incidental income. Investment properties revenue was higher by $3,375 for the three months ended September 30, 2017 as compared to the same period in 2016 for the following reasons:

Variance Explanation		Three months ended September 30, 2017
Acquisitions of investment properties	$	3,241
Increase in base rent and higher recoveries of operating expenses		476
Increase in non-cash straight-line rent, of which $180 is due to free rent		225
Dispositions of investment properties		(477)
Change in amortization of tenant incentives		(90)
Total variance	$	3,375

Investment properties revenue was higher by $6,929 for the nine months ended September 30, 2017 as compared to the same period in 2016 for the following reasons:

Variance Explanation		Nine months ended September 30, 2017
Acquisitions of investment properties	$	6,886
Increase in base rent and higher recoveries of operating expenses		1,030
Increase in non-cash straight-line rent, of which $185 is due to free rent		165
Dispositions of investment properties		(896)
Change in amortization of tenant incentives		(256)
Total variance	$	6,929

Investment properties operating expenses

Investment properties operating expenses consist primarily of property common area and maintenance expenses, real estate taxes (including adjustments for property taxes accounted for under IFRIC 21), insurance, property management fees and other costs associated with the management and maintenance of the investment properties. Investment properties expenses were higher by $421 for the three months ended September 30, 2017 as compared to the same period in 2016 for the following reasons:

Variance Explanation		Three months ended September 30, 2017
Acquisitions of investment properties	$	940
Higher operating expenses, mainly real estate taxes, utilities, and general repairs		376
Adjustments for property taxes accounted for under IFRIC 21		(794)
Dispositions of investment properties		(101)
Total variance	$	421

Investment properties expenses were higher by $2,729 for the nine months ended September 30, 2017 as compared to the same period in 2016 for the following reasons:

Variance Explanation		Nine months ended September 30, 2017
Acquisitions of investment properties	$	2,244
Tenant receivable write-off		275
Higher operating expenses, mainly real estate taxes, utilities, and general repairs		255
Adjustments for property taxes accounted for under IFRIC 21		101
Dispositions of investment properties		(146)
Total variance	$	2,729

NOI

NOI was higher by $2,160 for the three months ended September 30, 2017 as compared to the same period in 2016 for the following reasons:

Variance Explanation		Three months ended September 30, 2017
Acquisitions of investment properties	$	2,301
Increase in base rent and higher recoveries of operating expenses		476
Increase in non-cash straight-line rent, of which $180 is due to free rent		225
Higher operating expenses, mainly real estate taxes, utilities, and general repairs		(376)
Dispositions of investment properties		(376)
Change in amortization of tenant incentives		(90)
Total variance	$	2,160

NOI was higher by $4,301 for the nine months ended September 30, 2017 as compared to the same period in 2016 for the following reasons:

Variance Explanation		Nine months ended September 30, 2017
Acquisitions of investment properties	$	4,642
Increase in base rent and higher recoveries of operating expenses		1,030
Increase in non-cash straight-line rent, of which $185 is due to free rent		165
Dispositions of investment properties		(750)
Tenant receivable write-off		(275)
Change in amortization of tenant incentives		(256)
Higher operating expenses, mainly real estate taxes, utilities, and general repairs		(255)
Total variance	$	4,301

General and administrative expense

General and administrative expenses consist of asset management fees, professional fees, deferred compensation expense, trustee fees, and other expenses. General and administrative expenses were higher by $610 for the three months ended September 30, 2017 as compared to the same period in 2016 for the following reasons:

Variance Explanation		Three months ended September 30, 2017
Deferred compensation expense, of which $230 is due to an increase in fair value of units outstanding under the DUIP and the Plan (defined on pages 27 and 28)	$	363
Increase in professional fees and other		141
Increase in asset management fees due to investment property acquisitions		106
Total variance	$	610

General and administrative expenses were higher by $1,671 for the nine months ended September 30, 2017 as compared to the same period in 2016 for the following reasons:

Variance Explanation		Nine months ended September 30, 2017
Deferred compensation expense, of which $1,694 is due to an increase in fair value of units outstanding under the DUIP and the Plan (defined on pages 27 and 28)	$	2,232
Other		49
Strategic process expenses		(610)
Total variance	$	1,671

Fair value adjustment to investment properties

The REIT has selected the fair value method of accounting to account for real estate classified as investment properties. As a result, subsequent to initial recognition, investment properties are carried at fair value, with gains and losses arising from changes in fair value recognized in the consolidated statements of net income and comprehensive income during the year in which they arise. For the three and nine months ended September 30, 2017, the REIT recognized a fair value (decrease) increase to investment properties of ($1,410) and $28,760, respectively. For the three and nine months ended September 30, 2016, the REIT recognized a fair value (decrease) increase to investment properties of ($1,373) and $1,711, respectively. The fair value adjustments are mainly due to capitalization rate compression, increasing market rents in certain markets, and key lease renewals, partially offset by the write-off of capitalized tenant incentives, the write-off of acquisition related transaction costs, and amortization of straight-line rent. Please refer to the "Investment Properties" section of this MD&A for further discussion on the REIT's fair value of investment properties.

Finance Costs

Finance costs include interest expense on mortgages payable and the Revolving Facility, distributions on Class B Units, the gain or loss on the change in fair value of financial liabilities designated as fair value through profit and loss, including Class B Units, amortization associated with the mark-to-market adjustments and financing costs incurred in connection with obtaining long-term financings. Finance costs decreased $1,332 for the three months ended September 30, 2017 as compared to the same period in 2016 for the following reasons:

Variance Explanation		Three months ended September 30, 2017
Fair value adjustment to Class B Units	$	(981)
Decrease in distributions on Class B Units		(591)
Decrease in mortgage interest expense		(335)
Increase in interest expense on the Revolving Facility		275
Interest expense on mortgage payables related to acquisitions		250
Other		50
Total variance	$	(1,332)

Finance costs increased $17,560 for the nine months ended September 30, 2017 as compared to the same period in 2016 for the following reasons:

Variance Explanation		Nine months ended September 30, 2017
Fair value adjustment to Class B Units	$	18,393
Interest expense on mortgage payables related to acquisitions		715
Decrease in mortgage interest expense		(998)
Decrease in distributions on Class B Units		(591)
Decrease in interest expense on the Revolving Facility		(64)
Other		105
Total variance	$	17,560

Funds from Operations (FFO) and Adjusted Funds from Operations (AFFO)

The reconciliation of net income and comprehensive income to FFO and AFFO for the three and nine months ended September 30, 2017 and 2016 are presented below:

(all figures in '000s, except per unit amounts)		Three months ended September 30, 2017	2016		Variance		Nine months ended September 30, 2017		2016		Variance
Net income and comprehensive income (1)	**$**	**6,973**	**4,128**	**$**	**2,845**	**$**	**44,447**	**$**	**32,425**	**$**	**12,022**
Add/(Deduct)											
Fair value adjustment to investment properties		1,410	1,373		37		(28,760)		(1,711)		(27,049)
Fair value adjustment to Class B Units		700	1,681		(981)		8,431		(9,962)		18,393
Fair value adjustment to deferred compensation		358	128		230		1,485		(209)		1,694
Fair value adjustment to investment properties – IFRIC 21		3,445	2,651		794		(2,730)		(2,629)		(101)
Property taxes accounted for under IFRIC 21		(3,445)	(2,651)		(794)		2,730		2,629		101
Amortization of tenant incentives		342	225		117		889		591		298
Distributions on Class B Units treated as interest expense		685	1,276		(591)		3,239		3,830		(591)
FFO (1)	**$**	**10,468**	**8,811**		**1,657**		**29,731**		**24,964**		**4,767**
Leasing cost reserve (2)		(1,000)	(921)		(79)		(2,947)		(2,781)		(166)
Capital expenditure reserve (3)		(259)	(237)		(22)		(755)		(717)		(38)
Strategic process expenses		-	-		-		-		610		(610)
Amortization of straight-line rent		(435)	(106)		(329)		(977)		(612)		(365)
AFFO	**$**	**8,774**	**7,547**		**1,227**		**25,052**		**21,464**		**3,588**
FFO per Unit (basic) (1)	$	0.223	0.222		0.001		0.688		0.701		(0.013)
FFO per Unit (diluted) (1)	$	0.220	0.219		0.001		0.677		0.693		(0.016)
AFFO per Unit (basic)	$	0.187	0.190		(0.003)		0.580		0.603		(0.023)
AFFO per Unit (diluted)	$	0.184	0.187		(0.003)		0.570		0.595		(0.025)

(1) Includes strategic process expenses of -$0- and $610 for the three and nine months ended September 30, 2016, respectively.

(2) The leasing cost reserve is a weighted average rate of approximately $0.23 and $0.25 per square foot per annum as at September 30, 2017 and 2016, respectively, based on a five-year forward looking average of expected leasing commissions and tenant improvements on the portfolio.

(3) The capital expenditure reserve is a weighted average rate of approximately $0.06 per square foot per annum as at September 30, 2017 and 2016, based on the five-year forward looking average of expected capital expenditures on the portfolio.

FFO Variances

For the three months ended September 30, 2017 FFO was higher by $1,657 as compared to the same period in 2016 for the following reasons:

Variance Explanation		Three months ended September 30, 2017
Acquisitions of investment properties	$	1,985
Increase in base rent and higher recoveries of operating expenses		476
Increase in non-cash straight-line rent, of which $180 is due to free rent		225
Decrease in mortgage interest expense		163
Higher operating expenses, mainly real estate taxes, utilities, and general repairs		(376)
Increase in interest expense on the Revolving Facility		(275)
Dispositions of investment properties		(228)
Increase in professional fees and other		(141)
Increase in deferred compensation expense, net of fair value adjustment		(133)
Other		(39)
Total variance	$	1,657

For the nine months ended September 30, 2017 FFO was higher by $4,767 as compared to the same period in 2016 for the following reasons:

Variance Explanation		Nine months ended September 30, 2017
Acquisitions of investment properties	$	3,806
Increase in base rent and higher recoveries of operating expenses		1,030
Decrease in strategic process expenses		610
Decrease in mortgage interest expense		483
Increase in non-cash straight-line rent, of which $185 is due to free rent		165
Decrease in interest expense on the Revolving Facility		64
Increase in deferred compensation expense, net of fair value adjustment		(538)
Dispositions of investment properties		(323)
Tenant receivable write-off		(275)
Higher operating expenses, mainly real estate taxes, utilities, and general repairs		(255)
Total variance	$	4,767

AFFO Variances

For the three months ended September 30, 2017, AFFO was higher by $1,227 as compared to the same period in 2016 for the following reasons:

Variance Explanation		Three months ended September 30, 2017
Acquisitions of investment properties	$	1,674
Increase in base rent and higher recoveries of operating expenses		476
Decrease in mortgage interest expense		163
Other		16
Higher operating expenses, mainly real estate taxes, utilities, and general repairs		(376)
Increase in interest expense on the Revolving Facility		(275)
Dispositions of investment properties		(177)
Increase in professional fees and other		(141)
Increase in deferred compensation expense, net of fair value adjustment		(133)
Total variance	$	1,227

For the nine months ended September 30, 2017, AFFO was higher by $3,588 as compared to the same period in 2016 for the following reasons:

Variance Explanation		Nine months ended September 30, 2017
Acquisitions of investment properties	$	3,007
Increase in base rent and higher recoveries of operating expenses		1,030
Decrease in mortgage interest expense		483
Change in reserves		288
Decrease in interest expense on the Revolving Facility		64
Increase in deferred compensation expense, net of fair value adjustment		(538)
Tenant receivable write-off		(275)
Higher operating expenses, mainly real estate taxes, utilities, and general repairs		(255)
Dispositions of investment properties		(216)
Total variance	$	3,588

FFO and AFFO per Unit (basic)

The basic weighted average number of Units used to calculate FFO and AFFO per Unit (basic) include the weighted average number of all outstanding REIT Units and Class B Units, which amounted to 46,839,764 and 39,752,053 Units for the three months ended September 30, 2017 and 2016, respectively. The weighted average number of all outstanding REIT Units and Class B Units amounted to 43,222,720 and 35,766,704 for the nine months ended September 30, 2017 and 2016, respectively. The increase in the weighted average number of units outstanding is mainly due to the July 2017 Offering (see "Overview" section in Part I).

For the three and nine months ended September 30, 2017, FFO per Unit (basic) was higher (lower) by $0.001 and ($0.013), respectively, as compared to the three and nine months ended September 30, 2016. For the three and nine months ended September 30, 2017, AFFO per Unit (basic) was lower by $0.003 and $0.023, respectively, as compared to the three and nine months ended September 30, 2016. These decreases are mostly caused by a 20.8% increase in the weighted average number of units outstanding, the disposition of two investment properties, an increase in free rent (AFFO only), the tenant receivable write-off of $275, and the increase in deferred compensation expense (net of the fair value adjustment). These decreases are partially offset by the acquisitions of five investment properties (two in November 2016 and three in the third quarter of 2017), an increase in base rent and higher recoveries of operating expenses, and a decrease in mortgage interest expense.

Distribution Policy

The REIT's Declaration of Trust provides the Board of Trustees with the authority to determine the percentage amount of the REIT's income to be distributed. Amounts retained in excess of the declared distributions are primarily used to fund leasing costs and capital expenditure requirements. Fluctuations in working capital that are deemed to be timing differences are disregarded in determining distributions. The REIT also normalizes the impact of leasing costs, which fluctuate with lease maturities, renewal terms and the type of investment property being leased, and excludes the impact of transaction costs expensed on business combinations.

The REIT's ACFO payout ratio for the three months ended September 30, 2017 and 2016 was 96.2% and 99.5%, respectively. The REIT's ACFO payout ratio for the nine months ended September 30, 2017 and 2016 was 92.0% and 91.3%, respectively. The decreased ACFO payout ratio for the three months ended September 30, 2017 compared to the same period in 2016 was mainly due to the timing of acquisitions of investment properties in relation to the timing of the issuance of REIT Units.

Same properties NOI

The same properties disclosed in the following table for the three and nine months ended September 30, 2017 and 2016 are investment properties having consistent leasable area in both periods.

	Three months ended September 30,		Variance		Nine months ended September 30,		Variance	
('000s)	**2017**	**2016**	**$**	**%**	**2017**	**2016**	**$**	**%**
Net operating income (1)	$ 15,126	$ 12,966	$ 2,160	16.7%	$ 43,342	39,041	$ 4,301	11.0%
Amortization of straight-line rent	(323)	(97)	(226)	233.0%	(715)	(550)	(165)	30.0%
Amortization of leasing costs	304	214	90	42.1%	821	564	257	45.6%
Tenant incentives - free rent	207	27	180	666.7%	441	256	185	72.3%
Acquisitions' NOI	(2,301)	-	(2,301)	100.0%	(4,642)	-	(4,642)	100.0%
Dispositions' NOI	(92)	(468)	376	(80.3%)	(928)	(1,678)	750	(45.0%)
Same properties NOI (1) (2)	$ 12,921	$ 12,642	$ 279	2.2%	$ 38,319	37,633	$ 686	1.8%
Average occupancy (same properties)	99.0%	99.0%		0.0%	99.0%	98.5%		0.5%

(1) Non-IFRS measure. See "Non-IFRS Measures" section of this MD&A.

(2) Same properties NOI excludes the amortization of straight-line rent and amortization of lease incentives.

Same properties NOI for the three months ended September 30, 2017 increased by $279, or 2.2%, when compared to the same quarter in 2016. For the nine months ended September 30, 2017, same properties NOI increased by $686, or 1.8%, when compared to the same period in 2016. The changes in same properties NOI were mainly due to increases in contractual base rent, higher recoveries of operating expenses, and an increase in occupancy, offset by a $275 tenant receivable write-off that occurred in the second quarter of 2017. Excluding the effect of the tenant receivable write-off, same properties NOI would have increased 2.6% for the nine months ended September 30, 2017.

LIQUIDITY AND CAPITAL RESOURCES

The REIT's primary sources of capital are cash generated from operations, its Revolving Facility, mortgages payable financing and refinancing and issuances of equity and debt through public or private placement. The REIT's primary uses of capital include the payment of distributions, costs of attracting and retaining tenants, recurring investment property maintenance, major investment property improvements, principal repayments, interest payments and investment property acquisitions and development projects. The REIT expects to meet all of its ongoing obligations with current cash generated from operations, draws on its Revolving Facility and, as growth requires and when appropriate, new equity or debt issuances. The Declaration of Trust provides that the REIT cannot incur or assume any indebtedness that would cause total indebtedness levels to exceed 60% of gross book value (or 65% of gross book value including any convertible debentures). Management of the REIT targets an indebtedness level around 50% of gross book value. As at September 30, 2017 and December 31, 2016, the REIT's debt-to-gross book value ratio was 41.6% and 41.8%, respectively (total outstanding principal balance of mortgages payable, construction loan, and the Revolving Facility of $418,230 and $336,811 as at September 30, 2017 and December 31, 2016, respectively, divided by a gross book value of $1,004,406 and $806,431 as at September 30, 2017 and December 31, 2016, respectively). The REIT's debt to Adjusted EBITDA ratio was 7.1 times and 7.5 times as at September 30, 2017 and December 31, 2016, respectively. The REIT has no convertible debentures outstanding.

The REIT uses cash flows from operations and debt level indicators to assess its ability to meet its financing obligations. For the nine months ended September 30, 2017, the REIT's interest coverage ratio was 3.8 times (excluding the impact of property taxes accounted for under IFRIC 21), and its fixed charge coverage ratio was 3.2 times (excluding the impact of property taxes accounted for under IFRIC 21), demonstrating an ability to more than adequately cover the REIT's financing obligations. The REIT's weighted average effective interest rate on all indebtedness as at September 30, 2017 and December 31, 2016 was 3.6%.

The following table details the changes in cash and cash equivalents during the periods presented:

('000s)	Nine months ended September 30, 2017	2016
Cash provided by/(used in):		
Operating activities	$ 40,802	$ 35,484
Financing activities	129,273	1,084
Investing activities	(171,509)	4,386
Increase (decrease) in cash and cash equivalents during the period	**(1,434)**	**40,954**
Cash and cash equivalents, beginning of period	9,007	5,856
Cash and cash equivalents, end of period	**$ 7,573**	**$ 46,810**

As at September 30, 2017, the REIT had $7,573 in cash and cash equivalents and availability under the Revolving Facility of $68,568, for total liquidity of $76,141.

Cash flows from operating activities for the nine months ended September 30, 2017 and 2016 of $40,802 and $35,484, respectively, primarily related to the operation of investment properties.

In accordance with National Policy 41-201 - *Income Trusts and Other Indirect Offerings*, the REIT provides the following additional disclosure relating to cash distributions:

('000s)	Three months ended September 30, 2017	2016	Nine months ended September 30, 2017	2016
Cash flows provided by operating activities	**$ 13,557**	**$ 11,720**	**$ 40,802**	**$ 35,484**
Less: Interest paid (excluding distributions on Class B Units classified as finance costs incurred)	(3,296)	(3,351)	(9,639)	(10,235)
	10,261	8,369	31,163	25,249
Distributions paid (1)	(8,719)	(7,375)	(24,436)	(20,193)
Excess of cash flows provided by operating activities over distributions paid	**1,542**	**994**	**6,727**	**5,056**
Cash flows provided by operating activities	**13,557**	**11,720**	**40,802**	**35,484**
Add/(Deduct):				
Change in non-cash working capital	535	672	(356)	264
Interest paid (2)	(3,296)	(3,351)	(9,639)	(10,235)
Leasing cost reserve and capital expenditure reserve	(1,259)	(1,158)	(3,702)	(3,498)
Amortization of mark-to-market adjustments	130	175	388	523
Amortization of financing costs	(164)	(160)	(467)	(499)
Strategic process expenses	-	-	-	610
ACFO (3)	**$ 9,503**	**$ 7,898**	**$ 27,026**	**$ 22,649**
Distributions declared (1)	$ 9,145	$ 7,856	$ 24,865	$ 20,676
ACFO payout ratio (3)	96.2%	99.5%	92.0%	91.3%

(1) Includes distributions on REIT Units and distributions on Class B Units.
(2) Includes interest on mortgages payable and Revolving Facility interest included in finance costs.
(3) Management considers ACFO to be a key measure of the REIT's performance. As an alternative measure of cash flows from operations, ACFO (defined on page 1) represents a measure of cash generated from operating activities less non-cash activities including backing out the amortization of the mark-to-market and deferred financing costs adjustments in addition to deducting a reserve for normalized maintenance capital expenditures, tenant inducements and leasing commissions. Management believes ACFO is considered indicative of the REIT's ability to pay distributions to unitholders. However, ACFO is not defined by IFRS, does not have standardized meanings, and may not be comparable to similarly titled measures presented by other industries or issuers.

While cash flows from operating activities are generally sufficient to cover distribution requirements, the timing of expenses and fluctuations in non-cash working capital may result in a temporary shortfall. In these cases, some portion of distributions may come from the REIT's own capital, or financing sources other than cash flows from operations.

Cash flows provided by financing activities for the nine months ended September 30, 2017 and 2016 of $129,273 and $1,084, respectively, primarily related to the net proceeds from the issuance of REIT Units and the exercise of the underwriters' over-allotment, proceeds from the REIT's borrowings, partially offset by the interest expense on mortgages payable, payment of financing costs, and distributions to Unitholders.

Cash flows (used in) provided by investing activities for the nine months ended September 30, 2017 and 2016 of ($171,509) and $4,386, respectively, primarily related to cash paid for acquisitions of investment properties (for the nine months ended September 30, 2017), additions to investment properties and investment property under development, partially offset by cash received for the dispositions of investment properties.

Investment properties

Investment properties include the current fair value of the land, building, improvements to the investment property, all direct leasing costs incurred in obtaining and retaining property tenants and investment properties under development. Management reviews the fair value of the investment properties regularly using generally accepted market practices including independent property valuations and market conditions existing at the reporting date. Judgment is also applied in determining the extent and frequency of independent third party appraisals. The REIT determines the fair value of an investment property at the end of each reporting period (or at the time of disposition for investment properties being disposed of) using a combination of the following methods: (i) an internal valuation using the discounted cash flow model, which discounts the expected future cash flows, including a terminal value, based on the application of a terminal capitalization rate to the assumed final year's estimated cash flows, and reviewing the key assumptions from previous and current appraisals and updating the value for changes in the property cash flow, physical condition and changes in market conditions; and (ii) appraisals by an independent third party, according to professional appraisal standards and IFRS.

Management obtains an independent third party appraisal for each investment property contained within the portfolio at the time of acquisition, except for those investment properties in respect of which the requirement to obtain an appraisal was waived by the Board of Trustees. Additionally, the REIT obtains independent third party appraisals for existing investment properties on a three-year rotation, such that approximately one-third of the portfolio is appraised annually.

Properties Under Development

Investment properties under development for future use as investment property are accounted for under IAS 40, *Investment Property*. Costs eligible for capitalization to investment properties under development are initially recorded at cost, and subsequent to initial recognition are accounted for using the fair value method.

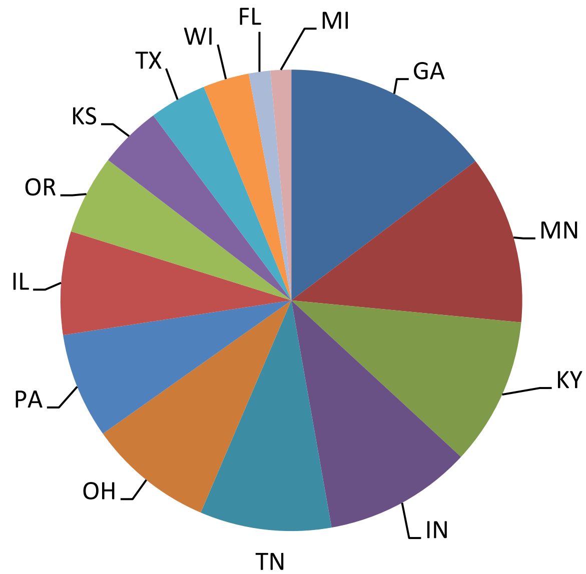
The cost of investment properties under development includes direct development costs, management fees, consulting and legal fees, property taxes and borrowing costs directly attributable to investment properties under development. The REIT capitalizes borrowing costs to qualifying assets by determining whether the borrowings are general or specific to a project.

Upon practical completion of a development, the development property is transferred to investment properties at the fair value on the date of practical completion. The REIT considers practical completion to have occurred when the property is capable of operating in the manner intended by management. Generally, this occurs upon completion of shell-construction, receipt of all necessary occupancy and other material permits, and the earlier of completion of tenant build-out or commencement of rent.

As at September 30, 2017, the fair value of investment properties was $1,004,406 ($806,431 as at December 31, 2016), implying a weighted average terminal capitalization rate of 6.65% (7.02% as at December 31, 2016).

State		Fair Value ('000s)	% of Total
Georgia	$	147,600	14.7%
Minnesota		118,800	11.8%
Kentucky		103,900	10.3%
Indiana		103,900	10.3%
Tennessee		92,461	9.2%
Ohio		88,175	8.8%
Pennsylvania		74,300	7.4%
Illinois		72,700	7.3%
Oregon		56,000	5.6%
Kansas		44,050	4.4%
Texas		40,320	4.0%
Wisconsin		32,500	3.2%
Florida		15,100	1.5%
Michigan		14,600	1.5%
Total	$	**1,004,406**	**100.0%**

Fair Value by Geographic Location



Mortgages Payable, Revolving Facility, and Construction Loan

Mortgages Payable and construction loan

The REIT's debt strategy includes obtaining secured mortgage financing with a term to maturity that is appropriate in relation to the lease maturity profile of its investment properties portfolio.

Mortgages payable and construction loan consist of the following:

('000s)		September 30, 2017		December 31, 2016
Mortgages payable	$	348,575	$	316,811
Construction loan		3,655		-
Mark-to-market adjustments, net		1,738		2,126
Financing costs, net		(1,163)		(954)
Carrying value		352,805		317,983
Less current portion		(33,606)		(2,462)
Non-current mortgages payable and construction loan	**$**	**319,199**	**$**	**315,521**

As at September 30, 2017, mortgages payable bore interest at various rates ranging from 2.87% to 5.80%, and have a weighted average effective interest rate of 3.78% with maturity dates ranging from 2018 - 2024. The weighted average term to maturity on mortgages payable was 3.9 years and 4.3 years as at September 30, 2017 and December 31, 2016, respectively. As at September 30, 2017, there were no mortgages payable with variable interest rates.

On October 18, 2016, the REIT entered into a new, two-year variable interest construction loan to fund up to $5,940 of the Indianapolis Development. The REIT has the option to extend the construction loan for an additional three-year period. The interest rate on the construction loan is based on LIBOR, plus an applicable margin. As at September 30, 2017, the construction loan's interest rate was 3.56% and the REIT had drawn $3,655.

On November 4, 2016, the REIT repaid a mortgage payable, bearing a fixed interest rate of 5.77% with a remaining principal balance of $21,011, with available cash. Four of the five properties, previously encumbered by the mortgage payable, were added as borrowing base collateral and increased the availability on the Revolving Facility as at December 31, 2016.

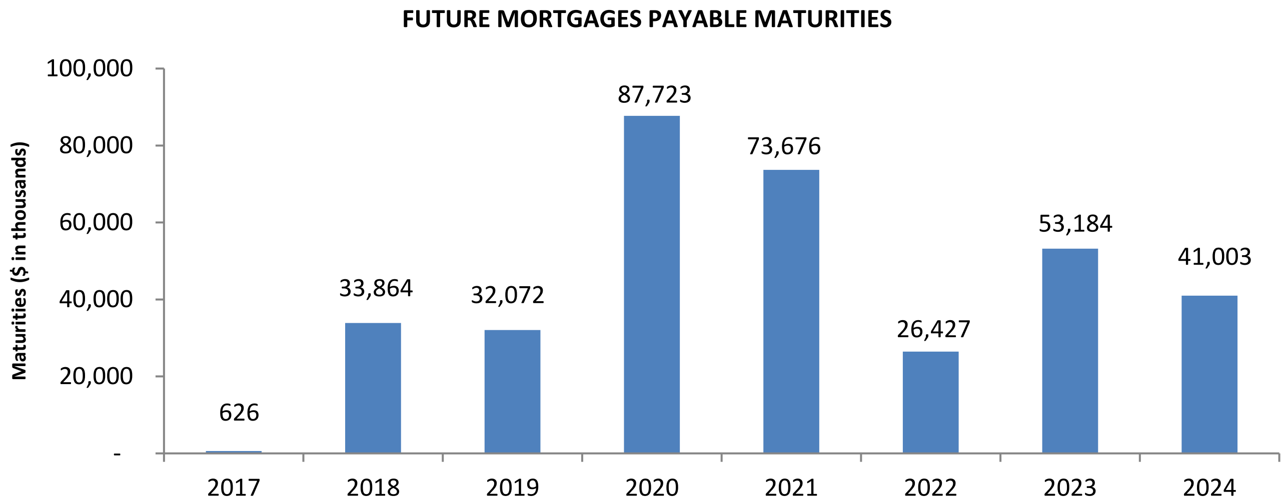
On November 18, 2016, the REIT assumed a $25,921 mortgage payable related to the Minneapolis Property acquisition, bearing a fixed interest rate of 3.62% maturing on October 1, 2021.

On September 25, 2017, the REIT entered into a new, seven-year mortgage payable totaling $33,600, bearing a fixed interest rate of 3.36%, maturing on October 1, 2024 with the Portland Property as collateral. The REIT used the proceeds to pay down the Revolving Facility.

The weighted average maturing effective interest rates, scheduled mortgage repayments, principal mortgage maturities, and scheduled interest payments are as follows as at September 30, 2017:

('000s)	**Weighted Average Maturing Effective Interest Rates**	**Scheduled Mortgage Repayments**	**Principal Mortgage Maturities**	**Total Principal Repayments**	**Scheduled Interest Payments**	**Total Debt Service Repayments**
2017	-	$ 626	$ -	$ 626	$ 3,206	$ 3,832
2018	4.5%	3,545	30,319	33,864	12,585	46,449
2019	3.4%	3,747	28,325	32,072	10,882	42,954
2020	3.1%	4,173	83,550	87,723	8,838	96,561
2021	4.6%	3,955	69,721	73,676	6,940	80,616
2022	3.8%	2,893	23,534	26,427	3,950	30,377
2023	3.7%	1,102	52,082	53,184	1,773	54,957
2024	3.5%	716	40,287	41,003	1,158	42,161
Totals		$ 20,757	$ 327,818	$ 348,575	$ 49,332	$ 397,907
Mark-to-market adjustment, net				1,738		
Financing costs, net				(1,163)		
Total carrying value of mortgages payable				$ 349,150		

The following chart shows the future maturities of mortgages payable as at September 30, 2017:



The REIT intends to meet its ongoing principal mortgage maturities and scheduled mortgage repayments with funding from operating cash flows, draws on the Revolving Facility, issuing equity, refinancing its maturing mortgages payables or the sale of investment properties.

Revolving Facility
On April 21, 2016, the REIT amended and restated its Revolving Facility, thereby increasing availability from $75,000 to $100,000 (subject to requisite borrowing base collateral) and extending the term for a period of three years maturing on April 21, 2019. The Revolving Facility continues to include an accordion feature which could increase the facility to $200,000, subject to lender approval. The REIT has the option to extend the Revolving Facility for an additional one-year period. The interest rate on the Revolving Facility is, at the REIT's option, based on either a base rate or LIBOR, in each case plus an applicable margin based on leverage. The base rate is equal to the greater of: (a) the "prime rate" plus 1.0%, (b) 0.5% above the federal funds effective rate, or (c) 30-day LIBOR plus the applicable margin. As at September 30, 2017 and December 31, 2016, the Revolving Facility interest rate was 2.89% and 2.46%, respectively.

On July 26, 2016, the REIT sold one of the investment properties on the borrowing base, resulting in a decrease to the borrowing base collateral. On December 30, 2016, the REIT added six properties as borrowing base collateral to the Revolving Facility.

On August 25, 2017, the REIT exercised the accordion feature provided by the Revolving Facility which increased the availability on the borrowing base from $100,000 to $150,000 (subject to requisite borrowing base collateral). Finance costs of $192 related to the exercise are being amortized using the effective interest rate method over the remaining extension term.

On September 13, 2017, the REIT added the Pennsylvania Property as borrowing base collateral to the Revolving Facility. Finance costs of $55 related to the addition are being amortized using the effective interest rate method over the remaining extension term.

The following are major transactions whereby the REIT drew or repaid funds from the Revolving Facility in the third quarter of 2017:

- July 5 – the REIT drew $56,000 to fund the acquisition of the Portland Property
- July 18 – the REIT used a portion of the net proceeds from the July 2017 Offering (See "Equity" section in Part II) to repay $79,000

- August 3 – the REIT drew $38,000 to partially fund the acquisition of the Houston Property
- September 13 – the REIT drew $61,000 to partially fund the acquisition of the Pennsylvania Property
- September 26 – the REIT used a portion of the proceeds from the Portland Property mortgage payable to repay $33,000

Availability on the Revolving Facility was $134,568 as at September 30, 2017, of which the REIT had drawn $66,000, leaving remaining availability of $68,568.

Variable interest rate debt as a percentage of total debt was 16.7% and 5.9% as at September 30, 2017 and December 31, 2016, respectively.

Commitments and Contingencies

Leasing Cost Reserve

On a quarterly basis, leasing costs (inclusive of leasing commissions, tenant allowances, or improvements) fluctuate, at times significantly. The REIT uses management's best estimate of leasing costs on expected lease maturities within the portfolio to calculate the leasing cost reserve used in the REIT's AFFO and ACFO calculation (see "Reconciliation of Non-IFRS Measures" section of this MD&A). Management currently estimates leasing costs to be approximately $0.23 per square foot per annum of the portfolio GLA based on a forward-looking five-year period. The leasing cost reserve per square foot will change from time to time as the REIT purchases and disposes of investment properties and as the forward-looking five-year period is updated.

The following table shows actual leasing costs as compared to reserved leasing costs since IPO:

Leasing Costs (‘000s)		**Period from IPO to December 31, 2015**	**Year ended December 31, 2016**	**Nine months ended September 30, 2017**	**Since IPO**
Reserved	$	7,915	3,780	2,947	14,642
Actual	$	5,529	4,369	3,430	13,328
Excess/(deficit)	$	2,386	(589)	(483)	1,314

Maintenance Capital Expenditure Reserve

The majority of the REIT's capital expenditures are incurred to sustain existing GLA and occupancy levels and are considered operational in nature. The REIT's policy is to engage third party consultants to provide building condition assessment reports ("**BCA Reports**") on each property acquired, for the purpose of assessing and documenting the existing condition of each investment property and major property operating components and systems. In addition, the REIT does its own internal analysis of expected capital expenditures using a forward-looking five-year period. The REIT then uses the information from the BCA Reports and its internal analysis to calculate a five-year weighted average maintenance capital expenditure per square foot, which is used in the REIT's AFFO and ACFO calculation (see "Reconciliation of Non-IFRS Measures" section of this MD&A). Management currently estimates recurring operational maintenance capital expenditures to be approximately $0.08 per square foot per annum of the portfolio GLA based on a forward-looking five-year period. The maintenance capital expenditure reserve per square foot will change from time to time as the REIT purchases and disposes of investment properties and as the forward-looking five-year period is updated.

The following table shows actual maintenance capital expenditures as compared to reserved maintenance capital expenditures since IPO:

Maintenance Capital Expenditures (‘000s)		**Period from IPO to December 31, 2015**	**Year ended December 31, 2016**	**Nine months ended September 30, 2017**	**Since IPO**
Reserved	$	2,370	980	755	4,105
Actual	$	847	587	863	2,297
Excess/(deficit)	$	1,523	393	(108)	1,808

The REIT also incurs capital expenditures and leasing costs, that are not included in the reserves above, comprised of expenditures that are deemed revenue-enhancing and expenditures that are recoverable from tenants as described below.

Expenditures deemed revenue-enhancing represent expenditures that support incremental revenues which can represent expansions that increase GLA, improvements that drive an increase to current and future lease revenues, or repositioning of a property that may lead to higher lease rents. For the nine months ended September 30, 2017, the REIT incurred $3,509 of revenue-enhancing capital expenditures representing costs incurred to add 47.3 square feet of GLA at 8 Mount Moriah Road which resulted in increased base rent per sf and costs to replace a roof at 5300 Hickory Hill Road. The roof replacement at 5300 Hickory Hill Road was previously disclosed in the REIT's January 2015 prospectus. At the time of acquisition, the REIT determined the full replacement of the roof was required to maintain rental rates and retain the existing tenants. The roof replacement resulted in an increase to the property's fair value.

Certain expenditures are recoverable from tenants pursuant to the terms of their leases either in the year such expenditures are incurred or, in the case of a major capital expenditure item, on a straight-line basis over the expected useful life together with an imputed rate of interest. Recoverable capital expenditures may include items such as parking lot resurfacing and roof replacement. Non-recoverable expenditures consist of leasing-related activities including tenant allowances or improvements and leasing costs, and other general capital expenditures that cannot be recovered through tenant leases. Tenant allowances and improvements generally include expenditures to customize the leased space as outlined in the leasing arrangements with the tenant. Leasing costs consist of commissions including brokerage fees incurred in negotiating and arranging tenant leases that are paid to third party leasing agents and any related legal expenses.

Other Commitments and Contingencies

The REIT has a contingent obligation to expand the GLA at one of its investment properties at the option of the tenant. Management estimates the cost associated with this expansion, should it occur, to be approximately $1,000. The expansion is conditional on mutual agreement between the tenant and the REIT with regard to the base rental rates to be charged for occupying such expansion space. This contingent obligation will terminate at expiration of the underlying lease, inclusive of renewal options, on November 30, 2032.

The REIT's estimated future commitments to complete the Indianapolis Development (see "Overview" section in Part I). are $1,300 for 2017.

The REIT has no off-balance sheet items.

EQUITY

The REIT's Declaration of Trust authorizes the issuance of an unlimited number of REIT Units. REIT Units are ordinary units of the REIT, each of which represents a unitholders' proportionate undivided beneficial interest and voting rights in the REIT.

Class B Units, which are economically equivalent to REIT Units, are entitled to distributions per unit, from the Partnership, in an amount equal to the distributions per unit declared in respect of the REIT Units, and are redeemable by the holder thereof for cash or REIT Units (on a one-for-one basis, subject to customary anti-dilution adjustments), as determined by the general partner of the Partnership in its sole discretion. Class B Units are puttable and, therefore, meet the definition of a financial liability under IAS 32, *Financial Instruments – Presentation,* and are accordingly classified as non-current liabilities in the consolidated statements of financial position.

On July 17, 2017, Welsh redeemed 3,110,888 Class B Units in exchange for ownership and control over 3,110,888 REIT Units.

On July 18, 2017, the REIT issued 6,735,500 REIT Units (including REIT Units issued pursuant to the exercise in full of the over-allotment option granted by the REIT to the underwriters) at a price of $12.85 per REIT Unit to a syndicate of underwriters on a bought deal basis for net cash proceeds to the REIT of approximately $82,612 (inclusive of underwriters' fees and issuance costs of approximately $3,940). The REIT used a portion of the funds from the July 2017 Offering to repay the outstanding balance on the Revolving Facility. In addition, Welsh sold 3,115,000 REIT Units as part of the Secondary Offering.

The REIT issued 46,958 REIT Units for the redemption of DTUs and exercise of options during the nine months ended September 30, 2017.

As at September 30, 2017, ownership of the REIT was as follows (excluding options and DTUs (as defined on pages 27 and 28) outstanding under the REIT's equity plans):

	REIT Units	**Class B Units**	**Total Units**	**% of Total**
Welsh	-	3,611,807	3,611,807	7.5%
AIMCo	11,204,502	-	11,204,502	23.3%
Other unitholders	33,341,270	-	33,341,270	69.2%
TOTAL	44,545,772	3,611,807	48,157,579	100.0%

For the period from September 30, 2017 through November 8, 2017 there have been no changes in ownership at the REIT.

AIMCo's voting rights are limited to no greater than 20% of the total Units outstanding at any point in time, as further described in the Implementation Agreement dated January 20, 2016, which can be found on the SEDAR website at www.sedar.com.

Unit Option Plan

On April 26, 2013, the REIT authorized a unit option plan, as amended and restated on May 13, 2016, (the "**Plan**"), under the terms of which options to purchase REIT Units may, from time to time, be granted to trustees, officers, employees and consultants, exercisable for a maximum period of 10 years from the date of grant. The maximum number of REIT Units reserved for issuance under the Plan is 5% of the total number of REIT Units issued and outstanding from time to time. These options vest as to one-third on the first anniversary of the grant date, and one-third on each of the second and third anniversaries.

A summary of options granted under the Plan is set forth below:

	Number of options	Weighted average exercise price
Outstanding, December 31, 2015	556,667	$ 10.02
Exercised in 2016	(26,667)	10.14
Outstanding, December 31, 2016	530,000	$ 10.02
Exercisable, December 31, 2016	463,433	$ 10.05
Exercised in 2017	(110,000)	9.99
Outstanding and Exercisable, September 30, 2017	420,000	$ 10.02

The total fair value of options granted as at September 30, 2017 and December 31, 2016 and as at the grant date was $944, $645 and $327, respectively. The aggregate intrinsic value of exercisable options as at September 30, 2017 and December 31, 2016 was $1,407 and $845, respectively. The weighted average remaining contractual life for outstanding options and for exercisable options as at September 30, 2017 was 6.0 years.

Under IFRS, liabilities related to deferred compensation under the Plan are measured at fair value as at the grant date and are remeasured at each reporting date. The fair value changes are recorded within general and administrative expense in the statements of net income (loss) and comprehensive income (loss). Total compensation expense related to the option plan recognized for the three and nine months ended September 30, 2017 was $136 and $695, respectively. Total compensation expense (income) related to the option plan for the three and nine months ended September 30, 2016 was $48 and ($201), respectively. These amounts include adjustments based on the fair value of the options and are reported within general and administrative expenses as at September 30, 2017 and 2016.

As at September 30, 2017, fair value adjustments were determined using the Black-Scholes option pricing model with the following assumptions:

Expected option term	3.1 years
Risk-free interest rate	1.62%
Expected volatility	16.49%
Dividend yield	5.7%

Deferred Unit Incentive Plan

On April 26, 2013, the REIT authorized a Deferred Unit Incentive Plan, as amended and restated on May 13, 2016, ("**DUIP**") that provides for the granting of deferred trust units ("**DTUs**") to trustees, officers, employees, consultants and service providers, as well as employees of such service providers. DTUs are defined as notional units with a fair value based on the REIT Units' closing price per the TSX. The maximum number of REIT Units reserved for issuance under the DUIP is 5% of the total number of REIT Units issued and outstanding from time to time. Vested DTUs may be redeemed in whole or in part for units of the REIT issued from treasury or cash. Whenever cash distributions are paid to REIT unitholders, additional DTUs are credited to the participant's outstanding DTU balance based on the 5-day volume-weighted average price on the grant date. These additional units vest on the same schedule as their corresponding DTUs.

Officer and Employee Grants

All DTUs granted to officers and employees vest as to one-fifth on the first anniversary of the grant date, and one-fifth on each of the four following anniversaries. *A summary* of DTUs granted to officers of the REIT and employees of the external manager of the REIT under the DUIP is set forth below:

	DTUs Granted
Total as at December 31, 2015	127,441
March 31, 2016 grant (1)	118,586
June 10, 2016 grant	147,500
DTUs granted through distributions	20,440
DTUs redeemed for cash	(5,614)
DTUs redeemed for REIT Units	(6,644)
Total as at December 31, 2016	**401,709**
March 24, 2017 grant	140,214
August 18, 2017 grant	19,443
DTUs granted through distributions	21,828
DTUs redeemed for cash	(7,350)
DTUs redeemed for REIT Units	(7,256)
Total as at September 30, 2017	**568,588**

(1) These DTUs were approved on May 13, 2015 and are being expensed over a five year vesting period from May 13, 2015 through May 13, 2020, but were not granted until March 31, 2016 due to a prolonged period of blackout, pursuant to the terms of the REIT's insider trading policy.

The total fair value of DTUs granted to officers and employees, inclusive of vested and unvested DTUs, as at September 30, 2017 and December 31, 2016 was $7,596 and $4,768, respectively. As at September 30, 2017 and December 31, 2016, a total of 155,904 and 80,886 DTUs granted to officers and employees had vested, respectively.

Trustee and Other Grants

All members of the Board of Trustees have elected to receive their annual retainers and meeting fees for the current fiscal year and since inception in the form of DTUs. Annually, the REIT matches 50% of all annual trustee compensation received in DTUs, which vest as to one-third on the first anniversary date of the grant and one-third on each of the second and third anniversaries.

A summary of DTUs granted to trustees under the DUIP is set forth below:

	DTUs Granted
Total as at December 31, 2015	65,845
DTUs granted for services rendered in Q4 2014 (1)	5,099
DTUs granted through distributions and 50% match related to 2014 (1)	14,396
DTUs granted for services rendered in 2015 (1)	29,267
DTUs granted through distributions and 50% match related to 2015 (1)	14,634
DTUs granted for services rendered in 2016	25,437
DTUs granted through distributions and 50% match related to 2016	20,122
DTUs redeemed for cash	(28,428)
DTUs redeemed for REIT Units	(16,821)
Total as at December 31, 2016	**129,551**
DTUs granted for services rendered in 2016	8,015
DTUs granted for services rendered in 2017	20,941
DTUs granted through distributions and 50% match	20,544
DTUs redeemed for cash	(10,218)
DTUs redeemed for REIT Units	(24,118)
Total as at September 30, 2017	**144,715**

(1) These DTUs were approved in the year in which they were earned and recorded as a deferred compensation liability, but were not granted until March 31, 2016 due to a prolonged period of blackout, pursuant to the terms of the REIT's insider trading policy.

The total fair value of DTUs granted to trustees, inclusive of vested and unvested DTUs, as at September 30, 2017 and December 31, 2016 was $1,933 and $1,399, respectively. As at September 30, 2017 and December 31, 2016, a total of 118,634 and 111,495 DTUs granted to trustees had vested, respectively.

Under IFRS, liabilities related to deferred compensation under the DUIP are measured at fair value as at the grant date and are remeasured at each reporting date. Total compensation expense related to the DUIP recognized for the three and nine months ended September 30, 2017 was $834 and $2,649, respectively. Total compensation expense related to the DUIP recognized for the three and nine months ended September 30, 2016 was $560 and $1,313, respectively, related to these instruments. These amounts include adjustments based on the fair value of the REIT Units and are reported within general and administrative expenses in the statements of net income (loss) and comprehensive income (loss) as at September 30, 2017 and 2016.

PART III

DISCLOSURE AND INTERNAL CONTROLS

The Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**") of the REIT have designed, or caused to be designed under their supervision, the REIT's disclosure controls and procedures. They have also designed, or caused to be designed under their supervision, the REIT's internal controls over financial reporting. No changes were made to the REIT's internal controls over financial reporting during the nine months ended September 30, 2017, that have materially affected, or are reasonably likely to materially affect, the REIT's internal controls over financial reporting.

A control system, no matter how well conceived and operated, can provide only reasonable and not absolute assurance that the objectives of the control system are met. As a result of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected. These inherent limitations include, amongst other items: (i) that management's assumptions and judgments could ultimately prove to be incorrect under varying conditions and circumstances; or (ii) the impact of isolated errors.

Additionally, controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people, or by management override. Because of such limitations, there is risk that material misstatements may not be prevented or detected on a timely basis by disclosure controls and procedures and internal controls over financial reporting. However, these inherent limitations are known features of the disclosure and financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk. The design of any system of controls is also based, in part, upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential (future) conditions.

PART IV

RISK FACTORS

The REIT faces a variety of significant and diverse risks, many of which are inherent in the business conducted by the REIT, the Partnership and the tenants of the REIT's properties. In addition to the risk factors disclosed in the REIT's MD&A for the year ended December 31, 2016, described below are certain further or updated risks that could materially affect the REIT and the value of the Units. Other risks and uncertainties that the REIT does not presently consider to be material, or of which the REIT is not presently aware, may become important factors that affect the REIT's future financial condition and results of operations. The occurrence of any of the risks discussed below could materially and adversely affect the business, prospects, financial condition, results of operations, cash flow, and the ability of the REIT to make cash distributions to Unitholders or value of the Units.

Tenant Concentration

The REIT derives approximately 38.6% of its in-place base rental revenue from its ten largest tenants. Consequently, revenues are dependent on the ability of those tenants to meet rent obligations and the REIT's ability to collect rent from them. Early termination options are held by ten tenants of the properties. In total, early termination options available at various times from 2018 through 2023 represent 3.0% of the total GLA or 5.0% of the 2017 annualized base rent of the properties. If such tenants default on or cease to satisfy their payment obligations, or if tenants exercise their early termination options, there could be an adverse impact on the REIT's financial condition and results of operations and decrease the amount of cash available for distribution.

Occupancy by Tenants

Although certain, but not all, leases contain a provision requiring tenants to maintain continuous occupancy of leased premises, there can be no assurance that such tenants will continue to occupy such premises. Certain tenants have a right to terminate their leases upon payment of a penalty but others are not required to pay any penalty associated with an early termination. There can be no assurance that tenants will continue their activities and continue occupancy of the premises. Any cessation of occupancy by tenants may have an adverse effect on the REIT and could adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution to Unitholders.

Approximately 56.1% of GLA of the REIT's portfolio of properties is comprised of single-tenant properties. The largest five such tenants represent approximately 23.1% of contractual base rent of the portfolio as at September 30, 2017.

In the event that such tenants were to terminate their tenancies or become insolvent, the REIT's financial results would be materially adversely affected. Until the REIT is in a position to acquire more assets and further diversify its tenant base, the REIT will take certain steps to mitigate any credit risk by closely monitoring its tenants' compliance with the terms of their respective leases and to report any issues as soon as they are identified.

Financing Risks

The REIT's outstanding indebtedness as September 30, 2017 was $418,230, excluding mark-to-market adjustments and financing costs. Although a portion of the cash flow generated by the REIT's properties are devoted to servicing such debt, there can be no assurance that the REIT will continue to generate sufficient cash flows from operations to meet required interest and principal payments. If the REIT is unable to meet interest or principal payments, it could be required to seek renegotiation of such payments or obtain additional equity, debt or other financing. The failure of the REIT to make or renegotiate interest or principal payments or obtain additional equity, debt or other financing could adversely impact the REIT's financial condition, liquidity and results of operations and decrease the amount of cash available for distribution to Unitholders. If the REIT defaults under a mortgage loan, it may lose the properties securing such loan.

The REIT is subject to the risks associated with debt financing, including the risk that the mortgages and banking facilities secured by the REIT's properties will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing indebtedness, which may reduce FFO and AFFO.

Approximately 16.7% of the REIT's total principal indebtedness is variable rate debt as at September 30, 2017. Such variable rate debt will result in fluctuations in the REIT's cost of borrowing as interest rates change. To the extent that interest rates rise, the REIT's operating results and financial condition could be adversely affected and decrease the amount of cash available for distribution.

The REIT's credit facilities also contain covenants that require it to maintain certain financial ratios on a consolidated basis. If the REIT does not maintain such ratios, its ability to make distributions will be limited.

As at November 8, 2017, existing mortgages secured by the REIT's properties mature between August 2018 and September 2024. To the extent that the REIT incurs variable rate indebtedness, such indebtedness will result in fluctuations in the REIT's cost of borrowing as interest rates change. To the extent that interest rates rise, the REIT's operating results and financial condition could be adversely affected and decrease the amount of cash available for distribution.

Direct and Indirect Ownership of Units by Welsh and AIMCo

Welsh, as at November 8, 2017, owns an approximate 7.5% effective interest in the REIT through its indirect ownership of Class B Units (assuming all Class B Units are redeemed for Units but otherwise on a non-diluted basis). AIMCo, as at November 8, 2017, owns an approximate 23.3% interest in the REIT through its ownership of Units (assuming all Class B Units are redeemed for Units but otherwise on a non-diluted basis).

The Declaration of Trust grants Welsh the right to nominate a certain number of trustees to the Board of Trustees depending on the size of the Board of Trustees and the Welsh's retained interest. For so long as Welsh's retained interest represents a significant effective interest in the REIT, Welsh will have the ability to exercise certain influence with respect to the affairs of the REIT.

Accordingly, the Units may be less liquid and trade at a relative discount compared to such Units in circumstances where Welsh did not have the ability to influence or determine matters affecting the REIT. Additionally, Welsh's significant effective interest in the REIT and its ability to prevent certain fundamental transactions undertaken by the Partnership for so long as it maintains a certain ownership threshold may discourage transactions involving a change of control of the REIT, including transactions an investor, as a holder of the Units, might otherwise receive a premium for its Units over the then-current market price.

Each Class B Unit is redeemable by the holder thereof for cash or one Unit of the REIT, as determined by the general partner of the Partnership in its sole discretion (subject to customary anti-dilution adjustments).

Subject to compliance with applicable securities laws, Welsh may sell some or all of its Units and/or Units issuable on redemption of its Class B Units, and AIMCo may sell some or all of its Units, in the future. No prediction can be made as to the effect, if any, such future sale of Units will have on the market price of the Units prevailing from time to time. However, the future sale of a substantial number of Units by Welsh and/or AIMCo, or the perception that such sale could occur, could adversely affect prevailing market prices for the Units.

Geographic Concentration

The REIT's properties are located in the U.S., in the states of Florida, Georgia, Illinois, Indiana, Kansas, Kentucky, Michigan, Minnesota, Ohio, Oregon, Pennsylvania, Tennessee, Texas and Wisconsin and approximately 16.6% and 14.2% of the REIT's NOI for the three months ended September 30, 2017 is derived from properties located in Georgia and Minnesota, respectively. As a result, the REIT's performance is sensitive to economic condition and regulatory changes in Minnesota and Georgia. Adverse changes in the economic condition or regulatory environment of Minnesota and Georgia may have a material adverse effect on the REIT's business, cash flow, financial condition and results of operations and ability to make distributions to Unitholders.

PART V

RELATED PARTY TRANSACTIONS

Related party transactions with Welsh and WPT Capital Advisors, LLC ("**WPT Capital**"), the successor in interest to Welsh as asset and property manager, are set forth below:

	Three months ended September 30,		Nine months ended September 30,	
('000s)	**2017**	**2016**	**2017**	**2016**
Fees earned under asset management agreement (1)				
Acquisition fees	$ 1,530	$ -	$ 1,530	$ -
Asset management fees	539	440	1,503	1,331
Construction management fees	114	26	407	69
Out-of-pocket costs	37	73	183	220
Fees earned under property management agreement (2)	512	435	1,506	1,306
Other				
Class B Unit distributions paid to Welsh (3)	883	1,276	3,436	4,368
REIT Unit distributions paid to Welsh (3)	-	1	1	1,464

(1) On April 26, 2013, the REIT entered into an asset management agreement with Welsh, under which Welsh provided certain asset management services to the REIT and its subsidiaries. On January 20, 2016, WPT Capital, under the first amendment to the asset management agreement, agreed to perform all of the duties and obligations as the asset manager of the REIT. On May 10, 2017, the independent trustees of the REIT approved a renewal of the REIT's asset management agreement with WPT Capital for an additional five-year term.

The asset management agreement provides for the following fees:

- Asset management fees at 0.25% of gross book value, as defined in the asset management agreement. On January 20, 2016, the asset management agreement was amended to waive asset management fees in connection with any investments by the REIT in (i) any private investment funds managed and/or controlled by WPT Capital (each a "**Fund**") and (ii) any investment properties owned by the REIT or one or more of its affiliates as a co-investment with any Fund; excluding any investment property in which such Fund, directly or indirectly, holds less than 50%

of the aggregate ownership interests ("**Fund Co-Investment Properties**"), for such time as such investment properties are Fund Co-Investment Properties. Asset management fees are reported within general and administrative expenses. Asset management fees payable as at September 30, 2017 and December 31, 2016 were $10 and $1, respectively.

- Acquisition fee. An acquisition fee equal to: (i) 1.0% of the purchase price paid for the first $100,000 of investment properties acquired by the REIT or any of its affiliates in each fiscal year; (ii) 0.75% of the purchase price paid for the next $100,000 of investment properties acquired by the REIT or any of its affiliates in each fiscal year; and (iii) 0.50% of the purchase price paid in excess of $200,000 for investment properties acquired by the REIT or any of its affiliates in each fiscal year. On January 20, 2016, the asset management agreement was amended to waive acquisition fees in connection with any investment properties acquired by the REIT from any Fund, and any Fund Co-Investment Properties. There were no acquisition fees payable at September 30, 2017 and December 31, 2016.

- Construction management fee. With respect to any capital project with costs in excess of $100 undertaken by the REIT or any of its affiliates, a construction management fee equal to 5.0% of aggregate tenant improvements, capital expenditures and construction costs incurred in respect of such capital project. Construction management fees payable as at September 30, 2017 and December 31, 2016 were $10 and $274, respectively.

(2) On April 26, 2013, the Partnership and the REIT entered into a property management agreement with Welsh. Under the property management agreement, Welsh was the property manager of the investment properties owned by the REIT and administered the day-to-day operations of the REIT's portfolio of investment properties. On January 20, 2016, WPT Capital, under an assignment agreement, became responsible for providing property and facility management services in respect of the REIT's investment properties pursuant to the property management agreement. On May 10, 2017, the independent trustees of the REIT approved a renewal of the REIT's property management agreement with WPT Capital for an additional five-year term.

Property management fees are described below for all investment properties owned by the REIT.

- 2% of the gross property revenue for all single-tenant industrial investment properties;

- 3% of the gross property revenue for all multi-tenant industrial investment properties; and

- 4% of the gross property revenue for all office investment properties.

There were no property management fees payable as at September 30, 2017 and December 31, 2016.

(3) On January 11, 2016, Welsh redeemed 6,600,000 Class B Units in exchange for ownership and control over 6,600,000 REIT Units.

On January 19, 2016, Welsh redeemed 1,902,619 Class B Units in exchange for ownership and control over 1,902,619 REIT Units.

On January 20, 2016 and June 2, 2016, AIMCo, on behalf of certain of its clients, purchased 4,783,122 and 4,468,085 REIT Units from Welsh, respectively, resulting in Welsh directly and indirectly owning and controlling 4,112 REIT Units and 6,722,695 Class B Units as at December 31, 2016.

On July 17, 2017, Welsh redeemed 3,110,888 Class B Units in exchange for ownership and control over 3,110,888 REIT Units. On July 18, 2017, Welsh sold 3,115,000 REIT Units as part of the Secondary Offering.

Distributions payable to Welsh on Class B Units as at September 30, 2017 and December 31, 2016 were $229 and $426, respectively. Distributions payable to Welsh on REIT Units as at September 30, 2017 and December 31, 2016 were $0 and $0.3, respectively.

Out-of-pocket costs and expenses
The REIT reimburses WPT Capital for all reasonable actual out-of-pocket costs and expenses incurred in connection with the performance of the services described in the asset management agreement or such other services that the REIT and WPT Capital agree in writing are to be provided from time to time by the asset manager. As at September 30, 2017 and December 31, 2016, the net payable due was $18 and $22, respectively, related to these reimbursements.

PART VI

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS

A summary of significant accounting policies, including significant judgments and critical accounting estimates made by management of the REIT, is described in note 2 of the REIT's audited consolidated financial statements for the year ended December 31, 2016 and in the REIT's MD&A for the year ended December 31, 2016. Other than as noted below, there were no changes in significant accounting judgements, estimates and assumptions during the nine months ended September 30, 2017.

Preparing the consolidated financial statements requires management to make judgments, estimates and assumptions in the application of the policies outlined in the REIT's audited consolidated financial statements. Management bases its judgments and estimates on historical experience and other factors it believes to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or the liability affected in the future.

Fair value of investment properties
The key valuation metrics for investment properties are set out below as at September 30, 2017 and December 31, 2016:

	September 30, 2017	**December 31, 2016**
Weighted average terminal capitalization rate	6.65%	7.02%
Range of terminal capitalization rates	5.50% - 9.00%	6.00%-10.00%
Weighted average discount rate	7.17%	7.83%
Range of discount rates	5.98% - 8.99%	6.27%-10.91%

The fair value of investment properties is most sensitive to changes in the key valuation assumptions. Changes in the terminal capitalization rates and discount rates would result in a change to the fair value of the REIT's investment properties as set out below for the nine months ended September 30, 2017:

		September 30, 2017
Weighted average terminal capitalization rate:		
25-basis points increase	$	(18,804)
25-basis points decrease	$	20,303
Weighted average discount rate:		
25-basis points increase	$	(17,906)
25-basis points decrease	$	18,367

Changes in Accounting Policies
The REIT noted the following standards and amendments to existing standards issued by the IASB are expected to be relevant to the REIT in preparing its consolidated financial statements starting in 2018:

(1) IFRS 9, Financial Instruments

The REIT will adopt IFRS 9 Financial Instruments, which replaces IAS 39 Financial Instruments: Recognition and Measurement, in its consolidated financial statements for the annual period beginning on January 1, 2018, the mandatory effective date. IFRS 9 must be applied retrospectively with some exemptions. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight.

The REIT has commenced its evaluation of the impact of this standard on each of its financial instruments. Based upon the REIT's existing financial instruments and related accounting policies at September 30, 2017, the principal areas impacted are: classification of financial assets, impairment of financial assets, and presentation of fair value changes for certain financial liabilities designated at fair value through profit or loss (FVTPL). IFRS 9 also requires new disclosures.

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVOCI") and FVTPL, and eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 replaces the 'incurred loss' impairment model in IAS 39 with a forward-looking 'expected credit loss' model. The new impairment model will apply to financial assets measured at amortized cost or FVOCI, except for investments in equity instruments, and to contract assets.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, under IAS 39 all fair value changes of liabilities designated as FVTPL are recognized in profit or loss, whereas under IFRS 9 the amount of change in fair value attributable to changes in the credit risk of the liability is presented in OCI, and the remaining amount of change in fair value is presented in profit or loss.

IFRS 9 also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. The REIT do not currently apply hedge accounting in their financial statements.

The extent of the impact of adoption of the standard has not yet been determined, the REIT expects to complete its assessment of the impact of adopting IFRS 9 during the fourth quarter of 2017.

(2) IFRS 15, Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers is effective for annual periods beginning on or after January 1, 2018, and will replace IAS 11 Construction Contracts, IAS 18 Revenue, International Financial Reporting Interpretations Committee ("IFRIC") 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers, and SIC 31 Revenue – Barter Transactions Involving Advertising Services. The REIT will adopt IFRS 15 in its financial statements for the annual period beginning January 1, 2018. A substantial portion of the REIT's revenue consists of rental revenues from leasing arrangements, such as base rent, which is specifically excluded from the revenue guidance. Non-lease components, such as recoveries of operating expenses from tenants and common area maintenance, will be subject to the revenue guidance. The REIT is currently evaluating the impact of the standard on its various revenue streams, including an assessment of the new Leases standard (see below). Areas of focus include identifying performance obligations and amounts of consideration that are variable, as well as assessing the application of the principles for allocating variable consideration. IFRS 15 also requires incremental disclosure of material revenue streams. The REIT expects to complete its assessment of the potential impact of adopting IFRS 15 during the fourth quarter of 2017.

(3) IFRS 16, Leases

In January 2016, the International Accounting Standards Board ("IASB") issued IFRS 16, Leases. The new standard will replace existing lease guidance in IFRS and related interpretations, and requires lessees to bring most leases on-balance sheet. Lessor accounting remains similar to the current standard. However, the REIT is evaluating the identification of leases and non-lease components in accordance with the new requirements. IFRS 16 is only applicable to leases components and therefore other standards, such as IFRS 15, will apply to non-leases components of contracts. IFRS 15 requires allocation of transaction price to relative standalone selling price. The REIT is evaluating whether this will have a measurement impact. The new standard is effective for years beginning on January 1, 2019. The extent of the impact of adoption of the standard has not yet been determined.