WPT INDUSTRIAL REAL ESTATE INVESTMENT TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS

OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

FOR THE YEAR ENDED DECEMBER 31, 2017

March 7, 2018

CONTENTS

PART I

BASIS OF PRESENTATION

The following Management's Discussion and Analysis ("**MD&A**") is prepared as at March 7, 2018 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 months and years ended December 31, 2017 and 2016. This MD&A should be read in conjunction with the REIT's audited consolidated financial statements and accompanying notes for the years ended December 31, 2017 and 2016. These documents, as well as additional information relating to the REIT (including the REIT's most recently filed annual information form) (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 Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board ("**IASB**"), in thousands of United States dollars, unless otherwise stated.

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 IFRS, and therefore should not be construed as alternatives to net income and comprehensive income 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 months and years ended December 31, 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 for all periods presented. 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 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. 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. 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 and comprehensive income, 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 non-stabilized properties under development, 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 December 31, 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 properties. As at December 31, 2017, the REIT owned a portfolio of investment properties consisting of 17,629,627 square feet of gross leasable area (''**GLA**''), comprised of 52 industrial investment properties and one office investment property, located in 15 states in the U.S.

Capitalization and other activity

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 year ended December 31, 2016 related to this process.

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 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.

The REIT declared monthly distributions throughout the year ended December 31, 2017 at its annualized distribution rate of $0.76 per unit, or $0.0633 per unit on a monthly basis.

Acquisition, development, and disposition activity

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**"). During the third quarter of 2017, the REIT completed construction of the shell and leased approximately 78,000 square feet to one tenant with a January 1, 2018 commencement date. The REIT is actively marketing the remaining leasable square feet to prospective tenants.

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 $7,150 (inclusive of closing costs and working capital adjustments).

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 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 $14,233 (inclusive of closing costs and working capital adjustments).

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.

On November 29, 2017, the REIT indirectly acquired from a third party, a 100% occupied investment property located in Reno, Nevada (the "**Reno Property**") totaling 98,270 square feet for a purchase price of $6,375 (exclusive of closing and transaction costs). The purchase price was satisfied with cash on hand and funds from the Revolving Facility.

OBJECTIVES

The REIT's objectives are to:

- provide unitholders ("**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, developing, 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 supply chain design and distribution for e-commerce 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 expand 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 meaningful 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 industrial 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:

- Properties are located in close proximity to major transportation infrastructure and close to population centers with available and affordable labour.
- Properties are in strategic expansion markets for the REIT.
- Properties are situated within municipalities, counties, or states that provide economic incentives to tenants and/or landlords.
- Functionality and flexibility of development projects to ensure that design specifications and amenities are consistent with best-in-class industrial buildings.
- Properties are state-of-the-art, modern and functional with quality construction and infrastructure.
- Acquisition cost will represent a discount to replacement cost.
- 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 physical characteristics: 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.

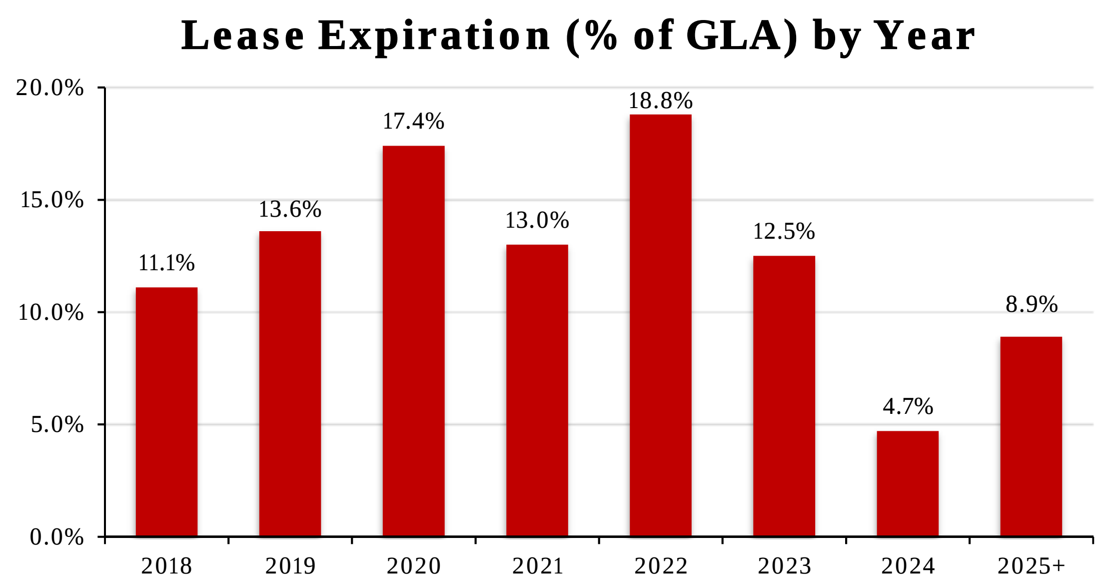
The criteria outlined above are designed to provide the REIT with the opportunity to acquire and develop properties in strategic markets that will generate stable and growing cash flows and to meet the needs of tenants in the distribution subsector of the U.S. industrial real estate market. In addition, 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 December 31, 2017, the REIT owned a portfolio of 53 investment properties comprised of 52 industrial properties and one office property totaling 17,629,627 square feet of GLA with an occupancy rate across the portfolio of 97.9%. The REIT completed the development of an industrial property totaling 171,600 square feet of GLA during the three months ending December 31, 2017, which is included in the portfolio statistics as an active investment property.

The majority of the REIT's industrial 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 December 31, 2017:



Leases expiring	**13(1)**	**22**	**15**	**25**	**20**	**11**	**4**	**11**

(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 December 31, 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 December 31, 2017.

Occupancy roll-forward

The following table summarizes the change in occupancy during the three months and year ended December 31, 2017:

	Three months ended December 31, 2017		Year ended December 31, 2017	
	('000s sq. ft.)	Occupancy	('000s sq. ft.)	Occupancy
Occupancy at beginning of period	17,042.2	98.4%	15,423.4	98.7%
Expansions by existing tenants	100.8		264.3	
New leases	78.0		142.3	
Renewals	242.9		3,004.2	
Expiries	(296.5)		(3,196.7)	
Acquisitions	98.3		1,880.6	
Dispositions	-		(158.6)	
Early terminations	-		(93.8)	
Occupancy as at December 31, 2017	**17,265.7**	**97.9%**	**17,265.7**	**97.9%**

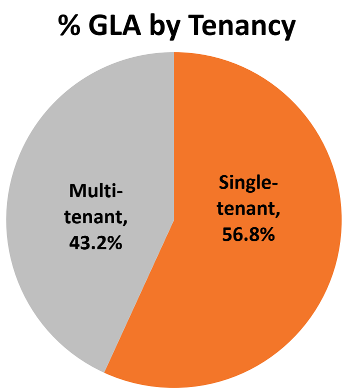
Per the preceding table, the REIT's renewal rate for leased square feet expiring during the three months and year ended December 31, 2017 was 81.9% and 94.0%, respectively. 192.5 square feet of space was not renewed during the year ended December 31, 2017. Of the expired square footage, 189.3 square feet was leased to existing tenants as part of expansions that commenced during the year. During the three months and year ended December 31, 2017, the REIT also renewed leases totaling 27.5 and 527.3 square feet, respectively, with lease commencement dates after December 31, 2017. In 2017, the REIT added the Houston Property and the Indianapolis Development property which included 150.2 square feet of vacancy.

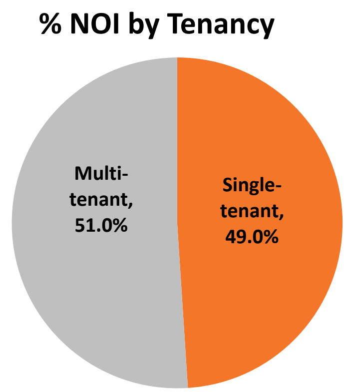
The REIT's investment properties are geographically diversified as follows as at December 31, 2017:

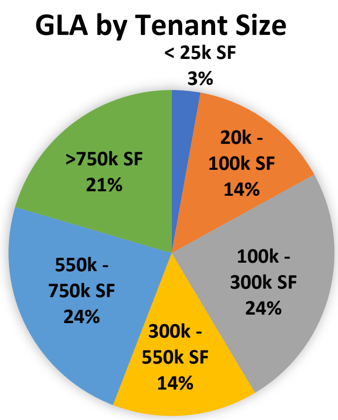
State	Number of Investment Properties	Number of Tenants	Owned GLA ('000s sq. ft.)	% of Owned GLA	% of NOI by State [1]
Georgia	8	14	2,915.6	16.6%	15.7%
Tennessee	6	10	2,327.0	13.2%	9.9%
Indiana	4	6	2,068.1	11.7%	8.1%
Kentucky	4	5	1,907.3	10.8%	9.8%
Ohio	5	7	1,817.3	10.3%	8.7%
Illinois	3	5	1,492.1	8.5%	6.8%
Minnesota	7	43	1,146.8	6.5%	14.3%
Pennsylvania	1	2	935.5	5.3%	6.9%
Kansas	4	5	827.1	4.7%	4.7%
Wisconsin	4	8	589.7	3.3%	3.8%
Oregon	1	2	492.6	2.8%	4.5%
Texas	1	5	410.8	2.3%	3.1%
Florida	3	6	353.4	2.0%	1.6%
Michigan	1	2	248.0	1.4%	1.9%
Nevada	1	1	98.3	0.6%	0.2%
Total	**53**	**121**	**17,629.6**	**100.0%**	**100.0%**

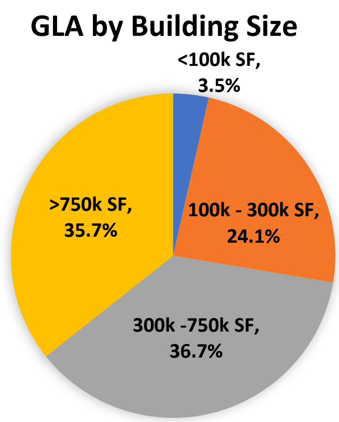
(1) For the three months ended December 31, 2017.

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 December 31, 2017 and a percentage of GLA as at December 31, 2017:









The following table highlights the REIT's top ten tenants by annualized contractual base rent as at December 31, 2017:

Top 10 Tenants	% of Total Annualized Base Rent	GLA Occupied ('000s sq. ft.)	% of Total Portfolio GLA
General Mills Operations, LLC	5.9%	1,512.6	8.6%
Unilever Home & Personal Care	5.1%	1,262.6	7.2%
Continental Tire the Americas, LLC	5.1%	740.9	4.2%
Zulily, LLC	3.8%	737.5	4.2%
Keystone Automotive [(1)]	3.7%	633.6	3.6%
Fullbeauty Brands, Inc.	3.1%	741.1	4.2%
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	3.2%
Essendant Co	2.8%	654.1	3.7%
Total	38.3%	8,046.7	45.7%

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

SELECTED ANNUAL INFORMATION

The following table provides selected financial information for the years ended December 31, 2017, 2016, and 2015:

(all figures in '000s, except per Unit amounts)	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015
Investment properties revenue	$ 81,786	$ 71,110	$ 67,423
Net income and comprehensive income	$ 52,506	$ 33,984	$ 21,560
Total assets	$ 1,019,943	$ 818,091	$ 751,859
Non-current liabilities	$ 438,951	$ 415,838	$ 521,780
Distributions per Unit **(1) (2)**	$ 0.76	$ 0.76	$ 0.72
Distributions declared **(1) (2)**	$ 34,010	$ 28,533	$ 24,285
REIT Units outstanding	44,546	34,652	18,523
Class B Units outstanding	3,612	6,723	15,225

(1) Excludes options and DTUs outstanding under the REIT's equity compensation plans.

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

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	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Operating Results:								
Investment properties revenue	$ 22,409	$ 20,709	$ 19,174	$ 19,494	$ 18,662	$ 17,334	$ 17,550	$ 17,564
NOI **(1)**	16,470	15,126	13,919	14,297	13,620	12,966	13,046	13,029
Net income and comprehensive income	8,059	6,973	18,539	18,935	1,559	4,128	4,107	24,190
Net income and comprehensive income per Unit (basic) **(2) (3)**	0.167	0.149	0.448	0.458	0.038	0.104	0.122	0.717
Net income and comprehensive income per Unit (diluted) **(2) (4)**	0.164	0.146	0.439	0.450	0.037	0.102	0.120	0.710
FFO **(1) (5)**	11,027	10,468	9,456	9,807	9,256	8,811	8,470	7,683
FFO per Unit (basic) **(1) (2) (3) (5)**	0.229	0.223	0.228	0.237	0.224	0.222	0.251	0.228
FFO per Unit (diluted) **(1) (2) (4) (5)**	0.225	0.220	0.224	0.233	0.220	0.219	0.248	0.226
AFFO **(1) (5)**	9,413	8,774	7,788	8,490	7,881	7,547	7,109	6,808
AFFO per Unit (basic) **(1) (2) (3) (5)**	0.195	0.187	0.188	0.205	0.191	0.190	0.211	0.202
AFFO per Unit (diluted) **(1) (2) (4) (5)**	0.192	0.184	0.184	0.202	0.188	0.187	0.208	0.200
Cash flows from operations	13,863	13,557	12,816	14,429	13,127	11,720	12,075	11,689
ACFO **(1)**	10,201	9,503	8,514	9,009	8,501	7,898	7,563	7,188
Distributions:								
Distributions per Unit **(2) (3) (6)**	0.190	0.190	0.190	0.190	0.190	0.190	0.190	0.190
Distributions declared **(3) (6)**	9,145	9,145	7,864	7,856	7,856	7,856	6,411	6,409
ACFO payout ratio **(1) (6)**	89.7%	96.2%	92.4%	87.2%	92.4%	99.5%	84.8%	89.2%
Weighted average number of Units (basic) **(2) (3)**	48,158	46,840	41,393	41,375	41,375	39,752	33,756	33,748
Weighted average number of Units (diluted) **(2) (4)**	48,989	47,668	42,216	42,076	41,994	40,307	34,194	34,051

Quarter-Over-Quarter Trends

Compared to the previous quarter, FFO and AFFO for the three months ended December 31, 2017 were higher by $1,012 and $986, respectively. FFO and AFFO increased mainly due to the full impact of ownership of acquisitions from the prior quarter and an acquisition in the current quarter, partially offset by the property disposition in the prior quarter.

As at	**December 31, 2017**	**December 31, 2016**
Operational Information:		
Number of investment properties	53	49
GLA	17,629,627	15,632,184
Occupancy	97.9%	98.7%
Average remaining lease term (years)	4.0	4.1
Fair value of investment properties	$ 1,009,582	$ 806,431
Ratios:		
Weighted average effective interest rate **(7)**	3.7%	3.8%
Variable interest rate debt as percentage of total debt **(8)**	18.2%	5.9%
Debt-to-gross book value **(1)**	42.1%	41.8%
Interest coverage ratio **(1)**	3.8x	3.5x
Fixed charge coverage ratio **(1)**	3.2x	3.0x
Debt to Adjusted EBITDA **(1)**	7.1x	7.5x

(1) 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.

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

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

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

(5) 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.

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

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

(8) Includes amounts outstanding under the Revolving Facility.

RESULTS OF OPERATIONS

The following tables compare results for the three months and years ended December 31, 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 and fourth quarters 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 December 31, 2017	Three months ended December 31, 2016	Variance	Year ended December 31, 2017	Year ended December 31, 2016	Variance
Investment properties revenue	$ 22,409	$ 18,662	$ 3,747	$ 81,786	$ 71,110	$ 10,676
Investment properties operating expenses	2,730	2,232	498	21,495	18,268	3,227
Fair value adjustment to investment properties – IFRIC 21	3,209	2,810	399	479	182	297
NOI (1)	16,470	13,620	2,850	59,812	52,660	7,152
Other (income) and expenses						
General and administrative	1,412	1,897	(485)	7,564	6,378	1,186
Other income	-	-	-	-	(97)	97
Fair value adjustment to investment properties	4,679	1,736	2,943	(24,081)	24	(24,105)
Finance costs	2,320	8,428	(6,108)	23,823	12,371	11,452
Net income and comprehensive income	$ 8,059	$ 1,559	$ 6,500	$ 52,506	$ 33,984	$ 18,522
Net income and comprehensive income per Unit (basic)	$ 0.167	$ 0.038	$ 0.129	$ 1.181	$ 0.914	$ 0.267
Net income and comprehensive income per Unit (diluted)	$ 0.164	$ 0.037	$ 0.127	$ 1.161	$ 0.903	$ 0.258

(1) Non-IFRS financial 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 $3,747 for the three months ended December 31, 2017 as compared to the same period in 2016 for the following reasons:

Variance Explanation	Three months ended December 31, 2017
Acquisitions of investment properties	$ 3,979
Increase in base rent and higher recoveries of operating expenses	348
Increase in non-cash straight-line rent	21
Disposition of investment property	(551)
Change in amortization of tenant incentives	(50)
Total variance	$ 3,747

Investment properties revenue was higher by $10,676 for the year ended December 31, 2017 as compared to the same period in 2016 for the following reasons:

Variance Explanation		Year ended December 31, 2017
Acquisitions of investment properties	$	10,866
Increase in base rent and higher recoveries of operating expenses		1,377
Increase in non-cash straight-line rent, of which $152 is due to an increase in free rent		187
Dispositions of investment properties		(1,447)
Change in amortization of tenant incentives		(307)
Total variance	$	10,676

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 $498 for the three months ended December 31, 2017 as compared to the same period in 2016 for the following reasons:

Variance Explanation		Three months ended December 31, 2017
Acquisitions of investment properties	$	981
Higher operating expenses, mainly real estate taxes, utilities, and general repairs		45
Adjustments for property taxes accounted for under IFRIC 21		(399)
Disposition of investment property		(129)
Total variance	$	498

Investment properties expenses were higher by $3,227 for the year ended December 31, 2017 as compared to the same period in 2016 for the following reasons:

Variance Explanation		Year ended December 31, 2017
Acquisitions of investment properties	$	3,225
Higher operating expenses, mainly real estate taxes, utilities, and general repairs		573
Adjustments for property taxes accounted for under IFRIC 21		(297)
Dispositions of investment properties		(274)
Total variance	$	3,227

NOI

NOI was higher by $2,850 for the three months ended December 31, 2017 as compared to the same period in 2016 for the following reasons:

Variance Explanation		Three months ended December 31, 2017
Acquisitions of investment properties	$	2,998
Increase in base rent and higher recoveries of operating expenses		348
Increase in non-cash straight-line rent		21
Disposition of investment property		(422)
Change in amortization of tenant incentives		(50)
Higher operating expenses, mainly real estate taxes, utilities, and general repairs		(45)
Total variance	$	2,850

NOI was higher by $7,152 for the year ended December 31, 2017 as compared to the same period in 2016 for the following reasons:

Variance Explanation		Year ended December 31, 2017
Acquisitions of investment properties	$	7,641
Increase in base rent and higher recoveries of operating expenses		1,377
Increase in non-cash straight-line rent, of which $152 is due to free rent		187
Dispositions of investment properties		(1,173)
Higher operating expenses, mainly real estate taxes, utilities, and general repairs		(573)
Change in amortization of tenant incentives		(307)
Total variance	$	7,152

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 lower by $485 for the three months ended December 31, 2017 as compared to the same period in 2016 for the following reasons:

Variance Explanation		Three months ended December 31, 2017
Deferred compensation expense, of which ($820) is due to a decrease in fair value of units outstanding under the DUIP and the Plan (defined on pages 27 and 28)	$	(682)
Increase in asset management fees due to investment property acquisitions		127
Increase in professional fees and other		70
Total variance	$	(485)

General and administrative expenses were higher by $1,186 for the year ended December 31, 2017 as compared to the same period in 2016 for the following reasons:

Variance Explanation		Year ended December 31, 2017
Deferred compensation expense, of which $874, is due to an increase in fair value of units outstanding under the DUIP and the Plan (defined on pages 27 and 28)	$	1,549
Increase in asset management fees due to investment property acquisitions		300
Strategic process expenses		(610)
Other		(53)
Total variance	$	1,186

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 months ended December 31, 2017 and 2016, the REIT recognized a fair value decrease to investment properties of $4,679 and $1,736, respectively. The fair value adjustments are mainly due to the write-off of capitalized tenant incentives, the write-off of acquisition related transaction costs, and amortization of straight-line rent, partially offset by the capitalization rate compression, increasing market rents in certain markets, and key lease renewals. For the years ended December 31, 2017 and 2016, the REIT recognized a fair value increase (decrease) to investment properties of $24,081 and ($24), 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 $6,108 for the three months ended December 31, 2017 as compared to the same period in 2016 for the following reasons:

Variance Explanation		Three months ended December 31, 2017
Fair value adjustment to Class B Units	$	(6,345)
Decrease in distributions on Class B Units		(591)
Decrease in mortgage interest expense		(144)
Increase in interest expense on the Revolving Facility		477
Interest expense on mortgage payables related to acquisitions		413
Change in amortization of financing costs and mark-to-market adjustments on fixed Interest rate mortgage payable		82
Total variance	$	(6,108)

Finance costs increased $11,452 for the year ended December 31, 2017 as compared to the same period in 2016 for the following reasons:

Variance Explanation		Year ended December 31, 2017
Fair value adjustment to Class B Units	$	12,047
Interest expense on mortgage payables related to acquisitions		1,109
Increase in interest expense on the Revolving Facility		413
Change in amortization of financing costs and mark-to-market adjustments on fixed Interest rate mortgage payable		206
Decrease in distributions on Class B Units		(1,181)
Decrease in mortgage interest expense		(1,142)
Total variance	$	11,452

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 months and years ended December 31, 2017 and 2016 are presented below:

(all figures in '000s, except per unit amounts)	Three months ended December 31, 2017	Three months ended December 31, 2016	Variance	Year ended December 31, 2017	Year ended December 31, 2016	Variance
Net income and comprehensive income (1)	**$ 8,059**	**$ 1,559**	**$ 6,500**	**$ 52,506**	**$ 33,984**	**$ 18,522**
Add/(Deduct)						
Fair value adjustment to investment properties	4,679	1,736	2,943	(24,081)	24	(24,105)
Fair value adjustment to Class B Units	(2,312)	4,034	(6,346)	6,119	(5,928)	12,047
Fair value adjustment to deferred compensation	(403)	417	(820)	1,082	208	874
Fair value adjustment to investment properties – IFRIC 21	3,209	2,810	399	479	182	297
Property taxes accounted for under IFRIC 21	(3,209)	(2,810)	(399)	(479)	(182)	(297)
Amortization of tenant incentives	318	234	84	1,207	826	381
Distributions on Class B Units treated as interest expense	686	1,276	(590)	3,925	5,106	(1,181)
FFO (1)	**$ 11,027**	**$ 9,256**	**$ 1,770**	**$ 40,758**	**$ 34,220**	**$ 6,538**
Leasing cost reserve (2)	(1,019)	(999)	(20)	(3,966)	(3,780)	(186)
Capital expenditure reserve (3)	(281)	(263)	(18)	(1,036)	(980)	(56)
Strategic process expenses	-	-	-	-	610	(610)
Amortization of straight-line rent	(314)	(113)	(201)	(1,291)	(725)	(566)
AFFO	**$ 9,413**	**$ 7,881**	**$ 1,532**	**$ 34,465**	**$ 29,345**	**$ 5,120**
FFO per Unit (basic) (1)	$ 0.229	$ 0.224	$ 0.005	$ 0.917	$ 0.920	$ (0.003)
FFO per Unit (diluted) (1)	$ 0.225	$ 0.220	$ 0.005	$ 0.901	$ 0.909	$ (0.008)
AFFO per Unit (basic)	$ 0.195	$ 0.191	$ 0.004	$ 0.775	$ 0.789	$ (0.014)
AFFO per Unit (diluted)	$ 0.192	$ 0.188	$ 0.004	$ 0.762	$ 0.780	$ (0.018)

(1) Includes strategic process expenses of -$0- and $610 for the three months and year ended December 31, 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 December 31, 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 December 31, 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 December 31, 2017 FFO was higher by $1,771 as compared to the same period in 2016 for the following reasons:

Variance Explanation		Three months ended December 31, 2017
Acquisitions of investment properties	$	2,500
Increase in base rent and higher recoveries of operating expenses		348
Decrease in mortgage interest expense		144
Increase in non-cash straight-line rent		21
Increase in interest expense on the Revolving Facility		(477)
Disposition of investment property		(424)
Increase in deferred compensation expense, net of fair value adjustment		(138)
Change in amortization of financing costs and mark-to-market adjustments on fixed Interest rate mortgage payable		(82)
Increase in professional fees and other		(77)
Higher operating expenses, mainly real estate taxes, utilities, and general repairs		(45)
Total variance	$	1,770

For the year ended December 31, 2017 FFO was higher by $6,538 as compared to the same period in 2016 for the following reasons:

Variance Explanation		Year ended December 31, 2017
Acquisitions of investment properties	$	6,306
Increase in base rent and higher recoveries of operating expenses		1,377
Decrease in mortgage interest expense		1,142
Decrease in strategic process expenses		610
Increase in non-cash straight-line rent, of which $152 is due to free rent		187
Dispositions of investment properties		(1,160)
Increase in deferred compensation expense, net of fair value adjustment		(675)
Higher operating expenses, mainly real estate taxes, utilities, and general repairs		(573)
Increase in interest expense on the Revolving Facility		(413)
Change in amortization of financing costs and mark-to-market adjustments on fixed Interest rate mortgage payable		(206)
Other		(57)
Total variance	$	6,538

AFFO Variances

For the three months ended December 31, 2017, AFFO was higher by $1,532 as compared to the same period in 2016 for the following reasons:

Variance Explanation		Three months ended December 31, 2017
Acquisitions of investment properties	$	2,204
Increase in base rent and higher recoveries of operating expenses		348
Decrease in mortgage interest expense		144
Change in reserves		60
Increase in interest expense on the Revolving Facility		(477)
Disposition of investment property		(406)
Increase in deferred compensation expense, net of fair value adjustment		(138)
Change in amortization of financing costs and mark-to-market adjustments on fixed Interest rate mortgage payable		(82)
Increase in professional fees and other		(76)
Higher operating expenses, mainly real estate taxes, utilities, and general repairs		(45)
Total variance	$	1,532

For the year ended December 31, 2017, AFFO was higher by $5,120 as compared to the same period in 2016 for the following reasons:

Variance Explanation		Year ended December 31, 2017
Acquisitions of investment properties	$	5,211
Increase in base rent and higher recoveries of operating expenses		1,377
Decrease in mortgage interest expense		1,142
Change in reserves		345
Dispositions of investment properties		(1,031)
Increase in deferred compensation expense, net of fair value adjustment		(675)
Higher operating expenses, mainly real estate taxes, utilities, and general repairs		(573)
Increase in interest expense on the Revolving Facility		(413)
Change in amortization of financing costs and mark-to-market adjustments on fixed Interest rate mortgage payable		(206)
Other		(57)
Total variance	$	5,120

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 48,157,579 and 41,375,121 Units for the three months ended December 31, 2017 and 2016, respectively. The weighted average number of all outstanding REIT Units and Class B Units amounted to 44,466,575 and 37,176,470 for the years ended December 31, 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 months and year ended December 31, 2017, FFO per Unit (basic) was higher (lower) by $0.005 and ($0.003), respectively, as compared to the three months and year ended December 31, 2016. For the three months and year ended December 31, 2017, AFFO per Unit (basic) was higher (lower) by $0.004 and ($0.014), respectively, as compared to the three months and year ended December 31, 2016. These decreases are mostly caused by a 19.6% increase in the weighted average number of units outstanding, the disposition of two investment properties, an increase in free rent (AFFO only), and the increase in deferred compensation expense (net of the fair value adjustment). These decreases are partially offset by the acquisitions of six investment properties (two in November 2016, three in the third quarter of 2017, and one in the fourth 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 December 31, 2017 and 2016 was 89.7% and 92.4%, respectively. The REIT's ACFO payout ratio for the years ended December 31, 2017 and 2016 was 91.4% and 91.6%, respectively. The decreased ACFO payout ratio for the three months ended December 31, 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 months and years ended December 31, 2017 and 2016 are investment properties having consistent leasable area in both periods.

	Three months ended December 31,		Variance		Year ended December 31,		Variance	
('000s)	**2017**	**2016**	**$**	**%**	**2017**	**2016**	**$**	**%**
Net operating income (1)	$ 16,470	$ 13,620	$ 2,850	20.9%	$ 59,812	$ 52,660	$ 7,152	13.6%
Amortization of straight-line rent	(98)	(76)	(22)	28.9%	(813)	(626)	(187)	29.9%
Amortization of leasing costs	274	224	50	22.3%	1,095	788	307	39.0%
Tenant incentives - free rent	-	33	(33)	(100.0%)	441	289	152	52.6%
Acquisitions' NOI	(3,571)	(572)	(2,999)	524.3%	(8,213)	(572)	(7,641)	1,335.8%
Dispositions' NOI	-	(422)	422	(100.0%)	(928)	(2,100)	1,172	(55.8)
Same properties NOI (1)	$ 13,075	$ 12,807	$ 268	2.1%	$ 51,394	$ 50,439	$ 955	1.9%
Average occupancy (same properties)	98.9%	99.0%		(0.1%)	99.0%	98.6%		0.4%

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

Same properties NOI for the three months ended December 31, 2017 increased by $268, or 2.1%, when compared to the same quarter in 2016. For the year ended December 31, 2017, same properties NOI increased by $955, or 1.9%, 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.

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 of no more than 50% of gross book value. As at December 31, 2017 and 2016, the REIT's debt-to-gross book value ratio was 42.1% and 41.8%, respectively (total outstanding principal balance of mortgages payable, construction loan, and the Revolving Facility of $425,449 and $336,811 as at December 31, 2017 and 2016, respectively, divided by a gross book value of $1,009,582 and $806,431 as at December 31, 2017 and 2016, respectively). The REIT's debt to Adjusted EBITDA ratio was 7.1 times and 7.5 times as at

December 31, 2017 and 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 year ended December 31, 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 December 31, 2017 and 2016 was 3.7% and 3.8%, respectively.

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

	Year ended December 31,	
('000s)	**2017**	**2016**
Cash provided by/(used in):		
Operating activities	$ 54,665	$ 48,611
Financing activities	123,599	(11,565)
Investing activities	(180,634)	(33,895)
(Decrease) increase in cash and cash equivalents during the period	**(2,370)**	**3,151**
Cash and cash equivalents, beginning of period	9,007	5,856
Cash and cash equivalents, end of period	$ **6,637**	$ **9,007**

As at December 31, 2017, the REIT had $6,637 in cash and cash equivalents and availability under the Revolving Facility of $60,788, for total liquidity of $67,425.

Cash flows from operating activities for the years ended December 31, 2017 and 2016 of $54,665 and $48,611, 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:

	Three months ended December 31,		Year ended December 31,	
('000s)	**2017**	**2016**	**2017**	**2016**
Cash flows provided by operating activities	$ **13,863**	$ **13,127**	$ **54,665**	$ **48,611**
Less: Interest paid (excluding distributions on Class B Units classified as finance costs incurred)	(3,743)	(3,043)	(13,382)	(13,278)
	10,120	10,084	41,283	35,333
Distributions paid (1)	(9,145)	(7,858)	(33,581)	(28,051)
Excess of cash flows provided by operating activities over distributions paid	**975**	**2,226**	**7,702**	**7,282**
Cash flows provided by operating activities	**13,863**	**13,127**	**54,665**	**48,611**
Add/(Deduct):				
Change in non-cash working capital	1,455	(344)	1,099	(80)
Interest paid (2)	(3,743)	(3,043)	(13,382)	(13,278)
Leasing cost reserve and capital expenditure reserve	(1,300)	(1,262)	(5,002)	(4,760)
Amortization of mark-to-market adjustments	130	179	518	702
Amortization of financing costs	(204)	(157)	(671)	(656)
Strategic process expenses	-	-	-	610
ACFO (3)	$ **10,201**	$ **8,500**	$ **37,227**	$ **31,149**
Distributions declared (1)	$ 9,145	$ 7,856	$ 34,010	$ 28,533
ACFO payout ratio (3)	89.7%	92.4%	91.4%	91.6%

(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 (used in) financing activities for the years ended December 31, 2017 and 2016 of $123,599 and ($11,565), 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 investing activities for the years ended December 31, 2017 and 2016 of $180,634 and $33,895, respectively, primarily related to cash paid for acquisitions of investment properties, 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.

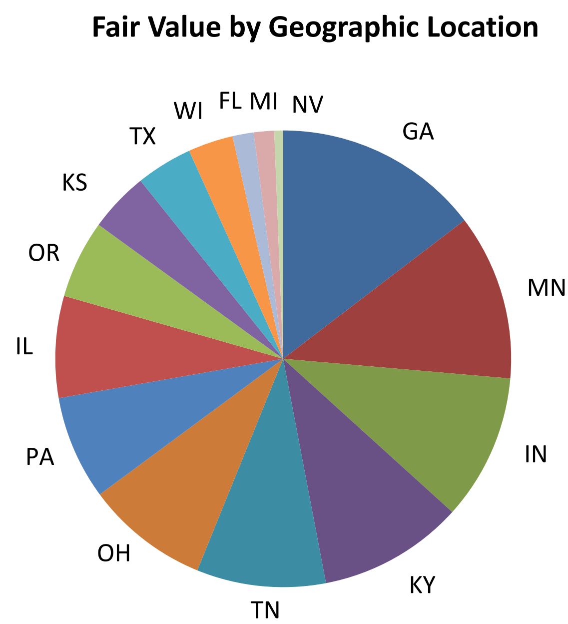
Properties Under Development
Investment properties under development for future use as investment property are accounted for under IAS 40, *Investment Property*. Costs eligible for capitalization to investment properties under development are initially recorded at cost, and subsequent to initial recognition 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 December 31, 2017, the fair value of investment properties was $1,009,582 ($806,431 as at December 31, 2016), implying a weighted average terminal capitalization rate of 6.63% (7.02% as at December 31, 2016).

State		Fair Value ('000s)	% of Total
Georgia	$	147,600	14.6%
Minnesota		118,600	11.8%
Indiana		104,400	10.4%
Kentucky		103,900	10.3%
Tennessee		92,362	9.1%
Ohio		88,175	8.7%
Pennsylvania		74,300	7.4%
Illinois		72,700	7.2%
Oregon		56,000	5.5%
Kansas		42,850	4.2%
Texas		40,320	4.0%
Wisconsin		32,300	3.2%
Florida		15,100	1.5%
Michigan		14,600	1.5%
Nevada		6,375	0.6%
Total	$	**1,009,582**	**100.0%**



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 consist of the following:

	December 31,			
('000s)		**2017**		**2016**
Mortgages payable	$	347,949	$	316,811
Mark-to-market adjustments, net		1,608		2,126
Financing costs, net		(1,077)		(954)
Carrying value		348,480		317,983
Less current portion		(33,864)		(2,462)
Non-current mortgages payable	**$**	**314,616**	**$**	**315,521**

As at December 31, 2017, mortgages payable bore interest at various rates ranging from 2.87% to 5.80%, and have a weighted average effective interest rate of 3.77% with maturity dates ranging from 2018 - 2024. The weighted average term to maturity on mortgages payable was 3.6 years and 4.3 years as at December 31, 2017 and 2016, respectively. As at December 31, 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. On December 5, 2017, the REIT repaid the construction loan with a remaining principal balance of $4,165 with available cash and proceeds from the Revolving Facility. The property was unencumbered as at December 31, 2017.

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.

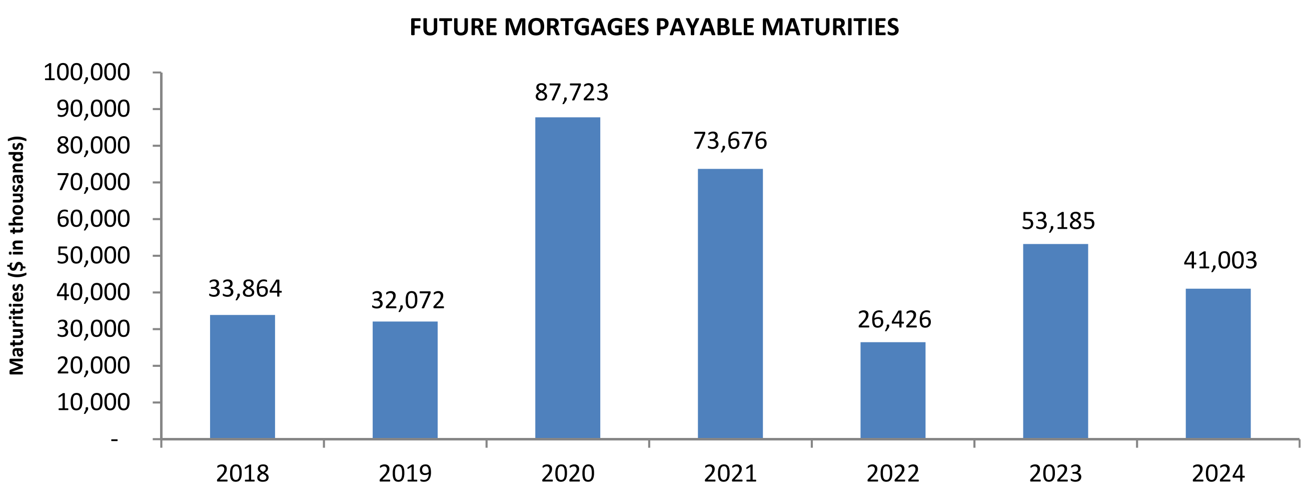
On November 18, 2016, the REIT assumed a $25,921 mortgage payable related to the Minneapolis Property acquisition, bearing a fixed interest rate of 3.62% maturing on October 1, 2021.

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 a portion of 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 December 31, 2017:

('000s)	Weighted Average Maturing Effective Interest Rates	Scheduled Mortgage Repayments	Principal Mortgage Maturities	Total Principal Repayments	Scheduled Interest Payments	Total Debt Service Repayments
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%	2,892	23,534	26,426	3,950	30,376
2023	3.7%	1,103	52,082	53,185	1,773	54,958
2024	3.5%	716	40,287	41,003	1,158	42,161
Totals		$ 20,131	$ 327,818	$ 347,949	$ 46,126	$ 394,075
Mark-to-market adjustment, net				1,608		
Financing costs, net				(1,077)		
Total carrying value of mortgages payable				$ 348,481		

The following chart shows the future maturities of mortgages payable as at December 31, 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 December 31, 2017 and 2016, the Revolving Facility interest rate was 3.14% 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 $197 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:

- 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 $138,288 as at December 31, 2017, of which the REIT had drawn $77,500, leaving remaining availability of $60,788.

Variable interest rate debt as a percentage of total debt was 18.2% and 5.9% as at December 31, 2017 and 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**	**Year ended December 31, 2017**	**Since IPO**
Reserved	$	7,915	3,780	3,966	15,661
Actual	$	5,529	4,369	4,635	14,533
Excess/(deficit)	$	2,386	(589)	(669)	1,128

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**	**Year ended December 31, 2017**	**Since IPO**
Reserved	$	2,370	980	1,036	4,386
Actual	$	847	587	1,127	2,561
Excess/(deficit)	$	1,523	393	(91)	1,825

The REIT also incurs capital expenditures, 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 year ended December 31, 2017, the REIT incurred $4,506 of capital expenditures to add 47.3 square feet of GLA at 8 Mount Moriah Road and for roof replacements at 5300 Hickory Hill Road and 4800 Pleasant Hill Road. The 8 Mount Moriah expansion was considered revenue-enhancing as it resulted in increased base rent. The roof replacements at 5300 Hickory Hill Road and 4800 Pleasant Hill Road were previously disclosed in the REIT’s January 2015 prospectus. At the time of acquisition, the REIT determined the full replacement of the roofs were 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 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 year ended December 31, 2017.

As at December 31, 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 December 31, 2017 through March 7, 2018 there have been no changes in the foregoing 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 of the external manager 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 combined is 10% of the total number of REIT Units issued and outstanding from time to time. The maximum number of REIT Units reserved for issuance under the Plan and DUIP (defined on pg. 28) combined is 10% 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, December 31, 2017	420,000	$ 10.02

The total fair value of options granted as at December 31, 2017 and 2016 and as at the grant date was $796, $645 and $327, respectively. The aggregate intrinsic value of exercisable options as at December 31, 2017 and 2016 was $1,144 and $845, respectively. The weighted average remaining contractual life for outstanding options and for exercisable options as at December 31, 2017 was 5.8 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 and comprehensive income. Total compensation expense (income) related to the option plan recognized for the three months and year ended December 31, 2017 was ($148) and $547, respectively. Total compensation expense (income) related to the option plan for the three months and year ended December 31, 2016 was $199 and ($2), respectively. These amounts include adjustments based on the fair value of the options are reported within general and administrative expenses as at December 31, 2017 and 2016.

As at December 31, 2017, fair value adjustments were determined using the Black-Scholes option pricing model with the following assumptions:

Average expected option term	2.9 years
Risk-free interest rate	1.98 %
Expected volatility	16.75%
Dividend yield	5.96%

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 of the external manager, 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 of the external manager 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	30,078
DTUs redeemed for cash	(7,350)
DTUs redeemed for REIT Units	(7,256)
Total as at December 31, 2017	**576,838**

(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 of the external manager, inclusive of vested and unvested DTUs, as at December 31, 2017 and 2016 was $7,353 and $4,768, respectively. As at December 31, 2017 and 2016, a total of 158,283 and 80,886 DTUs granted to officers and employees of the external manager 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	28,757
DTUs granted through distributions and 50% match	26,552
DTUs redeemed for cash	(10,218)
DTUs redeemed for REIT Units	(24,118)
Total as at December 31, 2017	**158,539**

(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 December 31, 2017 and 2016 was $2,021 and $1,399, respectively. As at December 31, 2017 and 2016, a total of 130,711 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 months and year ended December 31, 2017 was $404 and $3,053, respectively. Total compensation expense related to the DUIP recognized for the three months and year ended December 31, 2016 was $739 and $2,052, 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 and comprehensive income as at December 31, 2017 and 2016.

PART III

DISCLOSURE AND INTERNAL CONTROLS

Disclosure Controls and Procedures

The REIT's Chief Executive Officer and Chief Financial Officer have designed, or caused to be designed under their supervision, the REIT's disclosure controls and procedures as defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**"). As required by NI 52-109, the REIT's Chief Executive Officer and Chief Financial Officer have evaluated, or caused to be evaluated under their direct supervision, the effectiveness of the REIT's disclosure controls and procedures, and concluded that they are effective as at December 31, 2017.

Internal Controls over Financial Reporting
The REIT's Chief Executive Officer and Chief Financial Officer have designed, or caused to be designed under their supervision, the REIT's internal controls over financial reporting. As required by NI 52-109, and using the criteria established by the Committee of Sponsoring Organization of the Treadway Commission ("**COSO 2013**"), the Chief Executive Officer and Chief Financial Officer have evaluated, or caused to be evaluated under their direct supervision, the effectiveness of the REIT's internal controls over financial reporting and concluded that they are effective and that there were no material weaknesses that have been identified as at December 31, 2017.

Changes in Disclosure and Internal Controls
No significant changes were made in the REIT's internal controls over financial reporting during the three months ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, the REIT's disclosure controls and procedures or internal controls over financial reporting.

Inherent Limitation
Disclosure controls and procedures and internal controls over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of their inherent limitations. Disclosure controls and procedures and internal controls over financial reporting are processes that involve human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human errors. Disclosure controls and procedures and internal controls over financial reporting also can be circumvented by collusions or improper 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.

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. Described below are certain 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.

Risk Factors Related to the Real Estate Industry

Real Property Ownership and Tenant Risks
The REIT owns properties and is expected in the future to acquire interests in and develop other real property. All real property investments are subject to elements of risk. By specializing in a particular type of real estate, the REIT is exposed to adverse effects on that segment of the real estate market and does not benefit from a diversification of its portfolio by property type.

There is no assurance that the operations of the REIT will be profitable or that cash from operations will be available to make distributions to Unitholders. Real estate, like many other types of long-term investments, experiences significant fluctuation in value and, as a result, specific market conditions may result in occasional or permanent reductions in the value of the REIT's portfolio. The marketability and value of the portfolio will depend on many factors, including, without limitation: (i) changes in general economic conditions (such as the availability, terms and cost of mortgage financings and other types of credit); (ii) local economic conditions (such as business layoffs, industry slowdowns, changing demographics and other factors); (iii) local real estate conditions (such as an oversupply of properties or a reduction in demand for real estate in the area); (iv) changes in occupancy rates; (v) the attractiveness of properties to potential tenants or purchasers; (vi) competition with other landlords with similar available space; (vii) the ability of the REIT to provide adequate maintenance at competitive costs; (viii) changes in exchange rates; (ix) the promulgation and enforcement of governmental regulations relating to land-use and zoning restrictions, environmental protection and occupational safety; (x) the financial condition of borrowers and of tenants, buyers and sellers of property; (xi) changes in real estate tax rates and other operating expenses; (xii) the imposition of rent controls; (xiii) energy and supply shortages; (xiv) various uninsured or uninsurable risks; and (xv) natural disasters. There can be no assurance of profitable operations because the costs of operating the portfolio, including debt service, may exceed gross rental income therefrom, particularly since certain expenses related to real estate, such as property taxes, utility costs, maintenance costs and insurance, tend to increase even if there is a decrease in the REIT's income from such investments.

The REIT's properties generate income through rent payments made by tenants. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced for a number of reasons. Furthermore, the terms of any subsequent lease may be less favourable than the existing lease and renewed rent may be lower than prevailing market rent. The REIT's cash flow and financial position would be materially adversely affected if its tenants were to become unable to meet their obligations under their leases or if a significant amount of available space in the REIT's properties was not able to be leased on economically favourable lease terms. In the event of default by a tenant, the REIT may experience delays or limitations in enforcing its rights as lessor and incur substantial costs in protecting its investment. In addition, restrictive covenants may narrow the field of potential tenants at a property and could contribute to difficulties in leasing space to new tenants. Furthermore, at any time, a tenant may seek the protection of bankruptcy, insolvency or similar laws which could result in the rejection and termination of the lease by the tenant and, thereby, cause a reduction in the REIT's cash flow, financial condition and results of operations and its ability to make distributions to Unitholders.

Additionally, due to changing trends in the design of the types of properties owned by the REIT, it is possible that the REIT's properties will in the future be less desirable than newer properties developed by competitors. This, in turn, would affect the ability of the REIT to renew its leases with existing tenants and, in the event that such leases are not renewed, to rent unleased suites.

Competition
The real estate business is competitive. The REIT competes with other investors, managers and owners of properties in seeking tenants and for the purchase and development of desirable properties. Some of the industrial properties of the REIT's competitors are newer, better located or better capitalized than the REIT's properties. Certain of these competitors may have greater financial and other resources and greater operating flexibility than the REIT. Those entities may be able to accept more risk than the REIT can prudently manage and may have the ability or inclination to acquire properties at a higher price or on terms less favourable than those the REIT may be prepared to accept. The existence of competing managers and owners could have a material adverse effect on the REIT's ability to lease space and on the rents the REIT is able to charge, and could materially adversely affect revenues and the REIT's ability to meet its obligations. In addition, such competition could have an adverse effect on property values in the markets in which the investments are located. Competition generally reduces the number of suitable investment opportunities available to the REIT and increases the bargaining power of property owners seeking to sell. Furthermore, the number of entities and the amount of funds competing for suitable industrial properties may increase. This could result in increased demand for these assets and therefore, increased prices paid for them, which may in turn adversely affect the REIT's ability to make investments and generate revenues.

Liquidity
Real property investments are relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity will tend to limit the REIT's ability to vary its portfolio of properties promptly in response to changing economic, investment or other conditions. If the REIT were to be required to liquidate its real property investment, the proceeds to the REIT might be significantly less than the aggregate carrying value of the REIT's properties, which could have an adverse effect on the REIT's financial condition and results of operations and decrease the amount of cash available for distribution. Illiquidity may result from the absence of an established market for real property investments, as well as from legal or contractual restrictions on their resale. In addition, in recessionary times, it may be difficult to dispose of certain types of real estate. The costs of holding real estate are considerable and during an economic recession the REIT may be faced with ongoing expenditures with a declining prospect of incoming receipts. In such circumstances, it may be necessary for the REIT to dispose of properties at lower prices in order to generate sufficient cash for operations and making distributions.

Environmental Matters
Environmental legislation and regulations have become increasingly important in recent years. As a current or previous owner of interests in real property in the U.S., the REIT is subject to various U.S. federal, state and municipal laws relating to environmental matters. Such laws provide that the REIT could be, or become, liable for environmental harm, damage or costs, including with respect to the release of hazardous, toxic or other regulated substances into the environment and/or affecting persons, and the removal or other remediation of hazardous, toxic or other regulated substances that may be present at or under the REIT's properties or at third-party sites, at which wastes were sent for disposal, including lead-based paints, mould, asbestos, polychlorinated biphenyls, petroleum-based fuels, mercury, volatile organic compounds, underground storage tanks, pesticides and other miscellaneous materials. Further, liability may be incurred by the REIT with respect to the release of such substances from or to the REIT's properties. These laws often impose liability regardless of whether the property owner knew of, or was responsible for, the presence of such substances. These laws also govern the maintenance and removal of asbestos containing materials in the event of damage, demolition or renovation of a property and also govern emissions of and exposure to asbestos fibres in the air. Certain of the REIT's properties might contain asbestos containing materials. The costs of investigation, removal and remediation of such substances or properties, if any, may be substantial and could adversely affect the REIT's financial condition and results of operations but is not estimable. There may be contamination on the REIT's properties of which management is not aware. The presence of contamination or the failure to remediate contamination may adversely affect the REIT's ability to sell such property, realize the full value of such property or borrow using such property as collateral security, and could potentially result in claims against the REIT by public or private parties.

The REIT's properties may contain soil or groundwater contamination, hazardous substances and/or other residual pollution and environmental risks. Buildings and their fixtures might contain asbestos, mould or other hazardous substances above the allowable or recommended thresholds, or other environmental risks could be associated with the buildings. The REIT will bear the risk of cost-intensive assessment, remediation or removal of such soil or groundwater contamination, hazardous substances or other residual pollution. The discovery of any such contamination or residual pollution on the sites and/or in the buildings, particularly in connection with the lease or sale of properties or borrowing using the real estate as security, could trigger claims for rent reductions or termination of leases for cause, for damages and other breach of warranty claims against the REIT. The remediation of any contamination and the related additional measures the REIT would have to undertake could have a materially adverse effect on the REIT and could involve considerable additional costs. The REIT will also be exposed to the risk that recourse against the polluter or the previous owners of the REIT's properties might not be possible. Moreover, the existence or even the mere suspicion of the existence of soil or groundwater contamination, hazardous materials or other residual pollution can materially adversely affect the value of a property and the REIT's ability to lease or sell such a property.

The REIT's operating policy is to obtain a Phase I ESA Report of each real property to be acquired by it and, if the Phase I ESA Report recommends that a further environmental site assessment be conducted, the REIT will have conducted such further environmental site assessments, in each case by an independent and experienced environmental consultant. As a condition to any acquisition of real property, such assessments will be satisfactory to the Board of Trustees. Although such environmental site assessments would provide the REIT with some level of assurance about the condition of property, the REIT may become subject to liability for undetected contamination or other environmental conditions at the REIT's properties, which could negatively impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution.

The REIT intends to make the necessary capital and operating expenditures to comply with environmental laws and address any material environmental issues and such costs relating to environmental matters that may have a material adverse effect on the REIT's business, financial condition or results of operation and decrease the amount of cash available for distribution. Furthermore, environmental laws can change and the REIT may become subject to even more stringent environmental laws in the future, with increased enforcement of laws by the government. Compliance with more stringent environmental laws, which may be more rigorously enforced, the identification of currently unknown environmental issues or an increase in the costs required to address a currently known condition may have an adverse effect on the REIT's financial condition and results of operations and decrease the amount of cash available for distribution to Unitholders.

Regulation and Changes in Applicable Laws

The REIT is subject to laws and regulations governing the ownership and leasing of real property, zoning, building standards, landlord tenant relationships, employment standards, environmental matters, taxes and other matters. It is possible that future changes in applicable federal, provincial, state, local or common laws or regulations or changes in their enforcement or regulatory interpretation could result in changes in the legal requirements affecting the REIT (including with retroactive effect). Any changes in the laws to which the REIT is subject could materially adversely affect the REIT's rights and title to the REIT's properties. It is not possible to predict whether there will be any further changes in the regulatory regimes to which the REIT is subject or the effect of any such changes on its investments.

Lower revenue growth or significant unanticipated expenditures may result from the REIT's need to comply with changes in applicable laws or the enactment of new laws, including: (i) laws imposing environmental remedial requirements and the potential liability for environmental conditions existing on properties or the restrictions on discharges or other conditions; (ii) rent control or rent stabilization laws or other landlord/tenant laws; or (iii) other governmental rules and regulations or enforcement policies affecting the development, use and operation of the REIT's properties, including changes to building codes and fire and life-safety codes.

Capital Expenditures and Fixed Costs

As a matter of conducting business in the ordinary course, certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges, must be made throughout the period of ownership of real property, regardless of whether the property is producing sufficient income to pay such expenses. This may include expenditures to fulfill mandatory requirements for energy efficiency. In order to retain desirable rentable space and to generate adequate revenue over the long-term, the REIT must maintain or, in some cases, improve each property's condition to meet market demand. Maintaining a rental property in accordance with market standards can entail significant costs, which the REIT may not be able to pass on to its tenants. Numerous factors, including the age of the relevant building structure, the material and substances used at the time of construction or currently unknown building code violations could result in substantial unbudgeted costs for refurbishment or modernization. The timing and amount of capital expenditures required by the REIT will indirectly affect the amount of cash available for distribution to Unitholders. Distributions may be reduced, or even eliminated, at times when the REIT deems it necessary to make significant capital or other expenditures.

If the actual costs of maintaining or upgrading a property exceed the REIT's estimates, or if hidden defects are discovered during maintenance or upgrading which are not covered by insurance or contractual warranties, or if the REIT is not permitted to raise rents due to legal constraints, the REIT will incur additional and unexpected costs. If competing industrial properties are built in the area where one of the REIT's properties is located or similar industrial properties located in the vicinity of one of the REIT's properties are substantially refurbished, the NOI derived from and the value of such property could be reduced. Any failure by the REIT to undertake appropriate maintenance and refurbishment work in response to the factors described above could materially adversely affect the rental income that the REIT earns from its properties and could have a material adverse effect on the REIT's cash flow, financial condition and results of operations and its ability to make distributions to Unitholders.

Current Economic Environment

The REIT's operating results may be affected by weakness in the national economy and local economies where the REIT's properties are located. Specific impacts may include (i) increased levels of tenant defaults under leases; (ii) non-renewals under lease or re-leasing which may require concessions, tenant improvement expenditures or reduced rental rates; and (iii) adverse capital and credit market conditions for REIT capital needs; and (iv) the REIT's tenants may be unable to meet their rental payments and other obligations due to the REIT. In addition, fluctuation in interest rates or other financial market volatility may restrict the availability of financing for future prospective purchasers of the REIT's investments and could significantly reduce the value of such investments. The value of our investments may not appreciate or may decline in value significantly below the amount we pay for these investments. The length and severity of any economic slowdown or downturn cannot be predicted. The REIT's operations could be negatively affected to the extent that an economic slowdown or downturn is prolonged or becomes more severe.

Natural Disasters
Certain of the REIT's properties are located in locations where buildings are susceptible to sustaining damage from natural disasters. While the REIT has insurance to cover a substantial portion of the cost of such events, the REIT's insurance includes deductible amounts and certain items may not be covered by insurance. Future natural disasters may significantly affect the REIT's operations and its properties and, more specifically, may cause the REIT to experience reduced rental revenue (including from increased vacancy), incur clean-up costs or otherwise incur costs in connection with such events. Any of these events may have a material adverse effect on the REIT's business, cash flow, financial condition, results of operations and ability to make distributions to Unitholders.

Risks Relating to the REIT and its Business

Tenant Defaults, Bankruptcies or Insolvencies
The bankruptcy or insolvency of the REIT's tenants may adversely affect the income produced by the REIT's properties. If a tenant defaults on its lease obligations, the REIT may experience delays in enforcing its rights as landlord and may incur substantial costs, including litigation and related expenses, in protecting its investment and re-leasing its property. If a tenant files for bankruptcy, the REIT generally cannot evict the tenant solely because of such bankruptcy. A court may authorize a bankrupt tenant to reject and terminate its lease. In such a case, any claim against the tenant for unpaid future rent would be subject to a statutory cap that might be substantially less than the remaining rent actually owed under the lease, and it is unlikely that a bankrupt tenant would pay in full amounts it owes under the lease. This shortfall could adversely affect the REIT's cash flow and results of operations.

If a tenant experiences a downturn in its business or other types of financial distress, it may be unable to make timely rental payments. Under some circumstances, the REIT may agree to partially or wholly terminate the lease in advance of the termination date in consideration for a lease termination fee that is less than the agreed rental amount. Additionally, without regard to the manner in which a lease termination occurs, the REIT is likely to incur additional costs in the form of tenant improvements and leasing commissions in its efforts to lease the space to a new tenant, as well as possibly lower rental rates reflective of declines in market rents. The REIT cannot assure an investor that it will have adequate sources of funding available for such purposes.

Tenant Concentration
The REIT derives approximately 38.3% 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. General Mills Operations, LLC is the REIT's largest tenant by GLA and percentage of annualized base rent occupying 8.6% of total portfolio GLA and accounting for 5.9% of the total portfolio's annualized base rent. Unilever Home & Personal Care is the second largest tenant by GLA, occupying 7.2% of total portfolio GLA and accounting for 5.1% of the total portfolio's annualized base rent. Continental Tire the Americas, LLC is the REIT's third largest tenant by GLA, occupying 4.2% of total portfolio GLA and accounting for 5.1% of the total portfolio's annualized base rent. Zulily is the REIT's fourth largest tenant by GLA occupying 4.2% of the total portfolio GLA and accounts for 3.8% of the total portfolio's annualized base rent. 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 5.7% of the total GLA or 8.0% 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 56.8% of GLA of the REIT's portfolio of properties is comprised of single-tenant properties. The largest five such tenants represent approximately 23.7% of contractual base rent of the portfolio as at December 31, 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.

Access to Capital

The real estate industry is highly capital intensive. The REIT will require access to capital to maintain the REIT's properties, as well as to fund its growth strategy and certain capital expenditures from time to time. Although the Revolving Facility is available to the REIT, there can be no assurances that the REIT will otherwise have access to sufficient capital or access to capital on terms favourable to the REIT for future property acquisitions, financing or refinancing of properties, funding operating expenses or other purposes. Further, in certain circumstances, the REIT may not be able to borrow funds due to the limitations set forth in the Declaration of Trust.

In recent years, domestic and international financial markets have experienced unusual volatility and uncertainty. Although this condition occurred initially within the "subprime" single-family mortgage lending sector of the credit market, liquidity has tightened in overall financial markets, including the investment grade debt and equity capital markets. Consequently, there is greater uncertainty regarding the REIT's ability to access the credit market in order to attract financing on reasonable terms. Investment returns on the REIT's assets and its ability to make acquisitions could be adversely affected by the REIT's inability to secure financing on reasonable terms, if at all.

Financing Risks

The REIT's outstanding indebtedness as December 31, 2017 was $425,449, 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 flow from operations to meet required interest and principal payments. If the REIT is unable to meet interest or principal payments, it could be required to seek renegotiation of such payments or obtain additional equity, debt or other financing. 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, AFFO and ACFO.

Approximately 18.2% of the REIT's total principal indebtedness is variable rate debt as at December 31, 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 March 7, 2018, existing mortgages secured by the REIT's properties mature between August 2018 and October 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.

Operational Risk

Operational risk is the risk that a direct or indirect loss may result from an inadequate or failed technology, from a human process or from external events. The impact of this loss may be financial loss, loss of reputation or legal and regulatory proceedings. Management endeavours to minimize losses in this area by ensuring that effective infrastructure and controls exist. These controls are constantly reviewed and if deemed necessary improvements are implemented.

Acquisitions
The REIT's business plan includes, among other things, growth through identifying suitable acquisition opportunities, pursuing such opportunities, consummating acquisitions and leasing such properties. If the REIT is unable to manage its growth effectively, it could adversely impact the REIT's financial position and results of operations and decrease the amount of cash available for distribution. There can be no assurance as to the pace of growth through property acquisitions or that the REIT will be able to acquire assets on an accretive basis and, as such, there can be no assurance that distributions to Unitholders will increase in the future.

Acquired properties may be subject to unknown, unexpected or undisclosed liabilities which could have a material adverse impact on the operations and financial results of the REIT. Representations and warranties given by third parties to the REIT may not adequately protect against these liabilities and any recourse against third parties may be limited by the financial capacity of such third parties. Furthermore, it is not always possible to obtain from the seller the records and documents that are required in order to fully verify that the buildings to be acquired are constructed in accordance, and that their use complies with, planning laws and building code requirements. Accordingly, in the course of acquiring a property, specific risks might not be or might not have been recognized or correctly evaluated. These circumstances could lead to additional costs and could have a material adverse effect on proceeds from sales and rental income of the relevant properties.

The REIT's ability to acquire properties on satisfactory terms and successfully integrate and operate them is subject to the following additional risks: (i) the REIT may be unable to acquire desired properties because of competition from other real estate investors with more capital, including other real estate operating companies, real estate investment trusts and investment funds; (ii) the REIT may acquire properties that are not accretive to results upon acquisition, and the REIT may not successfully manage and lease those properties to meet its expectations; (iii) competition from other potential acquirers may significantly increase the purchase price of a desired property; (iv) the REIT may be unable to generate sufficient cash from operations, or obtain the necessary debt or equity financing to consummate an acquisition or, if obtainable, financing may not be on satisfactory terms; (v) the REIT may need to spend more than budgeted amounts to make necessary improvements or renovations to acquired properties; (vi) agreements for the acquisition of properties are typically subject to customary conditions to closing, including satisfactory completion of due diligence investigations, and the REIT may spend significant time and money on potential acquisitions that the REIT does not consummate; (vii) the process of acquiring or pursuing the acquisition of a new property may divert the attention of the REIT's senior management team from existing business operations; (viii) the REIT may be unable to quickly and efficiently integrate new acquisitions, particularly acquisitions of portfolios of properties, into existing operations; (ix) market conditions may result in higher than expected vacancy rates and lower than expected rental rates; and (x) the REIT may acquire properties without any recourse, or with only limited recourse, for liabilities, whether known or unknown, such as clean-up of environmental contamination, claims by tenants, vendors or other persons against the former owners of the properties and claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties.

If the REIT cannot complete property acquisitions on favourable terms, or operate acquired properties to meet the REIT's goals or expectations, the REIT's business, financial condition, results of operations and cash flow, the per Unit trading price and the REIT's ability to satisfy debt service obligations and to make distributions to the Unitholders could be materially and adversely affected.

Limits on Activities
In order to maintain its status as a "mutual fund trust" under the *Income Tax Act* (Canada) ("**Tax Act**"), the REIT cannot carry on most active business activities and is limited in the types of investments it can make. The Declaration of Trust contains restrictions to this effect.

Reliance on the Partnership

The REIT is dependent for a certain portion of NOI on the business of the Partnership. The cash distributions to Unitholders are dependent on the ability of the Partnership to pay distributions in respect of the units of the Partnership. The ability of the Partnership to pay distributions or make other payments or advances to the REIT may be subject to contractual restrictions contained in any instruments governing the indebtedness of the Partnership. The ability of the Partnership to pay distributions or make other payments or advances is also dependent on the ability of its subsidiaries to pay distributions or make other payments or advances to the Partnership.

Cybersecurity Risk

Cybersecurity has become an increasingly problematic issue for issuers and businesses. Cyber-attacks against large organizations are increasing in sophistication and are often focused on financial fraud, compromising sensitive data for inappropriate use or disrupting business operations. A cyber-incident is considered to be any adverse event that threatens the confidentiality, integrity or availability of the REIT's information resources. More specifically, a cyber-incident is an intentional attack or an unintentional event that can include gaining unauthorized access to information systems to disrupt operations, corrupt data or steal confidential or personal information. As the REIT's reliance on technology has increased, so have the risks posed to its systems. The REIT's primary risks that could directly result from the occurrence of a cyber-incident include operational interruption, damage to its reputation, damage to the REIT's business relationships with its tenants, disclosure of confidential information regarding its tenants and third parties with whom the REIT interacts, and may result in negative consequences, including remediation costs, loss of revenue, additional regulatory scrutiny and litigation. The REIT has implemented processes, procedures and controls to help mitigate these risks, but these measures, as well as its increased awareness of a risk of a cyber-incident, do not guarantee that the REIT will be able to prevent all such incidents, or detect and remedy such incidents in a timely manner, which could then have negative impact on the REIT's financial results and the price of the REIT's securities. See also "– Risks Related to the REIT's Relationship with WPT Capital Advisors, LLC's ("**WPT Capital**") – Cybersecurity".

General Litigation Risks

In the normal course of the REIT's operations, whether directly or indirectly, it may become involved in, named as a party to or the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions relation to personal injuries, property damage, property taxes, land rights, the environment and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined in a manner adverse to the REIT and as a result, could have a material adverse effect of the REIT's assets, liabilities, business, financial condition and results of operations. Even if the REIT prevails in any such legal proceedings, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from the REIT's business operations, which could 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. This risk may be heightened for the REIT as compared to other Canadian real estate investment trusts without properties located in the U.S. because the legal climate in the U.S., in comparison to that in Canada, tend to give rise to a greater number of claims and larger damages awards.

Reliance on Key Personnel

The management and governance of the REIT depends on the services of certain key personnel, including certain executive officers and the Board of Trustees. The loss of the services of any key personnel and the inability of the REIT to attract and retain qualified and experienced personnel could have an adverse effect on the REIT and adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution.

Risks Relating to the Nature of the REIT's Business

As outlined above, investing in real estate exposes the REIT to a high degree of risk. The ultimate performance of the REIT's portfolio is subject to the varying degrees of risk generally incident to the ownership and management of interests in, or related to, real property. The ultimate value of the REIT's portfolio depends upon the REIT's ability to identify, acquire, develop and dispose of properties in a profitable manner. Revenues may be adversely affected by changes in national or international economic conditions; changes in local market conditions due to changes in general or local economic conditions and neighbourhood characteristics; the financial condition of tenants, buyers and sellers of properties; competition from prospective buyers for, and sellers of, other similar properties; changes in interest rates and in the availability, cost and terms of financing; the impact of present or future environmental legislation and compliance with environmental laws; changes in tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; civil unrest; acts of God, including earthquakes, hurricanes and other natural disasters; acts of war; acts of terrorism (any of which may result in uninsured losses); adverse changes in zoning laws; and other factors that are beyond the control of the REIT. The REIT's operating results will also be dependent upon the availability of, as well as WPT Capital's ability to identify, consummate, manage and realize, attractive real estate investment opportunities. It may take considerable time for the REIT to identify and consummate appropriate investments. No assurance can be given that the REIT will be successful in identifying and consummating investments which satisfy the REIT's rate of return objective or that such investments, once consummated, will perform as expected.

Market Risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk consists of interest rate risk, currency risk and other market price risk. There is interest rate risk associated with the REIT's properties' fixed rate mortgages payable due to the expected requirement to refinance such mortgages payable in the year of maturity. In order to manage exposure to interest rate risk, management endeavours to manage maturities of fixed rate mortgages payable, and match the nature of the mortgages payable with the cash flow characteristics of the underlying asset. In some cases, interest rate swaps are entered into to alter the properties' exposure to the impact of changing interest rates. Currently, the REIT's properties have no exposure to currency or other market price risk.

Restrictive Covenants in Existing Loan Agreements
The REIT and the Partnership are subject to certain restrictions pursuant to the restrictive covenants of their outstanding indebtedness, which may affect distribution and operating policies and the ability to incur additional debt. Loan documents evidencing this existing indebtedness contain, and loan documents entered into in the future will likely contain, certain operating covenants that limit the ability to further mortgage the property or discontinue insurance coverage. In addition, these agreements contain, and future agreements likely will contain, financial covenants, including certain coverage ratios and limitations on the ability to incur secured and unsecured debt, make distributions, sell all or substantially all assets, and engage in mergers and consolidations and certain acquisitions. Covenants under existing indebtedness do, and under any future indebtedness likely will, restrict the ability to pursue certain business initiatives or certain acquisition transactions. In addition, failure to meet any of these covenants, including the financial coverage ratios, could cause an event of default under or accelerate some or all of the REIT's indebtedness, which would have a material adverse effect on the REIT.

Availability of Off-market Deal Flow
A key component of the REIT's growth strategy is to acquire additional industrial real estate before it is widely marketed by real estate brokers, or "off-market." Properties that are acquired off-market are typically more attractive to the REIT as a purchaser because of the absence of a formal marketing process, which could lead to higher prices. If the REIT cannot obtain off-market deal flow in the future, its ability to locate and acquire additional properties at attractive prices could be materially and adversely affected.

Litigation at the Property Level
The acquisition, ownership and disposition of real property carries certain specific litigation risks. Litigation may be commenced with respect to a property acquired by the REIT or its subsidiaries in relation to activities that took place prior to the REIT's acquisition of such property. In addition, at the time of disposition of an individual property, a potential buyer may claim that it should have been afforded the opportunity to purchase the asset or alternatively that such buyer should be awarded due diligence expenses incurred or damages for misrepresentation relating to disclosures made, if such buyer is passed over in favour of another as part of the REIT's efforts to maximize sale proceeds. Similarly, successful buyers may later sue the REIT under various damage theories, including those sounding in tort, for losses associated with latent defects or other problems not uncovered in due diligence.

Asset Class Diversification
The REIT's investments are not widely diversified by asset class. Substantially all of the REIT's investments are in industrial real estate. A lack of asset class diversification increases risk because industrial real estate is subject to its own set of risks, such as vacancies, rising operating costs and changes in mortgage rates.

Control Over Investments
In certain situations, the REIT may, directly or indirectly, invest in a joint venture arrangement, thereby acquiring a non-controlling interest in certain investments. Although the REIT may not have control over these investments and therefore, may have a limited ability to protect its position therein, such joint venture arrangements will contain terms and conditions which, in the opinion of the independent trustees, are commercially reasonable, including without limitation such terms and conditions relating to restrictions on the transfer, acquisition and sale of the REIT's and any joint venturer's interest in the joint venture arrangement, provisions to provide liquidity to the REIT, provisions to limit the liability of the REIT and its Unitholders to third parties and provisions to provide for the participation of the REIT in the management of the joint venture arrangements. Nevertheless, such investments may involve risks not present in investments where a third party is not involved, including the possibility that a co-venturer may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with those of the REIT (including relating to the sale of properties held in the joint venture or the timing of the termination and liquidation of such joint venture) or may be in a position to take action contrary to the REIT's investment objectives. The REIT also may, in certain circumstances, be liable for the actions of its third-party co-venturers.

Property Redevelopment and Renovations
Property redevelopment or major renovation work are subject to a number of risks, including: (i) the potential that the REIT may fail to recover expenses already incurred if it abandons redevelopment opportunities after commencing to explore them; (ii) the potential that the REIT may expend funds on and devote management time to projects which it does not complete; (iii) construction or redevelopment costs of a project may exceed original estimates, possibly making the project less profitable than originally estimated, or unprofitable; (iv) the time required to complete the construction or redevelopment of a project or to lease up the completed project may be greater than originally anticipated, thereby adversely affecting the REIT's cash flow and liquidity; (v) the cost and timely completion of construction (including risks beyond the REIT's control, such as weather, labour conditions or material shortages); (vi) contractor and subcontractor disputes, strikes, labour disputes or supply disruptions; (vii) the failure to achieve expected occupancy and/or rent levels within the projected time frame, if at all; (viii) delays with respect to obtaining, or the inability to obtain, necessary zoning, occupancy, land use and other governmental permits, and changes in zoning and land use laws; (ix) occupancy rates and rents of a completed project may not be sufficient to make the project profitable; (x) the REIT's ability to dispose of properties redeveloped with the intent to sell could be impacted by the ability of prospective buyers to obtain financing given the current state of the credit markets; and (xi) the availability and pricing of financing to fund the REIT's development activities on favourable terms or at all.

The above risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent the initiation of redevelopment activities or the completion of redevelopment activities once undertaken. In addition, redevelopment projects entail risks that investments may not perform in accordance with expectations and can carry an increased risk of litigation (and its attendant risks) with contractors, subcontractors, suppliers, partners and others. Any of these risks could have an adverse effect on the REIT's financial condition, results of operations, cash flow, per Unit trading price of the Units, distributions to Unitholders and ability to satisfy the REIT's principal and interest obligations. Also, the REIT may be required to execute guarantees in connection with construction financing for redevelopments which would subject the REIT to recourse for construction completion risks and repayment of the construction indebtedness.

New Markets
If the opportunity arises, the REIT may explore acquisitions of properties in new markets. Each of the risks applicable to the REIT's ability to acquire and successfully integrate and operate properties in its current markets is also applicable to its ability to acquire and successfully integrate and operate properties in new markets. In addition to these risks, the REIT may not possess the same level of familiarity with the dynamics and market conditions of any new markets, which could adversely affect its ability to expand into or operate in those markets. The REIT may be unable to achieve a desired return

on its investments in new markets. If the REIT is unsuccessful in expanding into new markets, it could adversely affect its business, financial condition, results of operations and cash flow, the per Unit trading price and ability to satisfy debt service obligations and to make distributions to Unitholders.

Property Development

The REIT may, from time to time, engage in development and redevelopment activities with respect to certain properties. If it does so, it will be subject to certain risks, including, without limitation: (i) the availability and pricing of financing on satisfactory terms or at all; (ii) the availability and timely receipt of zoning and other regulatory approvals; (iii) the cost and timely completion of construction (including unanticipated risks beyond the REIT's control, such as weather or labour conditions, material shortages and construction overruns); and (iv) the ability to achieve an acceptable level of occupancy upon completion.

Change in Property Taxes

The REIT is required to pay state and local taxes on its properties. The real property taxes on the REIT's properties may increase as property tax rates change or as the properties are assessed or reassessed by taxing authorities. In addition, certain of the REIT's properties currently benefit from tax abatement arrangements pursuant to which tax rates are effectively lowered for specified periods of time. The REIT's properties currently subject to these tax abatement arrangements are: 1105 East Northfield Drive (tax abatement expires in 2018 and 2019); 6766 Pontius Road (tax abatement expires in 2022); 3051 Creekside Parkway (tax abatement expires in 2022); 2825 Reeves Road (tax abatement expires in 2028); and 3360 Southwest Boulevard (tax abatement expires in 2030). Upon expiry of these tax abatement arrangements, property taxes will be assessed at usual rates. Property taxes are typically passed through to the tenant; however, the amount of property taxes, if any, the REIT pays directly may in the future differ substantially from what has been paid in the past. If the property taxes paid directly by the REIT increase, the REIT's ability to pay expected distributions to the Unitholders could be materially and adversely affected.

Potential Conflicts of Interest

The Board of Trustees will, from time to time, in their individual capacities, deal with parties with whom the REIT may be dealing, or may be seeking investments similar to those desired by the REIT. The interest of these persons could conflict with those of the REIT. The Declaration of Trust contains conflict of interest provisions requiring the Board of Trustees to disclose their interests in certain contracts and transactions and to refrain from voting on those matters. In addition, certain decisions regarding matters that may give rise to a conflict of interest must be made by a majority of the independent trustees only. Conflicts may also exist due to the fact that (i) certain trustees of the REIT are affiliated with WPT Capital; (ii) the REIT and WPT Capital will enter into certain arrangements; (iii) WPT Capital and its affiliates are engaged in a wide variety of real estate activities; and (iv) the REIT may become involved in transactions that conflict with the interests of the foregoing. See "— Risks Related to the REIT's Relationship with WPT Capital" below.

Direct and Indirect Ownership of Units by Welsh and AIMCo

Welsh, as at December 31, 2017, owns an approximate 7.5% effective interest in the REIT through its direct and indirect ownership of Class B Units (assuming all Class B Units are redeemed for Units but otherwise on a non-diluted basis). Each Class B Unit is redeemable by the holder thereof for cash or one Unit of the REIT (subject to customary anti-dilution adjustments), as determined by the general partner of the Partnership in its sole discretion.

The Declaration of Trust granted Welsh the right to nominate a certain number of trustees to the Board of Trustees or to appoint a board observer depending on the size of the Board of Trustees and the Welsh's retained interest. Based on Welsh's current retained interest, Welsh does not have the right to nominate a trustee to the Board of Trustees, but still may have the ability to exercise certain influence with respect to the affairs of the REIT.

AIMCo, as at December 31, 2017, owns an approximate 23.2% 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). AIMCo, as a result of their voting interest in the REIT, may be able to exert significant influence over matters that are to be determined by votes of the Unitholders of the REIT.

Accordingly, the Units may be less liquid and trade at a relative discount compared to such Units in circumstances where neither Welsh nor AIMCo have the ability to influence or determine matters affecting the REIT.

Subject to compliance with applicable securities laws, Welsh may sell some or all of its 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 or transfer of Units could 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.

Any Uninsured Losses or High Insurance Premiums will Reduce Net Income and the Amount of Cash Distributions to Unitholders

The REIT will attempt to obtain adequate insurance to cover significant areas of risk to it as an entity and to its properties. However, there are types of losses at the property level, generally catastrophic in nature, such as losses due to wars, acts of terrorism, earthquakes, floods, hurricanes, pollution or environmental matters, which are uninsurable or not economically insurable, or may be insured subject to limitations, such as large deductibles or co-payments. The REIT may not have adequate coverage for such losses. If any of the REIT's properties incurs a casualty loss that is not fully insured, the value of the REIT's assets will be reduced by any such uninsured loss. In addition, other than any working capital reserve or other reserves the REIT may establish, it has no source of funding to repair or reconstruct any uninsured damaged property. Further, to the extent the REIT must pay unexpectedly large amounts for insurance, it could suffer reduced earnings that would result in lower distributions to Unitholders.

Degree of Leverage

The REIT's degree of leverage could have important consequences to Unitholders. For example, the degree of leverage could affect the REIT's ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, development or other general trust purposes, making the REIT more vulnerable to a downturn in business or the economy in general. Under the Declaration of Trust, the maximum the REIT can leverage is 60% of gross book value (or 65% of gross book value including convertible debentures).

Joint Ventures

From time to time, the REIT may be a participant in joint ventures. A joint venture involves certain additional risks, including: (i) the possibility that co-venturers may at any time have economic or business interests or goals that will be inconsistent with the REIT's or take actions contrary to the REIT's instructions or requests or to the REIT's policies or objectives with respect to the investment; (ii) the co-venturer may hold a majority interest or otherwise under the terms of the joint venture have control over all of the day to day and fundamental decisions relating to an investment, including the ability to impose contribution requirements on its co-venturers; (iii) the risk that such co-venturers could experience financial difficulties or seek the protection of bankruptcy, insolvency or other laws, which could result in additional financial demands to maintain and operate such investments or repay the co-venturers' share of debt guaranteed by the REIT or for which the REIT will be liable and/or result in the REIT suffering or incurring delays, expenses and other problems associated with obtaining court approval of joint venture decisions; (iv) the risk that such co-venturers may, through their activities on behalf of or in the name of the ventures, expose or subject the REIT to liability; (v) the need to obtain co-venturers' consents with respect to certain major decisions or inability to have any decision making authority, including the decision to distribute cash generated from such investment or to sell an investment, and (vi) the risk that co-venturers may disagree over the interpretation of the terms of the joint venture agreement.

In addition, the sale or transfer of interests in joint ventures may be subject to certain requirements, such as rights of first refusal, rights of first offer or drag-along rights, and joint venture agreements may provide for buy-sell or similar arrangements. Such rights may inhibit the REIT's ability to sell an interest in an investment or a joint venture within the time frame or otherwise on the basis the REIT desires. Additionally, drag-along rights may be triggered at a time when the REIT may not want to sell its interest in an investment, but the REIT may be forced to do so at a time when it would not otherwise be in the REIT's best interest.

Limitations on Sale
The REIT may be required to expend funds to correct defects or to make improvements before a property can be sold. No assurance can be given that the REIT will have funds available to correct such defects or to make such improvements. In acquiring a property, the REIT may agree to lock-out provisions that materially restrict it from selling that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed or repaid on that property. These lock-out provisions would restrict the REIT's ability to sell a property. These factors and any others that would impede the REIT's ability to respond to adverse changes in the performance of the REIT's properties could significantly affect the REIT's financial condition and operating results and decrease the amount of cash available for distribution.

Investments in Debt Instruments
The REIT may hold direct or indirect investments in mortgages and mortgage bonds (including participating or convertible mortgages). Adverse changes to the financial condition of a mortgagor with respect to a mortgage held directly or indirectly by the REIT could have an adverse impact on the REIT's ability to collect principal and interest payments from such mortgagor and therefore, cause a reduction in the REIT's ability to make distributions to Unitholders and in the value of that investment.

Based upon applicable laws governing the REIT's investment in debt instruments and the loans underlying the REIT's debt securities, the REIT's investments in debt may also be adversely affected by: (i) the operation of applicable laws regarding the ability to foreclose mortgage loans or to exercise other creditors' rights provided in the underlying loan documents; (ii) lender liability with respect to the negotiation, administration, collection or foreclosure of mortgage loans; (iii) penalties for violations of applicable usury limitations; and (iv) the impact of bankruptcy or insolvency laws.

Further, the REIT will not know whether the values of its properties securing the mortgage loans will remain at the levels existing on the dates of origination of those mortgage loans. If the values of the underlying properties fall, the risk to the REIT will increase because of the lower value of the security associated with such loans.

Land Leases
To the extent that the properties in which the REIT has or will have an interest are located on leased land, the land leases may be subject to periodic rate resets which may fluctuate and may result in significant rental rate adjustments which could adversely impact the REIT's financial condition and operating results and decrease the amount of cash available for distribution.

Specific Lease Considerations
Some of the leases in the REIT's properties are leased on a base year or semi-gross basis or otherwise have caps on operating costs and/or tax recoveries. As a result, the REIT will bear the economic cost of increases in certain of the operating costs and/or property taxes in such cases to the extent it is not able to fully recover increases in operating costs and property taxes from these tenants which increases would likely adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution to Unitholders.

Less Marketable Properties
Less marketable properties may be more difficult to value due to the unavailability of reliable market quotations. The sale of less marketable properties may require more time and result in lower prices, due to higher brokerage charges or dealer discounts and other selling expenses, than the sale of more marketable properties. In addition, the marketability of the portfolio will be dependent on numerous other factors, including interest rates, competition from other industrial properties and general economic conditions. There can be no assurance that the REIT will be able to sell one or more of its properties in the portfolio at the time that it may be in the best interests of the REIT to sell.

Lease Renewals and Rental Increases
The expiry of leases for the REIT's properties will occur from time to time over the short and long-term. No assurance can be provided that the REIT will be able to renew any or all of the leases upon their expiration or that rental rate increases will occur or be achieved upon any such renewals. The failure to renew leases or achieve rental rate increases may

adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution.

International Financial Reporting Standards
There are ongoing projects conducted by the IASB, and joint projects with the Financial Accounting Standards Board in the U.S. that are expected to result in new pronouncements that continue to evolve, which could adversely impact the manner in which the REIT reports its financial position and operating results.

Laws Benefitting Disabled Persons
Laws benefiting disabled persons may result in unanticipated expenses being incurred by the REIT. Under the *Americans with Disabilities Act of 1990*, including changes made by the *ADA Amendments Act of 2008*, all places intended to be used by the public are required to meet certain federal requirements related to access and use by disabled persons. For those projects receiving federal funds, the *Rehabilitation Act of 1973* also has requirements regarding disabled access. These and other federal, state and local laws may require modifications to the REIT's properties, or affect renovations of the REIT's properties. Non-compliance with these laws could result in the imposition of fines or an award of damages to private litigants and also could result in an order to correct any non-complying feature, which could result in substantial capital expenditures. Although the REIT believes that the REIT's properties are substantially in compliance with the present requirements, the REIT may incur unanticipated expenses to comply with these and other federal, state and local laws in connection with the ongoing operation or redevelopment of the REIT's properties.

Restrictions on Activities
Several of the REIT's constating documents and material contracts (including, without limitation, the Declaration of Trust, the Partnership Agreement dated April 26, 2013 ("**Partnership Agreement**") and the operating agreement for WPT Industrial, Inc. ("**U.S. Holdco**")) contain restrictions that limit the activities of the REIT and its subsidiaries to ensure the REIT complies with certain provisions of the Tax Act and the *United States Internal Revenue of 1986*, as amended (the "**Code**"). Compliance with these restrictions may limit the flexibility of the REIT in terms of the nature and scope of its investments and activities and thereby may adversely affect the REIT's economic performance, including its ability to grow.

Geographic Concentration
The REIT's properties are located in the U.S., in the states of Florida, Georgia, Illinois, Indiana, Kansas, Kentucky, Michigan, Minnesota, Nevada, Ohio, Oregon, Pennsylvania, Tennessee, Texas, and Wisconsin. Approximately 15.7% and 14.3% of the REIT's NOI for the three months ended December 31, 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 Georgia and Minnesota. Adverse changes in the economic condition or regulatory environment of Georgia and Minnesota 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.

Tax-Related Risks

Canadian Tax Risks

(a) *Residency of the REIT for Canadian and U.S. Tax Purposes* — The REIT is resident in Canada for purposes of the Tax Act and is treated as a domestic corporation in the U.S. under the Code. As a result, the REIT is generally taxable on its worldwide income in both Canada and the U.S. However, in both jurisdictions, the REIT generally will not be subject to tax on the portion of its income that it distributes to Unitholders (subject to certain limitations and exceptions). The status of the REIT as taxable in both Canada and the U.S. is not likely to give rise to any material adverse consequences in the future as it is not anticipated that the REIT will be subject to material federal income tax in either Canada or the U.S. Nevertheless, the REIT's status as taxable on its worldwide income in both Canada and the U.S. could, in certain circumstances, have a material adverse effect on the REIT and the Unitholders. As a result of the REIT being resident in both Canada and the U.S., withholding taxes of both Canada and the U.S. will be relevant to distributions by the REIT and could result in double taxation to certain investors and other consequences.

(b) *Mutual Fund Trust Status* — The REIT intends to continue to qualify as a "unit trust" and a "mutual fund trust" for purposes of the Tax Act. There can be no assurance that Canadian federal income tax laws or the administrative policies and practices of the Canada Revenue Agency (the "**CRA**") respecting the treatment of mutual fund trusts will not be changed in a manner that adversely affects the Unitholders. Should the REIT cease to qualify as a mutual fund trust under the Tax Act, the income tax considerations associated with an investment in REIT Units could be materially and adversely affected.

(c) *Application of the SIFT Rules* — The "SIFT rules" in the Tax Act will apply to a trust that is a SIFT trust. The REIT will not be considered to be a SIFT trust in respect of a particular taxation year and, accordingly, will not be subject to the SIFT Rules in that year, if it does not own any "non-portfolio property" (as defined in the Tax Act) and does not carry on business in Canada in that year. The REIT has not and does not currently intend to own any non-portfolio property nor carry on a business in Canada.

In the event that the SIFT Rules were to apply to the REIT, the impact to a particular Unitholder will depend on the status of such holder and, in part, on the amount of income distributed which would not be deductible by the REIT in computing its income in a particular year and what portions of the REIT's distributions constitute "non-portfolio earnings", other income and returns of capital. The likely effect of the SIFT Rules on the market for REIT Units, and on the REIT's ability to finance future acquisitions through the issue of Units or other securities is uncertain. If the SIFT Rules were to apply to the REIT, they could adversely affect the marketability of the REIT Units, the amount of cash available for distribution and the after-tax return to investors.

(d) *Foreign Tax Credits and Deductions* — The after-tax return from an investment in REIT Units to a Unitholder resident in Canada for the purposes of the Tax Act will depend in part on the Unitholder's ability to recognize for purposes of the Tax Act U.S. taxes paid by the Unitholder through foreign tax credits or foreign tax deductions under the Tax Act. A Unitholder's ability to recognize U.S. taxes through foreign tax credits or foreign tax deductions may be affected where the Unitholder does not have sufficient taxes otherwise payable under Part I of the Tax Act or sufficient U.S. source income in the taxation year the U.S. taxes are paid or where the Unitholder has other U.S. sources of income or losses, has paid other U.S. taxes or, in certain circumstances, has not filed a U.S. federal income tax return. Furthermore, the ability to effectively utilize foreign tax credits or foreign tax deductions will be dependent upon the Canadian federal and provincial tax rates and U.S. tax rates that will prevail in future years to apply to applicable sources of income. Unitholders are therefore advised to consult their own tax advisors in regards to foreign tax credits and foreign tax deductions.

A Unitholder that is a registered retirement savings plan, a registered retirement income fund, a registered disability savings plan, a registered education savings plan, a deferred profit sharing plan or a tax-free savings account, each as defined in the Tax Act (an "**Exempt Plan**") will not be entitled to a foreign tax credit or deduction under the Tax Act in respect of any U.S. tax paid by the Exempt Plan (including any U.S. withholding tax imposed on distributions paid to the Exempt Plan). Accordingly, any such U.S. tax will reduce such a Unitholder's after-tax return. Such Unitholders should consult with their own tax advisors in regards to U.S. tax payable in respect of an investment in REIT Units. As discussed below under "U.S. Tax Risks", if (i) a Unitholder holds, or has held, actually or constructively, more than 10% of the outstanding REIT Units, as determined for U.S. federal income tax purposes, or (ii) the TSX Publicly Traded Exception (as defined below) or the U.S. Publicly Traded Exception (as defined below) are not satisfied, a Unitholder may be subject to additional U.S. tax on a disposition of the REIT Units and on certain distributions by the REIT. The proceeds receivable on a disposition of a REIT Unit may not qualify as U.S. source income for purposes of the Tax Act (including for Canadian foreign tax credit purposes), and beneficiaries of certain Unitholders that are trusts may not be considered to have paid such tax for purposes of the Tax Act. Accordingly, Unitholders may not be entitled to a foreign tax credit in respect of such U.S. tax for Canadian tax purposes.

(e) *FAPI* — Any "foreign accrual property income", as defined in the Tax Act ("**FAPI**") earned by US Holdco as a controlled "foreign affiliate" of the REIT for purposes of the Tax Act , as well as US Holdco's allocable share of any FAPI earned by controlled foreign affiliates of the Partnership (or any subsidiary partnerships thereof) must be included in computing the income of the REIT for the fiscal year of the REIT in which the taxation year of US Holdco ends, subject to a deduction for grossed-up "foreign accrual tax" as computed in accordance with the Tax Act. It is not anticipated that the deduction for grossed-up "foreign accrual tax" will materially offset FAPI realized by the REIT, and accordingly any FAPI realized generally will increase the allocation of income by the REIT to Unitholders. In addition, as FAPI generally must be computed in accordance with Part I of the Tax Act as though the controlled foreign affiliate were a resident of Canada (subject to the detailed rules contained in the Tax Act), income or transactions may be taxed differently under foreign tax rules as compared to the FAPI rules and, accordingly, may result in additional income being allocated to Unitholders. For example, certain transactions that do not give rise to taxable income under the Code may still give rise to FAPI for purposes of the Tax Act.

(f) *Non-Residents of Canada* — The Tax Act may impose additional withholding or other taxes on distributions made by the REIT to a Unitholders is a "non-resident" of Canada within the meaning of the Tax Act or a partnership that is not a "Canadian Partnership" within the meaning of the Tax Act ("**Non-Residents**"). These taxes and any reduction thereof under a tax treaty between Canada and another country may change from time to time. Further, because the REIT is both resident in Canada for purposes of the Tax Act and treated as a domestic corporation in the U.S. under the Code, withholding taxes of both Canada and the U.S. will be relevant to Unitholders who are both Non-Residents and non-U.S. holders and could, in certain circumstances, result in both Canadian and US withholding tax applying to certain distributions to certain investors and other consequences. Prospective purchasers who are Non-Residents should consult their own tax advisors.

(g) *Foreign Currency* — For purposes of the Tax Act, the REIT generally is required to compute its Canadian tax results, including any FAPI earned, using Canadian currency. Where an amount that is relevant in computing a taxpayer's Canadian tax results is expressed in a currency other than Canadian currency, such amount must be converted to Canadian currency using the rate of exchange quoted by the Bank of Canada on the day such amount first arose, or using such other rate of exchange as is acceptable to the CRA. As a result, the REIT may realize gains and losses for tax purposes and FAPI by virtue of the fluctuation of the value of foreign currencies relative to Canadian dollars.

(h) *Changes in Law* — There can be no assurance that Canadian federal income tax laws, the judicial interpretation thereof, the terms of the Treaty, or the administrative policies and assessing practices of the CRA will not be changed in a manner that adversely affects the REIT or Unitholders. Any such change could increase the amount of tax payable by the REIT or its affiliates or could otherwise adversely affect Unitholders by reducing the amount available to pay distributions or changing the tax treatment applicable to Unitholders in respect of such distributions.

U.S. Tax Risks

(a) *Operating Partnership* — All of the operations and assets of the REIT are held through the Partnership. For so long as the Partnership is treated as a partnership for U.S. federal income tax purposes, the REIT will be treated as owning its proportionate share of the assets and income of the Partnership for the purposes of the REIT asset and income tests. An entity that would otherwise be treated as a partnership for U.S. federal income tax purposes may nonetheless be treated as a corporation for U.S. federal income tax purposes if it is a "publicly traded partnership" and certain other requirements are met. A partnership would be treated as a publicly traded partnership if its interests were traded on an established securities market or were readily tradable on a secondary market or a substantial equivalent thereof, within the meaning of applicable U.S. Treasury Regulations. The Partnership Agreement contains provisions intended to ensure that the Partnership is not considered a "publicly traded partnership." Accordingly, it is not anticipated that the Partnership will be treated as a "publicly traded partnership" that is taxable as a corporation. However, if the Partnership were classified as a "publicly traded partnership", the Partnership may be treated as a corporation rather than as a partnership for U.S. federal income tax purposes. In such case, the REIT would not be treated as owning its proportionate share of the assets and income of the Partnership for the purposes of the REIT asset and income test requirements (and, instead, would be treated as owning the stock of a corporation). This could cause the

REIT to fail to qualify as a real estate investment trust for U.S. federal income tax purposes. In addition, the income of the Partnership would become subject to U.S. federal corporate income tax.

The Partnership Agreement provides for the creation and issuance of Class B Units, which have been issued to Welsh as part of the consideration for its ownership interests in properties acquired by the REIT. Under the terms of the Partnership Agreement, the Class B Units are, in all material respects, economically equivalent to the Units on a per unit basis. However, in respect of the properties transferred by Welsh to the REIT during the IPO, and any properties transferred by Welsh to the Partnership on a tax-free basis, for U.S. federal income tax consequences, the built-in gain in such properties would be allocated to Welsh upon a taxable sale of such properties. In addition, a reduction of Partnership liabilities could result in U.S. federal income tax consequences to Welsh. This may create a conflict of interest in that Welsh may take into account its own U.S. federal tax consequences in assessing the desirability of a proposed sale or refinancing transaction.

(b) *Qualification as a Real Estate Investment Trust* — The REIT intends to continue to operate in a manner that will allow it to qualify as a real estate investment trust for U.S. federal income tax purposes. The REIT's qualification as a real estate investment trust depends on the REIT's satisfaction of certain asset, income, organizational, distribution, Unitholder ownership and other requirements on a continuing basis**,** the results of which will not be monitored by the REIT's U.S. counsel. Accordingly, given the complex nature of the rules governing real estate investment trusts, the ongoing importance of factual determinations, including the potential tax treatment of investments the REIT makes, and the possibility of future changes in the REIT's circumstances, no assurance can be given that the REIT's actual results of operations for any particular taxable year will satisfy such requirements. Moreover, no assurance can be given that legislation, new regulations, administrative interpretations or court decisions will not change the tax laws with respect to qualification as a real estate investment trust or the U.S. federal income tax consequences of that qualification.

If the REIT fails to qualify as a real estate investment trust in any calendar year, it would be required to pay U.S. federal income tax (and any applicable state and local tax), including any applicable alternative minimum tax (for taxable years beginning before January 1, 2018), on its taxable income at regular corporate rates, and dividends paid to the Unitholders would not be deductible by the REIT in computing its taxable income and would be taxable to the Unitholders under the rules generally applicable to corporate distributions A loss of real estate investment trust status would reduce the net earnings available for investment or distribution to Unitholders because of the additional tax liability which in turn could have an adverse impact on the value of the Units. Unless its failure to qualify as a real estate investment trust was subject to relief under U.S. federal tax laws, the REIT could not re-elect to qualify as a real estate investment trust until the fifth calendar year following the year in which it failed to qualify.

(c) *Annual Distribution Requirement* — To qualify as a real estate investment trust for U.S. federal income tax purposes, the REIT generally must distribute annually to its Unitholders a minimum of 90% of its net taxable income, determined without regard to the dividends-paid deduction and excluding net capital gains. The REIT will be subject to regular corporate income taxes on any undistributed real estate investment trust taxable income each year. Additionally, it will be subject to a 4% non-deductible excise tax on any amount by which amounts "actually distributed" by the REIT in any calendar year are less than the sum of 85% of its ordinary income, 95% of its capital gain net income and 100% of its undistributed income from previous years. Pursuant to the *Protecting Americans from Tax Hikes Act* of 2015, which was signed into law on December 18, 2015 (the "2015 Act"), the amount that a REIT is treated as having "actually distributed" during the current taxable year is both the amount distributed during the current year and the amount by which distributions during the immediately prior year exceeded its taxable income and capital gain for that prior year. Payments the REIT makes to its Unitholders under Unitholders' rights of redemption will not be taken into account for purposes of these distribution requirements. Compliance with the real estate investment trust distribution requirements may hinder the REIT's ability to grow, which could adversely affect the value of its Units. Furthermore, the REIT may find it difficult or impossible to meet distribution requirements in certain circumstances. The requirement to distribute most of its taxable income could cause the REIT to: (i) sell assets in adverse market conditions, (ii) borrow on unfavourable terms, (iii) distribute amounts that would otherwise be used to make future acquisitions or capital expenditures or (iv) make a taxable distribution of its Units as part of a distribution in which Unitholders may elect to receive Units or cash, in order to comply with real estate investment trust requirements. These alternatives could adversely affect the REIT's economic performance.

(d) *Impact of Real Estate Investment Trust Compliance on Performance* — To qualify as a real estate investment trust for U.S. federal income tax purposes, the REIT must continually satisfy tests concerning, among other things, the sources of its income, the nature and diversification of its assets, the amounts that it distributes to the Unitholders and the ownership of the Units. The REIT may be required to make distributions to Unitholders at disadvantageous times or when it does not have funds readily available for distribution, and may be unable to pursue investments that would be otherwise advantageous to it in order to satisfy the source-of-income or asset-diversification requirements for qualifying as a real estate investment trust. Thus, compliance with the real estate investment trust requirements may hinder the REIT's ability to operate solely on the basis of maximizing profits.

Additionally, the REIT must ensure that at the end of each calendar quarter, at least 75% of the value of its assets consists of cash, cash items, government securities and real estate assets (as defined in the Code), including certain mortgage loans and certain kinds of mortgage-backed securities. In addition to those items, under the 2015 Act, qualifying assets for purposes of the 75% asset test include, effective for taxable years beginning after December 31, 2015, (i) personal property leased in connection with real property to the extent that rents attributable to such personal property are treated as "rents from real property" and (ii) debt instruments issued by publicly offered REITs. Not more than 25% of the value of the REIT's asset can be represented by securities (other than government securities and qualified real estate assets). The REIT's assets generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5% of the value of the REIT's assets (other than government securities and qualified real estate assets) can consist of the securities of any one issuer (other than a taxable REIT subsidiary), and no more than 25% of the value of its total assets can be represented by securities of one or more taxable REIT subsidiaries (20% for taxable years beginning after December 31, 2017 under the 2015 Act). Finally, pursuant to the 2015 Act, an additional test, effective for taxable years beginning after December 31, 2015, provides that not more than 25% of the value of a REIT's total assets may be represented by debt instruments issued by publicly offered REITs to the extent not secured by real property or interests in real property. If the REIT fails to comply with these requirements at the end of any calendar quarter, it must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing its real estate investment trust qualification and suffering adverse tax consequences.

(e) *Ownership Limitations* — In order for the REIT to qualify as a real estate investment trust for each taxable year under the Code, no more than 50% in value of its outstanding Units may be owned, directly or indirectly, by five or fewer individuals during the last half of any calendar year. "Individuals" for this purpose include natural persons, private foundations, some employee benefit plans and trusts, and some charitable trusts. In order to assist the REIT in qualifying as a real estate investment trust, ownership of its Units by any person is generally limited to 9.8% in value or number of Units, whichever is more restrictive, of any class or series of Units. These ownership limitations could have the effect of discouraging a takeover or other transaction in which holders of the Units might receive a premium for their Units over the then-prevailing market price or which holders might believe to be otherwise in their best interests.

(f) *Other Taxes* — Even if the REIT qualifies and maintains its status as a real estate investment trust, it may be subject to U.S. federal and state income taxes. The REIT may not be able to make sufficient distributions to avoid excise taxes applicable to real estate investment trusts. The REIT may also decide to retain income it earns from the sale or other disposition of its real estate assets and pay income tax directly on such income. In that event, the Unitholders would be treated as if they earned that income and paid the tax on it directly. The REIT may also be subject to state and local taxes on its income, property or net worth, either directly, by the Partnership or at the level of the entities through which it indirectly owns its assets. Any U.S. federal or state taxes the REIT pays will reduce its cash available for distribution to the Unitholders.

In addition, in order to meet the real estate investment trust qualification requirements or to avert the imposition of the prohibited transactions tax discussed below, the REIT may hold some of its assets or conduct activities through subsidiary corporations (taxable REIT subsidiaries) that will be subject to corporate-level income tax at regular rates. If the REIT lends money to a taxable REIT subsidiary, the taxable REIT subsidiary may be unable to deduct all or a portion of the interest paid to the REIT, which could result in an even higher corporate level tax liability. Furthermore, the Code imposes a 100% tax on certain transactions between a taxable REIT subsidiary and its parent real estate investment trust that are not conducted on an arm's-length basis. The REIT will structure transactions with any taxable REIT subsidiary on terms that it believes are arm's length to avoid incurring the 100% excise tax described above, but there can be no assurances that it will be able to avoid application of the 100% tax.

(g) *Prohibited Transactions Tax* — The REIT's ability to dispose of property during its first few years of operations is restricted to a substantial extent as a result of its real estate investment trust status. Under applicable provisions of the Code regarding prohibited transactions by real estate investment trusts, the REIT will be subject to a 100% tax on any gain realized on the sale or other disposition of any property (other than foreclosure property) that it owns, directly or through any subsidiary entity, including the Partnership, but excluding any taxable REIT subsidiary, that is deemed to be inventory or property held primarily for sale to customers in the ordinary course of trade or business. The REIT intends to avoid the 100% prohibited transaction tax by (1) conducting activities that may otherwise be considered prohibited transactions through a taxable REIT subsidiary, (2) conducting operations in such a manner so that no sale or other disposition of an asset will be treated as a prohibited transaction or (3) structuring certain dispositions of its properties to comply with certain safe harbors available under the Code for properties held at least two years, as expanded by the 2015 Act. However, no assurance can be given that any particular property will not be treated as inventory or property held primarily for sale to customers in the ordinary course of a trade or business.

(h) *Changes in Law* — The present U.S. federal income tax treatment of real estate investment trusts may be modified, possibly with retroactive effect, by legislative, judicial or administrative action at any time, which could affect the U.S. federal income tax treatment of an investment in the REIT. The U.S. federal income tax rules relating to real estate investment trusts constantly are under review by persons involved in the legislative process, the IRS and the U.S. Treasury Department, which results in frequent statutory changes and revisions to regulations and interpretations. Revisions in U.S. federal tax laws and interpretations thereof could adversely affect the REIT or cause it to change its investments and commitments and affect the tax considerations of an investment in it.

On December 22, 2017, new legislation commonly referred to as the Tax Cuts and Jobs Act was signed into law. The Tax Cuts and Jobs Act makes significant changes to the U.S. federal income tax rules for taxation of individuals and corporations, generally effective for taxable years beginning after December 31, 2017. In addition to reducing corporate and individual tax rates, the Tax Cuts and Jobs Act eliminates or restricts various deductions. Most of the changes applicable to individuals are temporary and apply only to taxable years beginning after December 31, 2017 and before January 1, 2026. The Tax Cuts and Jobs Act makes numerous large and small changes to the tax rules that do not affect the REIT qualification rules directly but may otherwise affect the REIT or its Unitholders.

While the changes in the Tax Cuts and Jobs Act generally appear to be favorable with respect to REITs, the extensive changes to non-REIT provisions in the Code may have unanticipated effects on the REIT or its Unitholders. Moreover, Congressional leaders have recognized that the process of adopting extensive tax legislation in a short amount of time without hearings and substantial time for review is likely to have led to drafting errors, issues needing clarification and unintended consequences that will have to be revisited in subsequent tax legislation. At this point, it is not clear if or when Congress will address these issues or when the Internal Revenue Service will issue administrative guidance on the changes made in the Tax Cuts and Jobs Act.

(i) *FIRPTA* — A non-U.S. person disposing of a U.S. real property interest, including shares of a U.S. corporation whose assets consist principally of U.S. real property interests, is generally subject to the Foreign Investment in Real Property Tax Act of 1980, known as FIRPTA, a tax on the gain recognized on the disposition and required to file a U.S. federal income tax return reporting this disposition. FIRPTA does not apply, however, to the disposition of stock in a real estate investment trust if the shares are considered "regularly traded on an established securities market" and the non-U.S. person does not hold, actually or constructively, more than 10% of the outstanding shares of the REIT at any time during the 5-year period ending on the date of disposition or such shorter period that the shares were held. For purposes of this exception, the TSX is considered an "established securities market" and, as long as 100 or fewer persons do not own 50% or more of the Units, the Units should be treated as regularly traded on the TSX if (a) the Units are traded, other than in *de minimis* quantities, on at least 15 days of the calendar quarter, (b) the aggregate number of Units traded during such calendar quarter is at least 7.5% of the average number of Units outstanding during such calendar quarter (reduced to 2.5% if there are 2,500 or more record Unitholders), and (c) the REIT attaches a statement to its U.S. federal income tax return that provides information relating to it, the Units, and beneficial owners of more than 5% of the Units (the "**TSX Publicly Traded Exception**"). However, there can be no assurance that these requirements will be satisfied.

In addition, the Units would be considered "regularly traded on an established securities market" if the Units are regularly quoted by more than one broker or dealer making a market in the Units through an interdealer quotation system in the U.S. (the "**U.S. Publicly Traded Exception**"). The REIT intends for its Units to be traded through an interdealer quotation system in the U.S. in a manner that would be considered "regularly traded on an established securities market" for purposes of this exception.

Investors are cautioned that there can be no assurances that there will be at least two brokers or dealers regularly quoting the Units on the OTC Pink tier of the OTC Markets Group Inc. or OTCQX International in any particular calendar quarter. In addition, neither the Code, the applicable U.S. Treasury regulations, administrative pronouncements nor judicial decisions provide guidance as to the frequency or duration with which the Units must be quoted during a calendar quarter to be "regularly quoted". U.S. counsel to the REIT believes that it is reasonable to interpret this exception to the effect that, so long as the brokers or dealers quote the Units during a calendar quarter, any gain from a sale at any time during the quarter would not be subject to U.S. federal income tax for Non-U.S. Holders that own 10% or less of all of the outstanding Units during the applicable testing period. Due to the lack of guidance from the IRS, however, investors are cautioned that there can be no assurance the IRS would concur in this interpretation.

However, if neither of these exceptions is satisfied, the sale of Units by a non-U.S. person would be subject to U.S. federal income tax at normal graduated rates with respect to gain recognized and the REIT would be required to withhold at a rate of 15% on distributions in excess of the REIT's current and accumulated earnings and profits (10% on distributions prior to February 17, 2016). In addition, a purchaser of Units would be required to withhold tax at the rate of 15% of the amount realized from the sale (10% on sales prior to February 17, 2016) and to report and to remit such tax to the IRS. Furthermore, under FIRPTA, if any non-U.S. person holds, actually or constructively, more than 10% of the outstanding Units, the REIT will be required to withhold 35% (or less to the extent provided in applicable U.S. Treasury Regulations) of any distribution to such Unitholder that could be designated by the REIT as a capital gain dividend. Any such withheld amount is creditable against such Unitholder's FIRPTA tax liability.

Qualified Shareholders.

Subject to the exception discussed below, a qualified shareholder who holds the Units directly or indirectly (through one or more partnerships) will not be subject to FIRPTA on distributions by the REIT or dispositions of the Units. While a qualified shareholder will not be subject to FIRPTA on distributions by the REIT or dispositions of the Units, a distribution to a qualified shareholder that otherwise would have been taxable under FIRPTA will be treated as an ordinary dividend, and certain investors of a qualified shareholder (i.e., non-U.S. persons who hold interests in the qualified shareholder (other than interests solely as a creditor), and hold more than 10% of the Units (whether or not by reason of the investor's ownership in the qualified shareholder) may be subject to FIRPTA and FIRPTA withholding.

A qualified shareholder is a non-U.S. person that (i) either is eligible for the benefits of a comprehensive income tax treaty which includes an exchange of information program and whose principal class of interests is listed and regularly traded on one or more recognized stock exchanges (as defined in such comprehensive income tax treaty), or is a foreign partnership that is created or organized under foreign law as a limited partnership in a jurisdiction that has an agreement for the exchange of information with respect to taxes with the United States and has a class of limited partnership units representing greater than 50% of the value of all the partnership units that is regularly traded on the NYSE or NASDAQ markets, (ii) is a "qualified collective investment vehicle" (within the meaning of Section 897(k)(3)(B) of the Code), and (iii) maintains records on the identity of each person who, at any time during the foreign person's taxable year, is the direct owner of 5% or more of the class of interests or units (as applicable) described in (i), above.

Qualified Foreign Pension Funds.

A qualified foreign pension fund (or an entity all of the interests of which are held by a qualified foreign pension fund) that holds the Units directly or indirectly (through one or more partnerships) will not be subject to FIRPTA on distributions by the REIT or dispositions of the Units. A qualified foreign pension fund is any trust, corporation, or other organization or arrangement (i) which is created or organized under the law of a country other than the United States, (ii) which is established to provide retirement or pension benefits to participants or beneficiaries that are current or former employees (or persons designated by such employees) of one or more employers in consideration for services rendered, (iii) which does not have a single participant or beneficiary with a right to more than 5% of its assets or income, (iv) which is subject to government regulation and provides annual information reporting about its beneficiaries to the relevant tax authorities in the country in which it is established or operates, and (v) with respect to which, under the laws of the country in which it is established or operates, (a) contributions to such organization or arrangement that would otherwise be subject to tax under such laws are deductible or excluded from the gross income of such entity or taxed at a reduced rate, or (b) taxation of any investment income of such organization or arrangement is deferred or such income is taxed at a reduced rate.

In order for the REIT to comply with its withholding obligations under FIRPTA, the Units are subject to notice requirements and transfer restrictions. Non-U.S. persons holding Units are required to provide the REIT with such information as the REIT may request. Furthermore, any non-U.S. person that would be treated as having acquired sufficient Units to be treated as owning more than 5% of the Units is required to notify the REIT by the close of the business day prior to the date of the transfer that would cause the non-U.S. person to own more than 5% of the Units. For the purpose of determining whether a non-U.S. person has acquired more than 5% of the Units, rules of constructive ownership apply which can attribute ownership of Units (i) among family members, (ii) to non-U.S. persons from entities that own Units, to the extent that such non-U.S. persons own interests in such entities and (iii) to entities from non-U.S. persons that own interests in such entities. Under these attribution rules, Units of related entities (including related investment funds) may be aggregated to the extent of overlapping ownership. If any non-U.S. person that otherwise would be treated as having acquired sufficient Units to be treated as owning more than 5% of the Units fails to comply with the notice provisions described above, the excess Units (i.e., the excess of the number of Units they are treated as owning over an amount equal to 5% of the outstanding Units) will be sold, with such non-U.S. persons receiving the lesser of (i) its original purchase price for the excess Units and (ii) the sale price of the excess Units (net of selling expenses). Any such non-U.S. person would also not have any economic entitlement to any distribution by the REIT on an excess Unit, and, if any such distributions are received by the non-U.S. person and are not repaid, the REIT is permitted to withhold from subsequent payments to the non-U.S. person up to the amount of such forfeited distributions. Non-U.S. persons holding Units are strongly advised to monitor their actual and constructive ownership of Units. Notwithstanding that a non-U.S. person may comply with the notice requirements and transfer restrictions described above, the REIT is entitled to withhold on distributions as otherwise required by law, and, to the extent that the REIT has not sufficiently withheld on prior distributions, is entitled to withhold on subsequent distributions.

Risks Related to the REIT's Relationship with WPT Capital

Reliance on WPT Capital

The REIT relies on WPT Capital's expertise in identifying acquisition opportunities, transaction execution, administrative services and asset management and property management capabilities. The REIT also relies on WPT Capital with respect to certain advisory services, including the services of the CEO, CFO, and COO, General Counsel and Secretary and the management of the REIT's properties. Consequently, the REIT's ability to achieve its investment objectives depends in large part on WPT Capital and its ability to advise the REIT. This means that the REIT's investments are dependent upon WPT Capital's business contacts within the U.S. industrial sector, its ability to successfully hire, train, supervise and manage personnel that have strong knowledge of real estate and its ability to operate its business in a manner that supports the REIT. If the REIT were to lose the services provided by WPT Capital or its key personnel or if WPT Capital fails to perform its obligations under its agreements with the REIT, the REIT's investments and growth prospects may decline. The REIT may be unable to duplicate the quality and depth of management available to it by becoming a self-managed company or by hiring another asset manager or property manager. Additionally, the amended asset management agreement and the property management agreement provide that, subject to certain exceptions, the REIT will not retain any other person to perform any asset management, property management or administrative services on its behalf, without the consent of WPT Capital, not to be unreasonably withheld. While the Board of Trustees have oversight responsibility with respect to the services provided by WPT Capital pursuant to the amended asset management agreement and the property management agreement, the services provided by Welsh under such agreements are not performed by employees of the REIT or its subsidiaries, but by WPT Capital directly, and through entities to which it may subcontract its duties. As a result, WPT Capital directly, and through entities to which it may subcontract, has the ability to influence many matters affecting the REIT and the performance of the REIT's properties now and in the foreseeable future. Prospective investors should not purchase any Units unless they are prepared to rely on the Board of Trustees, executive officers and WPT Capital.

Risks Associated with External Management Arrangements

The amended asset management agreement and the property management agreement each have an initial term of five years, subject to earlier termination and/or internalization and may be renewed for an additional five-year term upon the approval of a majority of the Independent Trustees. On May 10, 2017, the Independent Trustees approved the renewal of the amended asset management agreement and property management agreement with the REIT's external asset manager and property manager, WPT Capital, for an additional five-year term. Accordingly, such agreements will continue until April 26, 2023 subject to earlier termination and/or internalization.

At the end of the five-year renewal term, there could be circumstances whereby the fees payable to WPT Capital under the amended asset management agreement and/or the property management agreement to carry out its duties thereunder are in excess of those expenses that would be incurred by the REIT on an annual basis if management of the REIT was performed by individuals employed directly by the REIT rather than by WPT Capital under such management agreements but the amended asset management agreement and/or the property management agreement may not be terminated by the REIT in accordance with the provisions of the agreement. Furthermore, there is a risk that, because of the term and termination provisions of the amended asset management agreement and/or the property management agreement, the termination of such agreements may be uneconomical for the REIT and accordingly not in the best interest of the REIT.

Accordingly, there can be no assurance that the REIT will continue to have the benefit of WPT Capital's advisory services, including its executive officers, or that WPT Capital will continue to be the REIT's asset manager or property manager. If WPT Capital should cease for whatever reason to provide advisory services or be the asset manager or property manager of the REIT (including as a result of an event of insolvency of WPT Capital or a breach by WPT Capital of its obligations under the amended asset management agreement or property management agreement), the REIT may be unable to engage an asset manager and/or property manager on acceptable terms or the cost of obtaining substitute services, whether through an external manager or by internalizing its management, may be greater than the fees the REIT pays WPT Capital, and this may adversely impact the REIT's ability to meet its objectives and execute its strategy which could materially and adversely affect the REIT's cash flow, operating results and financial condition.

At any time, on 180 days' prior written notice following the date on which WPT Capital ceases to be the asset manager of the REIT, WPT Capital may terminate the IP License Agreement pursuant to which the REIT has the right to the use of the "WPT" name and trademark and related marks and designs. If WPT Capital terminated the license agreement, the REIT would be required to change its name and this may adversely impact the REIT.

Any internalization of the REIT's external management function may subject to the REIT to further potential risks including, that the process diverts the attention of management and key personnel from the REIT's business operations, unanticipated costs in effecting the internalization, termination of the obligations and protections under the Amended and Restated Non-Competition and Non-Solicitation Agreement (see "Arrangements with Welsh, WPT Capital and AIMCo — Amended and Restated Non-Competition and Non-Solicitation Agreement"), the loss of members of the current management team (see "Risks Relating to the REIT and its Business – Reliance on Key Personnel") and other unforeseen risks.

Cybersecurity

The risks associated with security breaches, whether through cyber-attacks or cyber intrusions over the Internet, malware, computer viruses, attachments to e-mails, spoofed e-mails, persons inside or persons with access to systems inside WPT Capital, and other significant disruptions of the IT networks and related systems. The risk of a security breach or disruption, particularly through cyber-attack or cyber intrusion, including by computer hackers, foreign governments and cyber terrorists, has increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have significantly increased. WPT Capital's IT networks and related systems are essential to the operation of the business and the ability to perform day-to-day operations. There can be no assurance that WPT Capital's security efforts and measures will be effective or that attempted security breaches or disruptions would not be successful or damaging. Even the most well protected information, networks, systems and facilities remain potentially vulnerable because the techniques used in such attempted security breaches evolve and generally are not recognized until launched against a target, and in some cases are designed to not be detected and, in fact, may not be detected. Accordingly, WPT Capital may be unable to anticipate these techniques or to implement adequate security barriers or other preventative measures, and thus it is impossible to entirely mitigate this risk. A security breach or other significant disruption involving WPT Capital's IT networks and related systems could disrupt the proper functioning of the networks and systems; result in misstated financial reports, violations of loan covenants and/or missed reporting deadlines; result in the loss, theft or misappropriation of our property; result in our inability to properly monitor our compliance with the rules and regulations regarding the qualification as a REIT; result in the unauthorized access to, and destruction, loss, theft, misappropriation or release of proprietary, confidential, sensitive or otherwise valuable information of the REIT's or others, which others could use to compete against the REIT or for disruptive, destructive or otherwise harmful purposes and outcomes; require significant management attention and resources to remedy any damages that result; subject the REIT to claims for breach of contract, damages, credits, penalties or termination of leases or other agreements; or damage our reputation among our tenants and investors generally.

Past Performance is not a Predictor of Future Results

The past performance of Welsh, WPT Capital and each of their affiliates and the performance of the REIT are dependent on future events and are, therefore, inherently uncertain. The track records of Welsh, WPT Capital and each of their affiliates cannot be relied upon to predict future events due to a variety of factors, including, without limitation, varying business strategies, different local and national economic circumstances, different supply and demand characteristics, varying degrees of competition and varying circumstances pertaining to the real estate markets.

Expedited Transactions

Investment analyses by WPT Capital may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to WPT Capital at the time of making an investment recommendation may be limited, and WPT Capital may not have access to detailed information regarding the investment property, such as physical characteristics, environmental matters, zoning regulations or other local conditions that may affect an investment property. In addition, WPT Capital expects to rely upon independent consultants in connection with its evaluation of proposed investment properties and no assurance can be given as to the accuracy or completeness of the information provided by such independent consultants or to the REIT's right of recourse against them in the event errors or omissions occur.

Risk Factors Related to the Units

Cash Distributions are Not Guaranteed

There can be no assurance regarding the amount of income to be generated by the REIT's properties. The ability of the REIT to make cash distributions, and the actual amount distributed, is entirely dependent on the operations and assets of the REIT, and is subject to various factors including financial performance, obligations under applicable credit facilities, fluctuations in working capital, the sustainability of income derived from the tenants of the REIT's properties and any capital expenditure requirements. Unlike fixed-income securities, there is no obligation of the REIT to distribute to Unitholders any fixed amount, and reductions in, or suspensions of, cash distributions may occur that would reduce yield based on the price of Units. The market value of the Units will deteriorate if the REIT is unable to meet its distribution targets in the future, and that deterioration may be significant. In addition, the composition of cash distributions for tax purposes may change over time and may affect the after-tax return for investors.

Market for Securities and Prices

The REIT is an unincorporated open-ended investment trust and its Units are listed on the TSX. There can be no assurance that an active trading market in the Units will be sustained. A publicly traded real estate investment trust does not necessarily trade at the values determined solely by reference to the underlying value of its real estate assets. Instead, the Units may trade at a premium or a discount to such values. A number of factors may influence the market price of the Units, including general market conditions, fluctuations in the markets for equity securities, short-term supply and demand factors for real estate investment trusts and numerous other factors.

Potential Volatility of Unit Price

One of the factors that may influence the market price of the Units is the annual yield on the Units. An increase in market interest rates may lead purchasers of Units to demand a higher annual yield, which accordingly could adversely affect the market price of the Units. In addition, the market price of the Units may be affected by numerous factors, many of which are beyond the control of the REIT, including: (i) changes in general market conditions; (ii) fluctuations in the markets for equity securities; (iii) recommendations by securities research analysts; (iv) changes in the economic performance or market valuations of other issuers that investors deem comparable to the REIT; (v) release or expiration of lock-up or other transfer restrictions on outstanding Units; (vi) sales or perceived sales of additional Units; (vii) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the REIT or its competitors; and (viii) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the REIT's industry or target markets.

Restrictions on Redemptions

It is anticipated that the redemption right attached to the Units will not be the primary mechanism by which holders of Units liquidate their investment. The entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the following limitations: (i) the total amount payable by the REIT in respect of such Units and all other Units tendered for redemption in the same calendar month must not exceed $50,000 (provided that such limitation may be waived at the discretion of the Board of Trustees); (ii) on the date such Units are tendered for redemption, the outstanding Units must be listed for trading on the TSX or traded or quoted on any other stock exchange or market which the Board of Trustees consider, in their sole discretion, provides fair market value prices for the Units; (iii) the normal trading of Units is not suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, on any market on which the Units are quoted for trading) on the redemption date for more than five trading days during the 10-day trading period commencing immediately after the redemption date; and (iv) the redemption of the Units must not result in the delisting of the Units from the principal stock exchange on which the Units are listed.

Redemption notes which may be distributed to holders of Units in connection with a redemption will not be listed on any exchange, no market is expected to develop in redemption notes and such securities may be subject to an indefinite ''hold period'' or other resale restrictions under applicable securities laws. Redemption notes so distributed may not be qualified investments for exempt plans, depending upon the circumstances at the time.

Currency Exchange Rate Risk

The price for Units is denominated in U.S. dollars. The Canadian dollar is not maintained at a fixed exchange rate compared to foreign currencies. Although investors are Canadian residents, an investment in Units is required to be made in U.S. dollars. Further, the REIT's portfolio generates cash flow in U.S. dollars and the distributions made on the Units are in U.S. dollars. Consequently, income and expense or any ultimate gain on sale is earned or incurred in U.S. dollars. As a result of fluctuations in the Canada/U.S. dollar exchange rate, the value of an investment in Units and the return on the original investment, when expressed in Canadian dollars, may be greater or less than that determined only with reference to U.S. dollars. Accordingly, investors are subject to currency exchange rate risk.

Appraisals

The REIT may, from time to time, engage appraisers to provide independent estimates of the fair market value range in respect of the REIT's properties. Caution should be exercised in the evaluation and use of appraisal results, which are estimates of market value at a specific point in time. In general, appraisals represent only the analysis and opinion of qualified experts as at the effective date of such appraisals and are not guarantees of present or future value. Furthermore, a publicly traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Accordingly, the Units may trade at a premium or a discount to values implied by any appraisal(s) of the REIT's properties.

Availability of Cash Flow

ACFO may exceed actual cash available to the REIT from time to time because of items such as principal repayments, leasing costs and capital expenditures in excess of stipulated reserves identified by the REIT in its calculation of ACFO and redemptions of Units, if any. The REIT may be required to use part of its debt capacity or to reduce distributions in order to accommodate such items. Credit facility terms may prohibit payments or distributions from the REIT in default circumstances.

Structural Subordination of Units

In the event of bankruptcy, liquidation or reorganization of the Partnership or any of its Subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of the Partnership and its subsidiaries before any assets are made available for distribution to the REIT or holders of Units. Therefore, the Units are effectively subordinated to the debt and other obligations of the Partnership and its subsidiaries. The Partnership and its subsidiaries generate all of the REIT's cash available for distribution and hold substantially all of the REIT's assets.

The REIT's Fiduciary Duties

The REIT, as the sole member of the general partner of the Partnership, has fiduciary duties to the Partnership and the limited partners of the Partnership, the discharge of which may conflict with the interests of the Unitholders. The limited partners of the Partnership have agreed that, in the event of a conflict between the duties owed by the Board of Trustees to the REIT and the duties that the REIT owes, in its capacity as the sole member of the general partner of the Partnership, to such limited partners, the Board of Trustees are under no obligation to give priority to the interests of such limited partners.

Limited Control

Unitholders have limited control over changes in the REIT's policies and operations, which increases the uncertainty and risks of an investment in the REIT. The Board determines major policies, including policies regarding financing, growth, debt capitalization, REIT qualification and distributions. The Board may amend or revise these and other policies without a vote of Unitholders. Under the REIT's organizational documents, Unitholders have a right to vote only on limited matters. The Board of Trustees' broad discretion in setting policies and Unitholders' inability to exert control over those policies increases the uncertainty and risks of an investment in the REIT. In addition, the Declaration of Trust requires that the CEO of the REIT be nominated to serve as a trustee and also provides Welsh with the right to nominate (subject to election together with the independent trustees at annual unitholder meetings) a certain number of trustees to the Board depending on the size of the Board and Welsh's retained interest.

Dilution

The number of Units the REIT is authorized to issue is unlimited. Subject to the rules of any applicable stock exchange on which the Units are listed and applicable securities laws, the REIT may, in its sole discretion, issue additional Units from time to time (including pursuant to any employee incentive compensation plan that may be introduced in the future), and the interests of the holders of Units may be diluted thereby.

Unitholder Liability

The Declaration of Trust provides that no Unitholder will be subject to any liability whatsoever to any person in connection with the holding of a Unit. In addition, legislation has been enacted in the Province of Ontario and certain other provinces and territories that is intended to provide Unitholders in those provinces and territories with limited liability. However, there remains a risk, which is considered by the REIT to be remote in the circumstances, that a holder of Units could be held personally liable for the obligations of the REIT to the extent that claims are not satisfied out of the assets of the REIT. It is intended that the affairs of the REIT will be conducted to seek to minimize such risk wherever possible.

Nature of Investment

The Units represent a fractional interest in the REIT and do not represent a direct investment in the REIT's assets and should not be viewed by investors as direct securities of the REIT's assets. A holder of a Unit of the REIT does not hold a share of a body corporate. As holders of Units, the Unitholders will not have statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions. The rights of Unitholders are based primarily on the Declaration of Trust. There is no statute governing the affairs of the REIT equivalent to the *Business Corporations Ac*t (Ontario) or the *Canada Business Corporations Act* (the "**CBCA**") which sets out the rights and entitlements of shareholders of corporations in various circumstances. As well, the REIT may not be a recognized entity under certain existing insolvency legislation such as the *Bankruptcy and Insolvency Act* (Canada) and the *Companies Creditors' Arrangement Act* (Canada), and thus the treatment of Unitholders upon an insolvency is uncertain.

Enforceability of Judgments

Each of WPT Capital, the external asset manager and property manager of the REIT, and Welsh, the former external asset and property manager of the REIT, is an entity organized under the laws of a foreign jurisdiction and resides outside Canada. All of the managers and officers of the Partnership are residents of countries other than Canada. Additionally, all of the Partnership's assets and the assets of these persons are located outside of Canada. As a result, it may be difficult for Unitholders to initiate a lawsuit within Canada against these non-Canadian residents. In addition, it may not be possible for Unitholders to collect from Welsh, WPT Capital or other non-Canadian residents' judgments obtained in courts in Canada predicated on the civil liability provisions of securities legislation of certain of the provinces and territories of Canada. It may also be difficult for Unitholders to succeed in a lawsuit in the U.S., based solely on violations of Canadian securities laws.

Financial Reporting and Other Public Company Requirements

The REIT is subject to reporting and other obligations under applicable Canadian securities laws and rules of any stock exchange on which the Units are listed, including National Instrument 52-109 — *Certification of Disclosure in Issuers' Annual and Interim Filings*. These reporting and other obligations place significant demands on the REIT's management, administrative, operational and accounting resources. In order to meet such requirements, the REIT has established systems, implemented financial and management controls, reporting systems and procedures and retained accounting and finance personnel. If the REIT is unable to accomplish any such necessary objectives in a timely and effective fashion, its ability to comply with its financial reporting requirements and other rules that apply to reporting issuers could be impaired. Moreover, any failure to maintain effective internal controls could cause the REIT to fail to meet its reporting obligations or result in material misstatements in its financial statements. If the REIT cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be materially harmed which could also cause investors to lose confidence in the REIT's reported financial information, which could result in a lower trading price of Units.

Management does not expect that the REIT's disclosure controls and procedures and internal controls over financial reporting will prevent all error and all fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within a company are detected. The inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of some persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

PART V

RELATED PARTY TRANSACTIONS

Related party transactions with Welsh and WPT Capital, the successor in interest to Welsh, as asset and property manager, are set forth below:

	Three months ended December 31,		Year ended December 31,	
('000s)	**2017**	**2016**	**2017**	**2016**
Fees earned under asset management agreement (1)				
Acquisition fees	$ 47	$ 601	$ 1,577	$ 601
Asset management fees	585	457	2,088	1,788
Construction management fees	135	267	542	336
Out-of-pocket costs	84	66	267	286
Fees earned under property management agreement (2)	548	470	2,054	1,776
Other				
Class B Unit distributions paid to Welsh (3)	686	1,277	4,122	5,645
REIT Unit distributions paid to Welsh (3)	-	1	1	1,465

(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 December 31, 2017 and 2016 were $33 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 December 31, 2017 and 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 December 31, 2017 and 2016 were $0 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 December 31, 2017 and 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 December 31, 2017 and 2016 were $229 and $426, respectively. Distributions payable to Welsh on REIT Units as at December 31, 2017 and 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 external manager. As at December 31, 2017 and 2016, the net payable due was $56 and $22, respectively, related to these reimbursements.

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, 2017. Other than as noted below, there were no changes in significant accounting judgements, estimates and assumptions during the year ended December 31, 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 December 31, 2017 and 2016:

	2017	**2016**
Weighted average terminal capitalization rate	6.62%	7.02%
Range of terminal capitalization rates	5.50% - 9.00%	6.00%-10.00%
Weighted average discount rate	7.08%	7.83%
Range of discount rates	6.07% - 8.95%	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 year ended December 31, 2017:

		December 31, 2017
Weighted average terminal capitalization rate:		
25-basis points increase	$	(18,816)
25-basis points decrease	$	20,319
Weighted average discount rate:		
25-basis points increase	$	(18,072)
25-basis points decrease	$	18,564

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. The adoption of IFRS 9 will generally be applied retrospectively, without restatement of comparative information.

IFRS 9 contains a new classification and measurement approach for financial assets to be classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. 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.

For impairment of financial assets, IFRS 9 replaces the ‘incurred loss’ 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 does not currently apply hedge accounting.

Management does not expect the adoption of IFRS 9 to have a material impact on the financial statements.

(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 and IFRIC 15 Agreements for the Construction of Real Estate.

IFRS 15 contains a single, control-based model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much, and when revenue is recognized. IFRS 15 also includes additional disclosure requirements for revenue accounted for under the standard.

The REIT will adopt IFRS 15 in its financial statements for the annual period beginning January 1, 2018. The REIT plans to adopt IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognized at January 1, 2018. As a result, the REIT will not apply the requirements of IFRS to the comparative period presented.

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.

Management does not expect the adoption of IFRS 15 will have a material impact on the financial statements. However, additional disclosure requirements may result in separate disclosure of revenue for service components that are part of a lease (i.e. a non-lease component).

(3) IFRS 16, Leases

In January 2016, the 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 new standard is effective for years beginning on January 1, 2019. The extent of the impact of adoption of the standard is still being evaluated.

(4) IFRS 2, Share-Based Payment

In 2016, the IASB issued amendments to IFRS 2 *Share-based Payment*, ("IFRS 2") clarifying how to account for certain types of share-based payment transactions. The REIT intends to adopt the amendments to IFRS 2 in its financial statements for the annual period beginning on January 1, 2018. The REIT does not expect the standard to have a material impact on the financial statements.

(5) IFRIC Interpretation 23, Uncertainty over Income Tax Treatments

On June 7, 2017, the IASB issued IFRIC Interpretation 23 *Uncertainty over Income Tax Treatments*. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019 with early adoption permitted. The Interpretation requires: a) the REIT to contemplate whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution; b) determine if it is probable that the tax authorities will accept the uncertain tax treatment and c) if it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. The REIT intends to adopt the Interpretation in their financial statements for the annual period beginning on January 1, 2019. The extent of the impact of adoption of the Interpretation has not yet been determined.

PART VII

SUBSEQUENT EVENTS

On March 7, 2018, the independent members of the REIT's Board of Trustees unanimously approved the acquisition of a newly-constructed, 224,000 square foot distribution property in Louisville, Kentucky from AIMCo and an affiliate of WPT Capital for a total purchase price of approximately $17.9 million (exclusive of closing and transaction costs) (the "**Louisville Acquisition**"). Closing of the Louisville Acquisition is subject to due diligence results satisfactory to such members of the REIT's Board of Trustees and other customary closing conditions and is expected to occur in the second quarter of 2018. The purchase price for the Louisville Acquisition is expected to be satisfied with cash on hand and funds drawn from the Revolving Facility and will represent a going-in capitalization rate of approximately 6.2%. The property is 100% leased to one tenant with a lease expiring on April 30, 2026, and upon closing, is expected to be immediately accretive to the REIT's AFFO.