WPT INDUSTRIAL REAL ESTATE INVESTMENT TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS

OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

FOR THE THREE MONTHS ENDED MARCH 31, 2017

MAY 10, 2017

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BASIS OF PRESENTATION

The following Management's Discussion and Analysis ("**MD&A**") is prepared as at May 10, 2017 and outlines WPT Industrial Real Estate Investment Trust's (the "**REIT**") operating strategies, risk profile considerations, business outlook and analysis of its financial performance and financial condition for the three months ended March 31, 2017 and 2016. This MD&A should be read in conjunction with the REIT's MD&A for the year ended December 31, 2016, the REIT's unaudited condensed consolidated interim financial statements and accompanying notes for the three months ended March 31, 2017 and 2016 and the REIT's audited consolidated financial statements and accompanying notes for the year ended December 31, 2016 and 2015. These documents, as well as additional information relating to the REIT (including the REIT's annual information form for the year ended December 31, 2016) (the "**Annual Information Form**") can be accessed on the REIT's website at www.wptreit.com and under the REIT's SEDAR profile at www.sedar.com.

This MD&A is based on financial statements prepared by management in accordance with International 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 (loss) and comprehensive income (loss) or cash flows from operating activities calculated in accordance with IFRS. Management believes that these terms are relevant measures in comparing the REIT's performance to industry data, the REIT's ability to earn and distribute cash returns to holders of the REIT's trust units ("**REIT Units**"), and the REIT's ability to meet its ongoing obligations. These terms are defined below and are reconciled to the most directly comparable measure specified in the condensed consolidated interim financial statements of the REIT for the three months ended March 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 effective for the quarter ended March 31, 2017, with reconciliations for prior period amounts under the new definitions (see pg. 12).

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

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

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

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

Same properties NOI is used by management to evaluate period-over-period performance of investment properties fully-owned by the REIT. Same properties NOI represents NOI from investment properties having consistent leasable areas for consistent periods and excludes amortization of straight-line rent and amortization of lease incentives 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 March 31, 2017, there were 34,652,426 REIT Units outstanding.

The REIT was formed for the purpose of acquiring, developing and owning primarily industrial investment properties located in the U.S., with a particular focus on warehouse and distribution industrial real estate. As at March 31, 2017, the REIT owned a portfolio of investment properties consisting of 15,632,184 square feet of gross leasable area (''**GLA**''), comprised of 47 industrial investment properties and two office investment properties, located in 12 states in the U.S.

On May 18, 2015, the REIT announced that its Board of Trustees had formed a special committee to explore strategic alternatives. The strategic process was completed on January 20, 2016. The REIT incurred expenses totaling $610 for the three months ended March 31, 2016 related to this process.

During the second quarter of 2016, the REIT began the development of an industrial property on a vacant land parcel adjacent to the REIT's 3003 Reeves Road property in Indianapolis, Indiana (the "**Indianapolis Development**"). When complete, the building will comprise approximately 171,600 square feet of leasable space. Total estimated project costs are approximately $10,300. The development of the industrial property is being financed by cash on hand and a construction loan. Construction is expected to be completed in late May 2017. The REIT is actively marketing the Indianapolis Development to prospective tenants.

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

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

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

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

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

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

OBJECTIVES

The REIT's objectives are to:

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

STRATEGIC FOCUS AND OUTLOOK

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

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

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

Geographically, the REIT's existing portfolio is primarily concentrated in the Midwestern and Southeastern regions 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 food-and-beverage, e-commerce and traditional retailers. Approximately one-third of all demand for state-of-the-art distribution space remains tied to multi-channel e-commerce retailers. E-commerce supply chain design and distribution revolutionized 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. In the long-term, the U.S. supply chain infrastructure's proximity to the recently completed expansion of the Panama Canal is expected to result in continued growth and investment within the broader logistics universe impacting everything from shipping routes to freight rail infrastructure construction. Increasing shipping volumes experienced by U.S. seaports continue to create the need to distribute goods directly to inland ports and expands the utilization of intermodal hubs to alleviate distribution costs, creating additional opportunities in the U.S. industrial real estate market.

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

To achieve its objectives, the REIT has executed a number of strategies aimed at enhancing Unitholder value through both organic and external growth. Management believes unitholders will continue to benefit from the external manager's significant experience acquiring, developing, managing and disposing of industrial properties. The external manager maintains an extensive network of relationships with brokers, tenants and institutional and private owners of industrial real estate in its key target geographic markets and leverages these relationships to enhance tenant retention and source strategic acquisitions and development of new industrial properties for the REIT. The REIT also has, subject to certain 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:

- Degree to which the property performance will be accretive to AFFO per Unit and ACFO over both the short-term and long-term.
- Whether the properties are located in close proximity to major transportation infrastructure and close to population centers with available and affordable labour.
- Whether the properties are situated within municipalities, counties, or states that provide economic incentives to tenants and/or landlords.
- The functionality and flexibility of development projects to ensure that design specifications and amenities are

consistent with best-in-class industrial buildings.

- Whether the properties are in strategic expansion markets for the REIT.
- Whether the properties are state-of-the-art, modern and functional with quality construction and infrastructure.
- Whether the acquisition cost will represent a discount to replacement cost.
- The creditworthiness of in-place tenants and whether in-place rents are below current market rents.
- Properties are also evaluated as to ceiling clear height, truck court depth, property dimensions, locations and functionality of traffic flow for both trucks and automobiles, number of docking doors and what type of docking equipment is being utilized, number of trailer and automobile parking stalls, infrastructure relating to fire and life safety equipment, as well as power, lighting, and floor thickness.

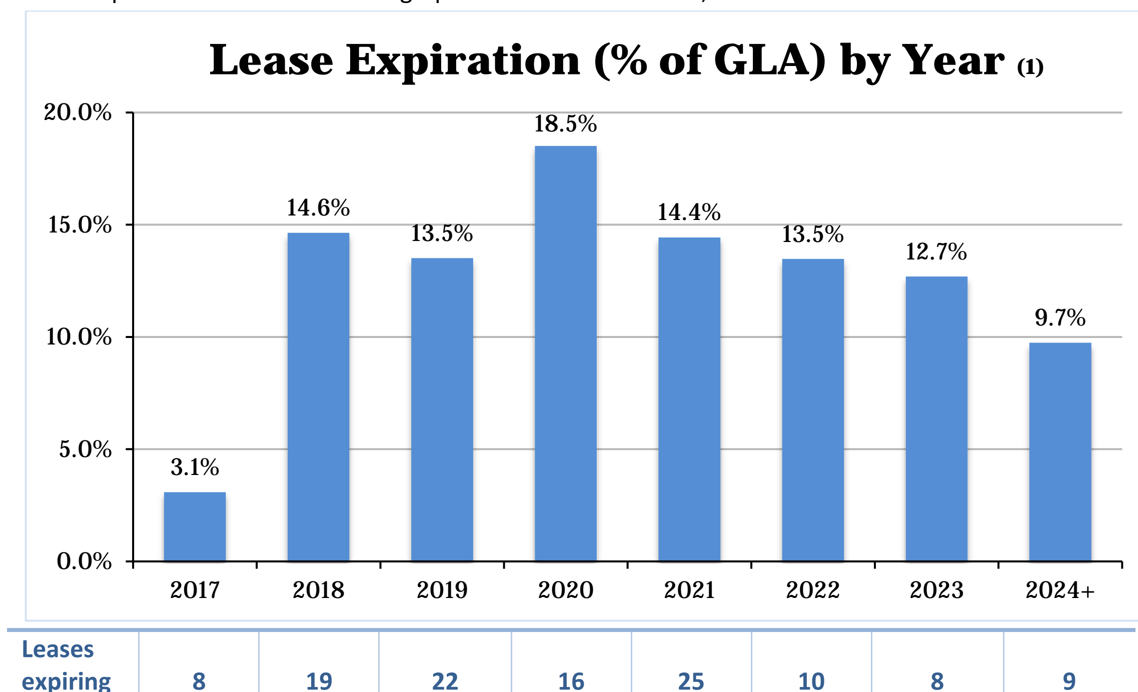
The criteria outlined above are designed to provide the REIT with the opportunity to acquire and develop properties in strategic markets that will generate stable and growing cash flows and to meet the needs of tenants in the distribution subsector of the U.S. industrial real estate market. In addition,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

ASSETS

The REIT owns and operates an institutional-quality portfolio of primarily industrial investment properties located in the U.S., with a particular focus on warehouse and distribution industrial real estate. As at March 31, 2017, the REIT owned a portfolio of 47 industrial and two office investment properties totaling 15,632,184 square feet of GLA with an occupancy rate across the portfolio of 98.4%.

The majority of the REIT's investment properties were constructed relatively recently, with a weighted average age of approximately 13 years. As a result, management believes that 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 March 31, 2017:



Leases expiring	8	19	22	16	25	10	8	9

The lease activity in the table above is based on the existing lease terms in-place as at March 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 March 31, 2017.

Occupancy roll-forward

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

	Three Months Ended March 31, 2017	
	('000s sq. ft.)	**Occupancy**
Occupancy at beginning of period	15,423.4	98.7%
Renewals	401.3	
Expiries	(401.3)	
Early terminations	(46.6)	
Occupancy as at March 31, 2017	**15,376.8**	**98.4%**

Per the preceding table, the REIT's renewal rate for leased square feet expiring during the three months ended March 31, 2017 was 100%. During the three months ended March 31, 2017, the REIT also renewed leases totaling 921.3 square feet with lease commencement dates after March 31, 2017.

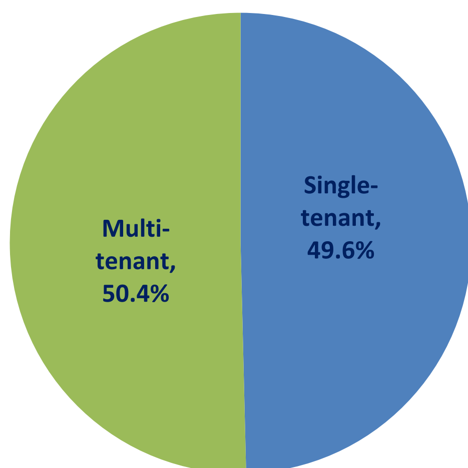
The REIT's investment properties are geographically diversified as follows as at March 31, 2017:

State	Number of Investment Properties	Number of Tenants	Owned GLA ('000s sq. ft.)	% of Owned GLA	% of NOI by State (1)
Georgia	8	15	2,868.3	18.4%	16.9%
Tennessee	6	10	2,327.0	14.9%	11.3%
Kentucky	4	5	1,907.4	12.2%	10.9%
Indiana	3	6	1,896.5	12.1%	9.2%
Ohio	5	6	1,817.3	11.6%	9.0%
Illinois	3	5	1,492.1	9.5%	7.6%
Minnesota	7	44	1,146.8	7.3%	17.7%
Kansas	4	5	827.1	5.3%	6.5%
Wisconsin	4	8	589.7	3.8%	4.2%
Florida	3	6	353.4	2.3%	1.8%
Michigan	1	2	248.0	1.6%	2.1%
South Carolina	1	4	158.6	1.0%	2.8%
Total	**49**	**116**	**15,632.2**	**100.0%**	**100.0%**

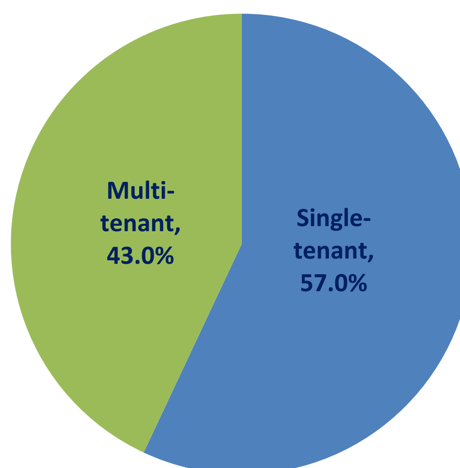
(1) For the three months ended March 31, 2017.

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

% NOI by Tenancy



% GLA by Tenancy



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

Top 10 Tenants	**% of Total Annualized Base Rent**	**GLA Occupied ('000s sq. ft.)**	**% of Total Portfolio GLA**
General Mills Operations, LLC	6.8%	1,512.6	9.7%
Unilever Home & Personal Care	5.8%	1,262.6	8.1%
Zulily, Inc.	3.9%	737.5	4.7%
Fullbeauty Brands, Inc.	3.6%	741.1	4.7%
Amazon.com	3.3%	572.0	3.6%
CEVA Logistics U.S. Inc.	3.3%	648.8	4.2%
Honeywell International Inc.	3.2%	754.0	4.8%
Radial, Inc.	3.1%	543.5	3.5%
Essendant Co.	3.1%	654.0	4.2%
KGP Logistics, Inc.	2.9%	311.1	2.0%
Total	39.0%	7,737.2	49.5%

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	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Operating Results:								
Investment properties revenue **(1)**	$ 19,494	$ 18,662	$ 17,334	$ 17,550	$ 17,564	$ 15,769	$ 17,705	$ 17,563
NOI **(1) (2)**	14,297	13,620	12,966	13,046	13,029	11,372	13,420	13,358
Net income (loss) and comprehensive income (loss) **(1)**	18,935	1,559	4,128	4,107	24,190	(2,560)	33,999	3,860
Net income (loss) and comprehensive income (loss) per Unit (basic) **(1) (3) (4)**	0.458	0.038	0.104	0.122	0.717	(0.076)	1.007	0.114
Net income (loss) and comprehensive income (loss) per Unit (diluted) **(1) (3) (5)**	0.450	0.037	0.102	0.120	0.710	(0.075)	0.998	0.113
FFO **(1) (2) (6)**	9,807	9,257	8,811	8,470	7,683	6,263	8,726	8,252
FFO per Unit (basic) **(1) (2) (3) (4) (6)**	0.237	0.224	0.222	0.251	0.228	0.186	0.259	0.245
FFO per Unit (diluted) **(1) (2) (3) (5) (6)**	0.233	0.220	0.219	0.248	0.226	0.184	0.256	0.242
AFFO **(2) (6)**	8,490	7,882	7,547	7,109	6,808	7,107	6,988	6,827
AFFO per Unit (basic) **(2) (3) (4) (6)**	0.205	0.191	0.190	0.211	0.202	0.211	0.207	0.202
AFFO per Unit (diluted) **(2) (3) (5) (6)**	0.202	0.188	0.187	0.208	0.200	0.209	0.205	0.200
Cash flows from operations	14,250	13,127	11,720	12,075	11,689	9,642	12,305	12,443
ACFO **(2)**	9,009	8,501	7,898	7,563	7,188	7,612	7,187	7,127
Distributions:								
Distributions per Unit **(3) (4) (7)**	0.190	0.190	0.190	0.190	0.190	0.190	0.180	0.175
Distributions declared **(4) (7)**	7,856	7,856	7,856	6,411	6,409	6,408	6,071	5,903
ACFO payout ratio **(2) (7)**	87.2%	92.4%	99.5%	84.8%	89.2%	84.2%	84.5%	82.8%
Weighted average number of Units (basic) **(3) (4)**	41,375	41,375	39,752	33,756	33,748	33,748	33,748	33,748
Weighted average number of Units (diluted) **(3) (5)**	42,076	41,994	40,307	34,194	34,051	34,023	34,068	34,051

As at	March 31, 2017	December 31, 2016
Operational Information:		
Number of investment properties	49	49
GLA	15,632,184	15,632,184
Occupancy	98.4%	98.7%
Average remaining lease term (years)	4.1	4.1
Fair value of investment properties	$ 827,242	$ 806,431
Ratios:		
Weighted average effective interest rate **(8)**	3.8%	3.8%
Variable interest rate debt as percentage of total debt **(9)**	6.2%	5.9%
Debt-to-gross book value **(2)**	40.8%	41.8%
Interest coverage ratio **(2)**	3.8x	3.5x
Fixed charge coverage ratio **(2)**	3.3x	3.0x
Debt to Adjusted EBITDA **(2)**	7.3x	7.5x

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

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

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

(4) Excludes all options and DTUs (defined on page 25) outstanding under the REIT's equity compensation plans.

(5) Includes all options and DTUs (defined on page 25) outstanding under the REIT's equity compensation plans.

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

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

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

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

The following table provides a reconciliation of the changes to FFO and AFFO for all prior periods presented:

As at and for the quarter ended	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
FFO – **previous definition**	$ 9,022	$ 8,586	$ 8,276	$ 7,511	$ 6,121	$ 8,617	$ 8,143
Amortization of tenant incentives	235	225	194	172	142	109	109
FFO – **revised definition**	9,257	8,811	8,470	7,683	6,263	8,726	8,252
FFO per Unit (basic) – **previous definition**	0.218	0.216	0.245	0.223	0.181	0.255	0.241
FFO per Unit (diluted) – **previous definition**	0.215	0.213	0.242	0.221	0.180	0.253	0.239
FFO per Unit (basic) – **revised definition**	0.224	0.222	0.251	0.228	0.186	0.259	0.245
FFO per Unit (diluted) – **revised definition**	0.220	0.219	0.248	0.226	0.184	0.256	0.242
AFFO – **previous definition**	8,380	8,012	7,569	7,180	7,423	7,361	7,156
Amortization of mark-to-market adjustments	180	175	175	173	172	172	171
Amortization of financing costs	(157)	(160)	(170)	(169)	(168)	(170)	(171)
Deferred compensation expense	(521)	(480)	(465)	(376)	(320)	(375)	(329)
AFFO – **revised definition**	7,882	7,547	7,109	6,808	7,107	6,988	6,827
AFFO per Unit (basic) – **previous definition**	0.203	0.202	0.224	0.213	0.220	0.218	0.212
AFFO per Unit (diluted) – **previous definition**	0.200	0.199	0.221	0.211	0.218	0.216	0.210
AFFO per Unit (basic) – **revised definition**	0.191	0.190	0.211	0.202	0.211	0.207	0.202
AFFO per Unit (diluted) – **revised definition**	0.188	0.187	0.208	0.200	0.209	0.205	0.200

RESULTS OF OPERATIONS

The following tables compare results for the three months ended March 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 disposition of one investment property in the third quarter of 2016 and the Columbus Property and Minneapolis Property acquisitions during the fourth quarter of 2016.

	Three months ended March 31,		
(all figures in '000s)	**2017**	**2016**	**Variance**
Investment properties revenue	$ 19,494	$ 17,564	$ 1,930
Investment properties operating expenses	14,479	12,216	2,263
Fair value adjustment to investment properties – IFRIC 21	(9,282)	(7,681)	(1,601)
NOI (1)	14,297	13,029	1,268
Other (income) and expenses			
General and administrative	2,312	1,470	842
Fair value adjustment to investment properties	(18,010)	(2,216)	(15,794)
Finance costs	11,060	(10,415)	21,475
Net income and comprehensive income	$ 18,935	$ 24,190	$ (5,255)
Net income and comprehensive income per Unit (basic)	$ 0.458	$ 0.717	$ (0.259)
Net income and comprehensive income per Unit (diluted)	$ 0.450	$ 0.710	$ (0.262)

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

Investment properties revenue

Investment properties revenue includes contractual base rent to be received from operating leases recognized on a straight-line basis over the term of its respective lease, recoveries of operating expenses, including property taxes, common area maintenance, lease termination fees and other incidental income. Investment properties revenue was higher by $1,930 for the three months ended March 31, 2017 as compared to the same period in 2016 for the following reasons:

Variance Explanation	**Three months ended March 31, 2017**
Acquisition of the Minneapolis Property and the Columbus Property.	$ 1,929
Increase in base rent and higher recoveries of operating expenses.	539
Decrease in non-cash straight-line rent.	(255)
Disposition of investment property.	(204)
Change in amortization of tenant incentives.	(79)
Total variance	$ 1,930

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 $2,263 for the three months ended March 31, 2017 as compared to the same period in 2016 for the following reasons:

Variance Explanation		Three months ended March 31, 2017
Adjustments for property taxes accounted for under IFRIC 21.	$	1,601
Acquisition of the Minneapolis Property and the Columbus Property.		659
Disposition of investment property.		(29)
Other.		32
Total variance	$	2,263

NOI

NOI was higher by $1,268 for the three months ended March 31, 2017 as compared to the same period in 2016 for the following reasons:

Variance Explanation		Three months ended March 31, 2017
Acquisition of the Minneapolis Property and the Columbus Property.	$	1,270
Increase in base rent and higher recoveries of operating expenses.		539
Decrease in non-cash straight-line rent.		(255)
Disposition of investment property.		(175)
Change in amortization of tenant incentives.		(79)
Other.		(32)
Total variance	$	1,268

General and administrative expense

General and administrative expenses consist of asset management fees, professional fees, deferred compensation expense, trustee fees, and other expenses. General and administrative expenses were higher by $842 for the three months ended March 31, 2017 as compared to the same period in 2016 for the following reasons:

Variance Explanation		Three months ended March 31, 2017
Deferred compensation expense, of which $1,367 is due to an increase in fair value of units outstanding under the DUIP (defined on page 25) and the Plan (defined on page 25).	$	1,515
Strategic process expenses.		(610)
Other.		(63)
Total variance	$	842

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 March 31, 2017 and 2016, the REIT recognized a fair value increase to investment properties of $18,010 and $2,216, respectively. The fair value adjustments are mainly due to capitalization rate compression and 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 increased $21,475 for the three months ended March 31, 2017 as compared to the same period in 2016 for the following reasons:

Variance Explanation		Three months ended March 31, 2017
Fair value adjustment to Class B Units.	$	21,727
Interest expense on mortgage payable related to the Minneapolis Property.		226
Decrease in mortgage interest expense.		(332)
Decrease in interest expense on the Revolving Facility.		(180)
Other.		34
Total variance	$	21,475

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 ended March 31, 2017 and 2016 are presented below:

(all figures in '000s, except per Unit amounts)		Three months ended March 31, 2017		2016		Variance
Net income and comprehensive income (1)	**$**	**18,935**	**$**	**24,190**	**$**	**(5,255)**
Add/(Deduct):						
Fair value adjustment to investment properties		(18,010)		(2,216)		(15,794)
Fair value adjustment to Class B Units		6,588		(15,139)		21,727
Fair value adjustment to deferred compensation		766		(601)		1,367
Fair value adjustment to investment properties – IFRIC 21		(9,282)		(7,681)		(1,601)
Property taxes accounted for under IFRIC 21		9,282		7,681		1,601
Amortization of tenant incentives		251		172		79
Distributions on Class B Units treated as interest expense		1,277		1,277		-
FFO (1)	**$**	**9,807**	**$**	**7,683**	**$**	**2,124**
Leasing cost reserve (2)		(964)		(930)		(34)
Capital expenditure reserve (3)		(247)		(240)		(7)
Strategic process expenses		-		610		(610)
Amortization of straight-line rent		(106)		(315)		209
AFFO	**$**	**8,490**	**$**	**6,808**	**$**	**1,682**
FFO per Unit (basic) (1)	$	0.237	$	0.228	$	0.009
FFO per Unit (diluted) (1)	$	0.233	$	0.226	$	0.007
AFFO per Unit (basic)	$	0.205	$	0.202	$	0.003
AFFO per Unit (diluted)	$	0.202	$	0.200	$	0.002

(1) Includes strategic process expenses of -$0- and $610 for the three months ended March 31, 2017 and 2016, respectively.

(2) The leasing cost reserve is a weighted average rate of approximately $0.25 per square foot per annum as at March 31, 2017 and 2016, 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 March 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 March 31, 2017 FFO was higher by $2,124 as compared to the same period in 2016 for the following reasons:

Variance Explanation		Three months ended March 31, 2017
Acquisition of the Minneapolis Property and the Columbus Property.	$	1,007
Decrease in strategic process expenses.		610
Increase in base rent and higher recoveries of operating expenses.		539
Decrease in mortgage interest expense.		332
Decrease in interest expense on the Revolving Facility.		180
Decrease in non-cash straight-line rent.		(255)
Disposition of investment property.		(175)
Other.		(114)
Total variance	$	2,124

AFFO Variances
For the three months ended March 31, 2017, AFFO was higher by $1,682 as compared to the same period in 2016 for the following reasons:

Variance Explanation		Three months ended March 31, 2017
Acquisition of the Minneapolis Property and the Columbus Property.	$	798
Increase in base rent and higher recoveries of operating expenses.		539
Decrease in mortgage interest expense.		332
Decrease in interest expense on the Revolving Facility.		180
Disposition of investment property.		(181)
Other.		14
Total variance	$	1,682

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 41,375,121 and 33,748,433 Units for the three months ended March 31, 2017 and 2016, respectively. The increase in the weighted average number of units outstanding is mainly due to the July 2016 Offering and the Concurrent Private Placement (see "Overview" section in Part I).

For the three months ended March 31, 2017, FFO per Unit (basic) and AFFO per Unit (basic) were higher by $0.009 and $0.003, respectively, as compared to the three months ended March 31, 2016, which is due to an increase in base rent and higher recoveries of operating expenses, the Columbus Property and Minneapolis Property acquisitions, and a decrease in mortgage interest expenses and interest expense on the Revolving Facility, partially offset by a 22.6% increase in the weighted average number of units outstanding and the disposition of an investment property.

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 March 31, 2017 and 2016 was 87.2% and 89.2%, respectively.

Same properties NOI

The same properties disclosed in the following table for the three months ended March 31, 2017 and 2016 are investment properties having consistent leasable area in both periods.

	Three months ended March 31,				Variance	
('000s)		**2017**		**2016**	**$**	**%**
NOI (1)	$	14,297	$	13,029	$ 1,268	9.7%
Amortization of straight-line rent		(65)		(320)	255	79.7%
Amortization of tenant incentives		251		172	79	45.9%
Disposed investment property NOI		-		(175)	175	100.0%
Acquired investment properties NOI		(1,270)		-	(1,270)	(100.0%)
Same properties NOI (1) (2)	$	13,213	$	12,706	$ 507	4.0%
Average occupancy (same properties)		99.0%		98.4%		0.6%

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

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

Same properties NOI for the three months ended March 31, 2017 increased by $507, or 4.0%, when compared to the same quarter in 2016. The growth in same properties NOI was mainly due to increases in contractual base rent, the expiration of free rent periods, higher recoveries of operating expenses, and a slight increase in occupancy.

Same properties NOI prior quarter comparison

The same properties disclosed in the following table are investment properties having consistent leasable area in both periods**.**

	Three months ended				Variance	
('000s)		**March 31, 2017**		**December 31, 2016**	**$**	**%**
NOI (1)	$	14,297	$	13,620	$ 677	5.0%
Amortization of straight-line rent		(65)		(82)	17	20.1%
Amortization of tenant incentives		251		235	16	6.8%
Acquired investment properties NOI		(1,270)		(572)	(698)	122.0%
Same properties NOI (1) (2)	$	13,213	$	13,201	$ 12	0.1%
Average occupancy (same properties)		99.0%		99.1%		(0.1%)

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

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

Same properties NOI for the three months ended March 31, 2017 increased by $12, or 0.1% when compared to the three months ended December 31, 2016, mainly due to a slight increase in base rent, offset by a slight decrease in average occupancy and lower recoveries of operating expenses.

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 public or private placement issuances of equity and debt. 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, mortgages payable principal repayments, interest payments and investment property acquisitions and development projects. The REIT expects to meet all of its ongoing obligations with current cash generated from operations, draws on its Revolving Facility and, as growth requires and when appropriate, new equity or debt issuances. The Declaration of Trust provides that the REIT cannot incur or assume any indebtedness that would cause

total indebtedness levels to exceed 60% of gross book value (or 65% of gross book value including any convertible debentures). Management of the REIT targets an indebtedness level around 50% of gross book value. As at March 31, 2017 and December 31, 2016, the REIT's debt-to-gross book value ratio was 40.8% and 41.8%, respectively (total outstanding principal balance of mortgages payable and the Revolving Facility of $337,243 and $336,811 as at March 31, 2017 and December 31, 2016, respectively, divided by a gross book value of $827,242 and $806,431 as at March 31, 2017 and December 31, 2016, respectively). The REIT's debt to Adjusted EBITDA ratio was 7.3 times and 7.5 times as at March 31, 2017 and December 31, 2016, respectively. The REIT has no convertible debentures outstanding and has never issued any.

The REIT uses cash flows from operations and debt level indicators to assess its ability to meet its financing obligations. For the three months ended March 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 3.3 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 March 31, 2017 and December 31, 2016 was 3.8%.

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

	Three months ended March 31,	
('000s)	**2017**	**2016**
Cash provided by/(used in):		
Operating activities	$ 14,429	$ 11,689
Financing activities	(10,610)	(11,161)
Investing activities	(5,154)	(786)
Decrease in cash and cash equivalents during the period	**(1,335)**	**(258)**
Cash and cash equivalents, beginning of period	9,007	5,856
Cash and cash equivalents, end of period	$ **7,672**	$ **5,598**

Cash flows from operating activities for the three months ended March 31, 2017 and 2016 of $14,429 and $11,689, 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 March 31,	
('000s)	**2017**	**2016**
Cash flows provided by operating activities	**$ 14,429**	**$ 11,689**
Less: Interest paid (excluding distributions on Class B Units classified as finance costs incurred)	(3,175)	(3,447)
	11,254	8,242
Distributions paid (1)	(7,856)	(6,409)
Excess of cash flows provided by operating activities over distributions paid	**3,398**	**1,833**
Cash flows provided by operating activities	**14,429**	**11,689**
Add/(Deduct):		
Change in non-cash working capital	(1,011)	(498)
Interest paid (2)	(3,175)	(3,447)
Leasing cost reserve and capital expenditure reserve	(1,211)	(1,170)
Amortization of mark-to-market adjustments	129	173
Amortization of financing costs	(152)	(169)
Strategic process expenses	-	610
ACFO (3)	**$ 9,009**	**$ 7,188**
Distributions declared (1)	$ 7,856	$ 6,409
ACFO payout ratio (3)	87.2%	89.2%

(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, 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 used in financing activities for the three months ended March 31, 2017 of $10,610 primarily related to interest expense on mortgages payable and the Revolving Facility as well as distributions to Unitholders. Cash flows used in financing activities for the three months ended March 31, 2016 of $11,161 primarily related to the repayment of mortgages payable and the Revolving Facility, the payment of financing costs, and interest expense on mortgages payable and the Revolving Facility as well as distributions to unitholders.

Cash flows used in investing activities for the three months ended March 31, 2017 and 2016 of $5,154 and $786, respectively, primarily related to, additions to investment properties and investment property under development, and changes in capital escrow amounts required to be held in connection with certain mortgages payable.

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 independent property valuations and market conditions existing at the reporting date, which are generally accepted market practices. 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.

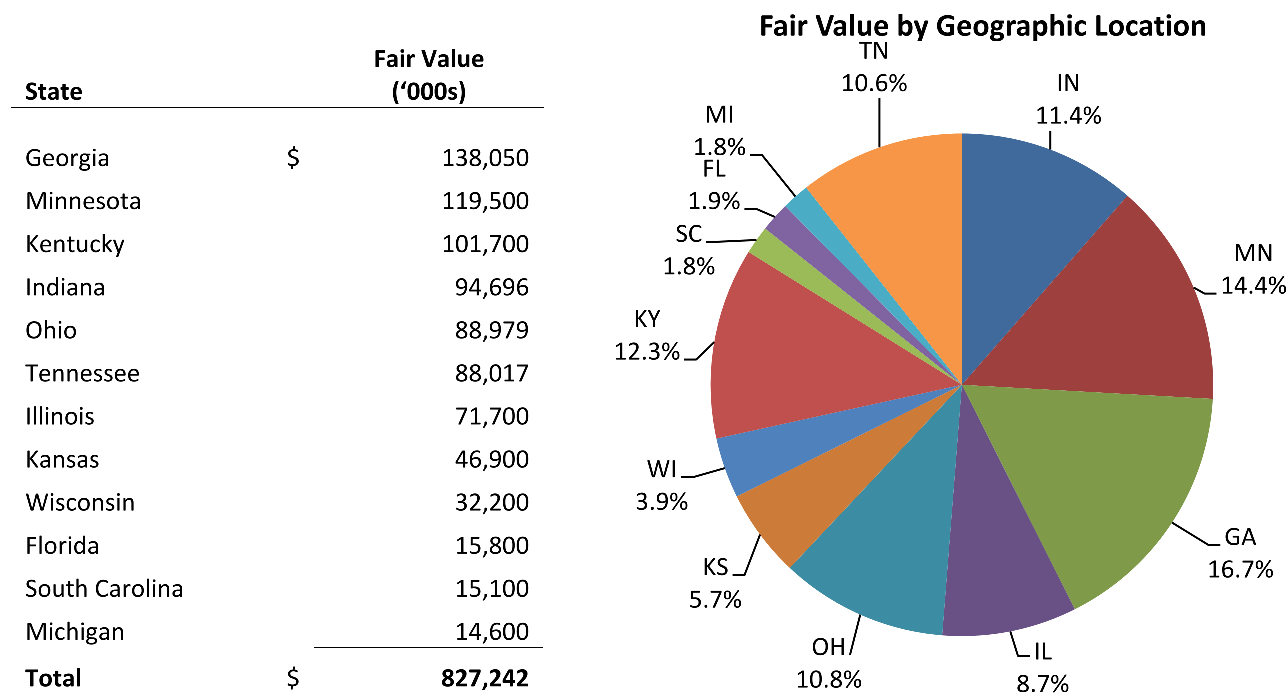
Properties Under Development

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 construction and receipt of all necessary occupancy and other material permits.

As at March 31, 2017, the fair value of investment properties was $827,242 ($806,431 as at December 31, 2016), implying a weighted average terminal capitalization rate of 7.01% (7.02% as at December 31, 2016).



State		Fair Value ('000s)
Georgia	$	138,050
Minnesota		119,500
Kentucky		101,700
Indiana		94,696
Ohio		88,979
Tennessee		88,017
Illinois		71,700
Kansas		46,900
Wisconsin		32,200
Florida		15,800
South Carolina		15,100
Michigan		14,600
Total	$	**827,242**

Mortgages Payable, Revolving Facility, and Construction Loan

Mortgages Payable and construction loan

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

Mortgages payable and construction loan consist of the following:

('000s)		**March 31, 2017**		**December 31, 2016**
Mortgages payable	$	316,206	$	316,811
Construction loan		1,037		-
Mark-to-market adjustments, net		1,997		2,126
Financing costs, net		(881)		(954)
Carrying value		318,359		317,983
Less current portion		(2,613)		(2,462)
Non-current mortgages payable	**$**	**315,746**	**$**	**315,521**

As at March 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 3.8% with maturity dates ranging from 2018 - 2024. The weighted average term to maturity on mortgages payable was 4.0 years and 4.3 years as at March 31, 2017 and December 31, 2016, respectively. As at March 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. The REIT has the option to extend the construction loan for an additional three-year period. The interest rate on the construction loan is based on LIBOR, in each case plus an applicable margin based on leverage. As at March 31, 2017, the construction loan's interest rate was 3.28% and the REIT had drawn $1,037.

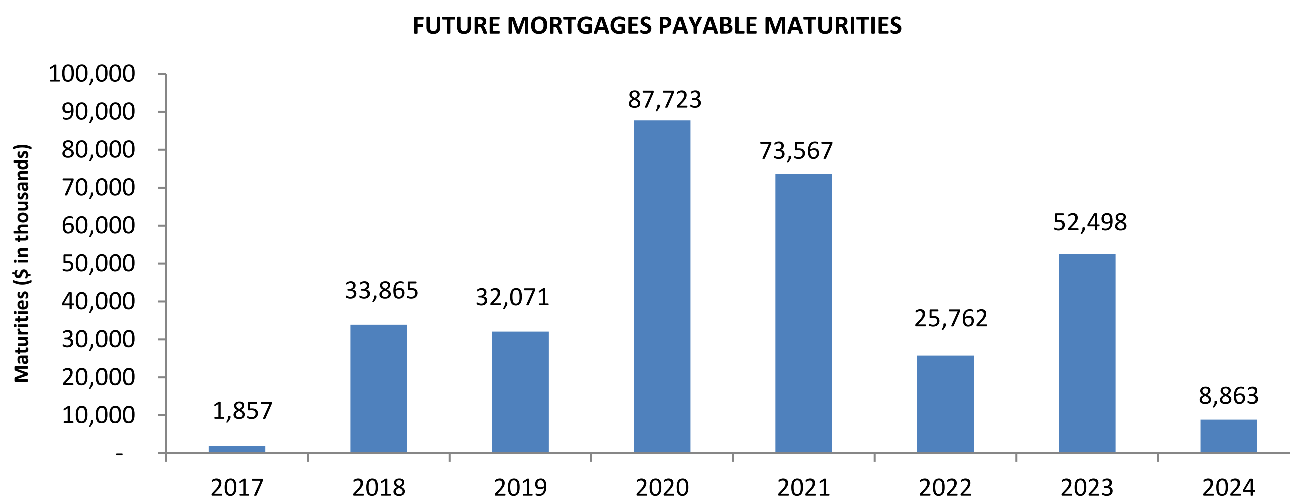
On November 4, 2016, the REIT repaid a mortgage payable, bearing a fixed interest rate of 5.77% with a remaining principal balance of $21,011, with available cash. Four of the five properties, previously encumbered by the mortgage payable, were added as borrowing base collateral and increased the availability on the Revolving Facility as at March 31, 2017.

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.

The weighted average maturing effective interest rates, scheduled mortgage repayments, principal mortgage maturities, and scheduled interest payments are as follows as at March 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
2017	-	$ 1,857	$ -	$ 1,857	$ 9,020	$ 10,877
2018	4.5%	3,545	30,320	33,865	11,456	45,321
2019	3.4%	3,746	28,325	32,071	9,753	41,824
2020	3.1%	4,173	83,550	87,723	7,709	95,432
2021	4.6%	3,846	69,721	73,567	5,811	79,378
2022	3.8%	2,228	23,534	25,762	2,835	28,597
2023	3.7%	416	52,082	52,498	680	53,178
2024	4.0%	186	8,677	8,863	265	9,128
Totals		$ 19,997	$ 296,209	$ 316,206	$ 47,529	$ 363,735
Mark-to-market adjustment, net				1,997		
Financing costs, net				(881)		
Total carrying value of mortgages payable				$ 317,322		

The following chart shows the future maturities of mortgages payable as at March 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 extended 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 March 31, 2017 and December 31, 2016, the Revolving Facility interest rate was 2.63% 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.

Availability on the Revolving Facility was $92,988 as at March 31, 2017, of which the REIT had drawn $20,000, leaving remaining availability of $72,988.

Variable interest rate debt as a percentage of total debt was 6.2% and 5.9% as at March 31, 2017 and December 31, 2016, respectively.

Commitments and Contingencies

Leasing Cost Reserve

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 $0.25 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**	**Three months ended March 31, 2017**	**Since IPO**
Reserved	$	7,915	3,780	964	12,659
Actual	$	5,529	4,369	564	10,462
Excess/(deficit)	$	2,386	(589)	400	2,197

Capital Expenditure Reserve

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 investment property operating components and systems. In addition, the REIT does its own internal analysis of expected capital expenditures on 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 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 maintenance capital expenditures to be approximately $0.06 per square foot per annum of the portfolio GLA based on a forward-looking five-year period. The 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 capital expenditures as compared to reserved capital expenditures since IPO:

Capital Expenditures ('000s)		Period from IPO to December 31, 2015	Year ended December 31, 2016	Three months ended March 31, 2017	Since IPO
Reserved	$	2,370	980	247	3,597
Actual	$	847	587	137	1,571
Excess/(deficit)	$	1,523	393	110	2,026

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

The REIT's estimated future commitments to complete the Indianapolis Development (see "Overview" section in Part I). are $3,600 for 2017.

The REIT has no off-balance sheet items.

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

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

There were no changes to equity for the three months ended March 31, 2017.

As at March 31, 2017, ownership of the REIT was as follows (excluding options and DTUs (as defined on page 26) outstanding under the REIT's equity plans):

	REIT Units	Class B Units	Total Units	% of Total
Welsh Property Trust LLC ("**Welsh**")	4,112	6,722,695	6,726,807	16.3%
AIMCo	11,204,502	-	11,204,502	27.1%
Other unitholders	23,443,812	-	23,443,812	56.6%
TOTAL	34,652,426	6,722,695	41,375,121	100.0%

For the period from March 31, 2017 through May 10, 2017, there have been no changes to ownership at the REIT.

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

Unit Option Plan

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

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

	Number of options	Weighted average exercise price	
Outstanding, December 31, 2015	556,667	$	10.02
Exercised in 2016	(26,667)		10.14
Outstanding, March 31, 2017 and December 31, 2016	530,000	$	10.02
Exercisable, March 31, 2017 and December 31, 2016	463,333	$	10.05

The total fair value of options granted as at March 31, 2017 and December 31, 2016 and as at the grant date was $983, $645 and $327, respectively. The aggregate intrinsic value of exercisable options as at March 31, 2017 and December 31, 2016 was $1,326 and $845, respectively. The weighted average remaining contractual life for outstanding options and for exercisable options as at March 31, 2017 was 6.5 years.

Under IFRS, liabilities related to deferred compensation under the Plan are measured at fair value as at the grant date and are remeasured at each reporting date. The fair value changes are recorded within general and administrative expense in the statements of net income (loss) and comprehensive income (loss). Total compensation expense/(income) recognized for the three months ended March 31, 2017 and 2016 was $343 and $(373), respectively. These amounts include adjustments based on the fair value of the options and are reported within general and administrative expenses as at March 31, 2017 and 2016.

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

Expected option term	3.4 years
Risk-free interest rate	1.58%
Expected volatility	16.51%
Dividend yield	5.9%

Deferred Unit Incentive Plan

On April 26, 2013, the REIT authorized a Deferred Unit Incentive Plan, as amended and restated on May 13, 2016, ("**DUIP**") that provides for the granting of deferred trust units ("**DTUs**") to trustees, officers, employees, consultants and service providers, as well as employees of such service providers. DTUs are defined as notional units with a fair value based on the REIT Units' closing price per the TSX. The maximum number of REIT Units reserved for issuance under the DUIP is 5% of the total number of REIT Units issued and outstanding from time to time. Vested DTUs may be redeemed in whole or in part for units of the REIT issued from treasury or cash. All DTUs granted to officers and employees vest as to one-fifth on the first anniversary of the grant date, and one-fifth on each of the four following anniversaries. 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

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
DTUs granted through distributions	5,920
Total as at March 31, 2017	**547,843**

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

The total fair value of DTUs granted to officers and employees, inclusive of vested and unvested DTUs, as at March 31, 2017 and December 31, 2016 was $7,071 and $4,768, respectively. As at March 31, 2017 and December 31, 2016, a total of 81,995 and 80,886 DTUs granted to officers and employees had vested, respectively.

Trustee and Other Grants

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

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	7,160
DTUs granted through distributions and 50% match	9,621
Total as at March 31, 2016	**154,347**

(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 March 31, 2017 and December 31, 2016 was $1,992 and $1,399, respectively. As at March 31, 2017 and December 31, 2016, a total of 122,754 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. The fair value changes are recorded within general and administrative expense in the statements of net income (loss) and comprehensive income (loss). Total compensation expense recognized for the three months ended March 31, 2017 and 2016 was $945 and $148, 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 as at March 31, 2017 and 2016.

PART III

DISCLOSURE AND INTERNAL CONTROLS

The Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**") of the REIT have designed, or caused to be designed under their supervision, the REIT's disclosure controls and procedures. They have also designed, or caused to be designed under their supervision, the REIT's internal controls over financial reporting. No changes were made to the REIT's internal controls over financial reporting during the three months ended March 31, 2017, that have materially affected, or are reasonably likely to materially affect, the REIT's internal controls over financial reporting.

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

Additionally, controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people, or by management override. The design of any system of controls is also based, in part, upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential (future) conditions.

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

Tenant Concentration
The REIT derives approximately 39.0% of its in-place base rental revenue from its ten largest tenants. Consequently, revenues are dependent on the ability of those tenants to meet rent obligations and the REIT's ability to collect rent from them. Early termination options are held by eleven tenants of the properties. In total, early termination options available at various times from 2017 through 2023 represent 3.7% of the total GLA or 6.2% 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 57% of GLA of the REIT's portfolio of properties is comprised of single-tenant properties. The largest five such tenants represent approximately 23.4% of contractual base rent of the portfolio as at March 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.

Financing Risks
The REIT's outstanding indebtedness as March 31, 2017 was $337,243, excluding mark-to-market adjustments and financing costs. Although a portion of the cash flow generated by the REIT's properties are devoted to servicing such debt, there can be no assurance that the REIT will continue to generate sufficient cash flows from operations to meet required interest and principal payments. If the REIT is unable to meet interest or principal payments, it could be required to seek renegotiation of such payments or obtain additional equity, debt or other financing. The failure of the REIT to make or renegotiate interest or principal payments or obtain additional equity, debt or other financing could adversely impact the REIT's financial condition, liquidity and results of operations and decrease the amount of cash available for distribution to Unitholders. If the REIT defaults under a mortgage loan, it may lose the properties securing such loan.

The REIT is subject to the risks associated with debt financing, including the risk that the mortgages and banking facilities secured by the REIT's properties will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing indebtedness, which may reduce AFFO. With the current world economic and financial crisis, there is a heightened risk that not only will existing maturing mortgages be subject to increased interest rates, but the distinct possibility also exists that maturing mortgages will not be renewed or, if they are renewed, they will be renewed at significantly lower loan-to-value ratios.

Approximately 6.2% of the REIT's total principal indebtedness is variable rate debt as at March 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 May 10, 2017, existing mortgages secured by the REIT's properties mature between August 2018 and September 2024. To the extent that the REIT incurs variable rate indebtedness, such indebtedness will result in fluctuations in the REIT's cost of borrowing as interest rates change. To the extent that interest rates rise, the REIT's operating results and financial condition could be adversely affected and decrease the amount of cash available for distribution.

Direct and Indirect Ownership of Units by Welsh and AIMCo
Welsh, as at March 31, 2017, owns an approximate 16.3% effective interest in the REIT through its direct and indirect ownership of Units and Class B Units (assuming all Class B Units are redeemed for Units but otherwise on a non-diluted basis). AIMCo, as at March 31, 2017, owns an approximate 27.1% interest in the REIT through its ownership of Units (assuming all Class B Units are redeemed for Units but otherwise on a non-diluted basis).

The Declaration of Trust grants Welsh the right to nominate a certain number of trustees to the Board of Trustees depending on the size of the Board of Trustees and the Welsh's retained interest. Pursuant to the terms of the AIMCo Implementation Agreement, Welsh has agreed to certain restrictions on its board nomination rights.

For so long as Welsh's retained interest represents a significant effective interest in the REIT, Welsh will have the ability to exercise certain influence with respect to the affairs of the REIT and will have the ability to prevent certain fundamental transactions.

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

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

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

Geographic Concentration
The REIT's properties are located in the U.S., in the states of Florida, Georgia, Illinois, Indiana, Kansas, Kentucky, Michigan, Minnesota, Ohio, South Carolina, Tennessee and Wisconsin and approximately 17.7% and 16.9% of the REIT's NOI for the three months ended March 31, 2017 is derived from properties located in Minnesota and Georgia, respectively. As a result, the REIT's performance is sensitive to economic condition and regulatory changes in Minnesota and Georgia. Adverse changes in the economic condition or regulatory environment of Minnesota and Georgia may have a material adverse effect on the REIT's business, cash flow, financial condition and results of operations and ability to make distributions to Unitholders.

PART V

RELATED PARTY TRANSACTIONS

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

	For three months ended March 31,	
('000s)	**2017**	**2016**
Fees earned under asset management agreement (1)		
Asset management fees	$ 479	$ 444
Construction management fees	151	19
Fees earned under property management agreement (2)	510	435
Other		
Class B Unit distributions paid to Welsh (3)	1,277	1,815
REIT Unit distributions paid to Welsh (3)	1	614

(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.

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 March 31, 2017 and December 31, 2016 were $3 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. For the three months ended March 31, 2017 and 2016, there were no acquisition fees.

- 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 March 31, 2017 and December 31, 2016 were $17 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.

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 March 31, 2017 and December 31, 2016.

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

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

On January 20, 2016 and June 2, 2016, AIMCo, on behalf of certain of its clients, purchased 4,783,122 and 4,468,085 REIT Units from Welsh, respectively, resulting in Welsh directly and indirectly owning and controlling 4,112 REIT Units and 6,722,695 Class B Units as at December 31, 2016, respectively. As at December 31, 2015, Welsh owned and controlled 752,700 REIT Units and 15,225,314 Class B Units, respectively.

Distributions payable to Welsh on Class B Units as at March 31, 2017 and December 31, 2016 were $426. Distributions payable to Welsh on REIT Units as at March 31, 2017 and December 31, 2016 were $0.3.

Out-of-pocket costs and expenses
The REIT reimburses WPT Capital for all reasonable actual out-of-pocket costs and expenses incurred in connection with the performance of the services described in the asset management agreement or such other services that the REIT and WPT Capital agree in writing are to be provided from time to time by the asset manager. For the three months ended March 31, 2017 and 2016, the REIT incurred out-of-pocket costs and expenses of $85 and $63, respectively. As at March 31, 2017 and December 31, 2016, the net payable due was $48 and $22, respectively, related to these reimbursements.

PART VI

SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES, AND ASSUMPTIONS

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

	March 31, 2017	December 31, 2016
Weighted average terminal capitalization rate	7.01%	7.02%
Range of terminal capitalization rates	5.75% - 10.00%	6.00%-10.00%
Weighted average discount rate	7.46%	7.83%
Range of discount rates	5.43% - 10.78%	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 three months ended March 31, 2017:

	March 31, 2017
Weighted average terminal capitalization rate:	
25-basis points increase	$ (15,842)
25-basis points decrease	$ 17,048
Weighted average discount rate:	
25-basis points increase	$ (15,068)
25-basis points decrease	$ 15,440

Changes in Accounting Policies
There were no material changes to the REIT's significant accounting policies during the three months ended March 31, 2017.

PART VII

SUBSEQUENT EVENTS

The independent trustees of the REIT have approved the renewal of the REIT's asset management agreement and property management agreement with WPT Capital for an additional five-year term as such renewal is contemplated by the terms of the agreements. The agreements will now continue until April 26, 2023 unless terminated in accordance with the provisions thereof. Each agreement continues to provide for termination, including during the renewal period, at such time as the REIT has achieved a fully-diluted market capitalization of $750 million based on the volume-weighted average price of trust units (assuming all class B partnership units of the Partnership have been redeemed for trust units) on a recognized stock exchange over a 20-trading day period.