Edgefront Real Estate Investment Trust

Consolidated Financial Statements

December 31, 2016 and 2015

March 27, 2017

Independent Auditor's Report

To the Unitholders of
Edgefront Real Estate Investment Trust

We have audited the accompanying consolidated financial statements of Edgefront Real Estate Investment Trust and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2016 and December 31, 2015 and the consolidated statements of income and comprehensive income, changes in unitholders' equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Edgefront Real Estate Investment Trust and its subsidiaries as at December 31, 2016 and December 31, 2015 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

Edgefront Real Estate Investment Trust

Consolidated Statements of Financial Position

	December 31, 2016 $	December 31, 2015 $
Non-current Assets		
Investment properties (notes 3 and 4)	173,774,872	161,174,872
Other non-current assets	104,926	121,000
	173,879,798	161,295,872
Current Assets		
Cash	904,023	1,152,168
Tenant and other receivables	350,654	236,753
Prepaid expenses	137,409	266,725
Other current assets	240,866	333,962
	1,632,952	1,989,608
Total Assets	175,512,750	163,285,480
Non-current Liabilities		
Mortgages payable (note 6)	29,777,179	25,847,976
Credit Facility (note 7)	54,194,137	55,683,324
Unit options (note 11)	163,000	126,000
Class B LP units (note 8)	10,672,992	9,398,202
	94,807,308	91,055,502
Current Liabilities		
Current portion of mortgages payable (note 6)	1,535,793	942,633
Distributions payable	476,930	456,683
Accounts payable and accrued liabilities (note 16)	1,864,490	1,440,922
	3,877,213	2,840,238
Total Liabilities	98,684,521	93,895,740
Equity		
Unitholders' equity (note 9)	66,076,700	63,484,740
Retained earnings	10,751,529	5,905,000
Total Unitholders' Equity	76,828,229	69,389,740
Total Liabilities and Unitholders' Equity	175,512,750	163,285,480

Commitments and contingencies (note 13)

On behalf of the Board:

"Cody Church" Trustee

"Brad Cutsey" Trustee

The accompanying notes are an integral part of these consolidated financial statements.

	For the year ended December 31, 2016 $	December 31, 2015 $
Net rental income		
Property revenue	15,407,328	11,985,001
Property expenses	(2,584,637)	(2,074,683)
Net rental income	12,822,691	9,910,318
General and administrative expense (note 16)	(1,839,435)	(1,564,638)
Loss on disposal of investment property (note 3)	-	(133,357)
Fair value adjustment of investment properties (note 4)	3,717,571	261,632
Fair value adjustment of Class B LP Units (note 8)	(384,630)	184,591
Fair value adjustment of unit options (note 11)	(37,000)	(27,000)
Other income (note 3)	256,528	-
	14,535,725	8,631,546
Finance income (expense)		
Interest income	8,698	-
Interest expense (notes 6 and 7)	(3,160,179)	(2,532,939)
Distributions on Class B LP Units (note 8)	(890,630)	(357,820)
	(4,042,411)	(2,890,759)
Income before taxes	10,493,614	5,740,787
Income taxes (note 15)	(15,323)	63,175
Net income and comprehensive income for the period	10,478,291	5,803,962

The accompanying notes are an integral part of these consolidated financial statements.

	Unitholders' Equity $	Retained Earnings $	Total $
Balance – January 1, 2016	63,484,740	5,905,000	69,389,740
Net income for the period	-	10,478,291	10,478,291
Class B LP Units exchanged for REIT units	978,815	-	978,815
Distributions	-	(5,631,762)	(5,631,762)
Issue of units under distribution reinvestment plan (note 10)	343,934	-	343,934
Issue of units to Manager (note 16)	1,162,512	-	1,162,512
Issue of units to Trustees (note 16)	106,699	-	106,699
Balance – December 31, 2016	66,076,700	10,751,529	76,828,229

	Unitholders' Equity $	Retained Earnings $	Total $
Balance – January 1, 2015	53,405,456	5,010,195	58,415,651
Units issued as acquisition consideration (notes 3 and 9)	9,016,210	-	9,016,210
Unit issue costs	(91,947)	-	(91,947)
Net income for the period	-	5,803,962	5,803,962
Distributions	-	(4,909,157)	(4,909,157)
Issue of units under distribution reinvestment plan (note 10)	150,958	-	150,958
Issue of units to Manager (note 16)	918,877	-	918,877
Issue of units to Trustees (note 16)	85,186	-	85,186
Balance – December 31, 2015	63,484,740	5,905,000	69,389,740

The accompanying notes are an integral part of these consolidated financial statements.

Edgefront Real Estate Investment Trust

Consolidated Statements of Cash Flow

	For the year ended December 31, 2016 $	December 31, 2015 $
Cash provided by (used in)		
Operating activities		
Net income for the period	10,478,291	5,803,962
Adjustment for items not involving cash:		
Asset management fees settled in REIT units (note 16)	1,181,316	977,378
Trustee fees settled in REIT units (note 16)	101,646	99,378
Amortization of deferred financing costs (notes 6 and 7)	164,366	135,758
Straight-line adjustments of ground lease and rent	(144,960)	(54,237)
Loss on sale of investment property	-	133,357
Fair value adjustment of investment properties	(3,717,571)	(261,632)
Fair value adjustment of Class B LP Units (note 8)	384,630	(184,591)
Fair value adjustment of unit options (note 11)	37,000	27,000
Deferred income taxes (note 15)	26,274	(99,198)
Changes in non-cash working capital		
Tenant and other receivables	(113,901)	469,642
Prepaid expenses	129,316	(232,817)
Deposits	-	100,000
Other current assets	251,795	(5,686)
Accounts payable and accrued liabilities	396,079	(270,675)
Changes in other non-current assets	(10,200)	14,000
Total cash generated by operating activities	9,164,081	6,651,639
Investing activities		
Acquisition of investment properties (note 3)	(6,793,599)	(19,761,373)
Capital expenditures	(208,830)	-
Net proceeds on disposition of investment property (note 3)	-	2,981,531
Total cash used in investing activities	(7,002,429)	(16,779,842)
Financing activities		
Class B LP Unit issue costs	(11,025)	(91,947)
Proceeds from new financing	5,500,000	15,017,097
Financing costs (note 3)	(45,038)	(220,953)
Mortgage principal repayments	(980,330)	(345,027)
Net borrowing (repayments) of the credit facility	(1,605,823)	1,173,578
Distributions to unitholders	(5,267,581)	(4,680,889)
Total cash used in financing activities	(2,409,797)	10,851,859
Change in cash and cash equivalents during the period	(248,145)	723,656
Cash and cash equivalents - beginning of period	1,152,168	428,512
Cash and cash equivalents - end of period	904,023	1,152,168

Supplemental cash flow information (note 17)

The accompanying notes are an integral part of these consolidated financial statements.

1 Organization

Edgefront Real Estate Investment Trust is an open-ended real estate investment trust established under the laws of Ontario pursuant to its declaration of trust, as amended and restated effective April 28, 2014. The REIT and its subsidiaries, (together, the REIT) own and operate commercial real estate properties in Western Canada, Ontario and Atlantic Canada. The registered office of the REIT is located at Suite 4600, 400 3 Avenue S.W., Calgary, Alberta, T2P 4H2.

2 Summary of significant accounting policies

The consolidated financial statements of the REIT have been prepared by management in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current period.

The consolidated financial statements of the REIT have been prepared on a going concern basis and under the historical cost convention, except for the revaluation of investment properties, Class B LP Units, and unit options, which are presented at fair value. These consolidated financial statements are presented in Canadian dollars, which is the functional currency of the REIT. The consolidated financial statements were authorized for issue by the board of trustees of the REIT on March 27, 2017.

Principles of consolidation

The consolidated financial statements include the accounts of the REIT and its subsidiaries. Subsidiaries are all entities over which the REIT has control. The REIT controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All inter-entity transactions between the REIT and its subsidiaries have been eliminated in the consolidated financial statements.

Segment reporting

The REIT owns and operates investment properties in Canada. In measuring performance, the REIT does not distinguish its operations on a geographic or any other basis and, accordingly, the REIT has a single reportable segment for disclosure purposes.

Revenue recognition

The REIT accounts for tenant leases as operating leases given that it has retained substantially all of the risks and benefits of ownership of its investment properties. Revenue includes base rents earned from tenants under lease agreements, realty tax and operating cost recoveries, lease termination fees, parking revenue and other incidental income. Lease related revenue is recognized as revenue over the term of the underlying leases. Recoveries from tenants are recognized as revenue in the period in which the corresponding costs are incurred. Other revenue is recognized at the time the service is provided. The REIT follows the straight-line method of recognizing rental revenue, whereby the total amount of rental revenue to be received from leases is accounted for on a straight-line basis over the term of the lease. Accordingly, an accrued rent receivable is recorded for the difference, if any, between the straight-line rent recorded as rental revenue and the rent that is contractually due from the tenant.

Financial instruments

The REIT's financial instruments are initially recognized at fair value. Subsequent measurement depends on the nature and classification adopted for the financial instrument as follows:

Financial instrument	Classification	Measurement
Cash and cash equivalents	Loans and receivables	Amortized cost
Tenant and other receivables	Loans and receivables	Amortized cost
Other current assets	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost
Class B LP Units	Other liabilities	Amortized cost
Unit options	Other liabilities	Amortized cost
Credit facility	Other liabilities	Amortized cost
Mortgages payable	Other liabilities	Amortized cost

The REIT determines the fair value measurement based on the following hierarchy:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

As at December 31, 2016 and December 31, 2015, investment properties, and the fair values disclosed relating to mortgages payable and the credit facility are considered Level 3. There have been no transfers in or out of Level 3 during the reporting period.

Transaction costs relating to financial instruments measured at amortized cost are included in the carrying value of the financial instrument and amortized over the expected useful life of the instrument using the effective interest method. Financial assets are derecognized when contractual rights to the cash flow from the assets expire.

Investment properties

The REIT has selected the fair value method to account for its investment properties. A property is determined to be an investment property when it is principally held to earn rental income or for capital appreciation, or both. Investment properties are initially recognized at the purchase price, including directly attributable costs. Subsequent to initial recognition, investment properties are carried at fair value. Fair value is determined with reference to external valuations and internal valuations based on the direct income capitalization method, with gains or losses in the fair value of the investment properties recognized in the consolidated statement of income and comprehensive income in the period in which they arise. Internal valuations are prepared by the REIT’s Chief Financial Officer, and are reviewed and approved by the REIT’s Chief Executive Officer.

The application of the direct income capitalization method results in these measurements being classified as Level 3 in the fair value hierarchy. In applying the direct income capitalization method, the stabilized net rental income of each property is divided by a capitalization rate appropriate for the property based on the market in which the property is located and the specific details of the property. Investment properties are valued based on the highest and best use for the properties. For all of the REIT's investment properties, the current use is considered to be the highest and best use. The significant unobservable inputs used in the Level 3 valuation of the investment properties are the capitalization rate and the stabilized net rental income used in the calculations.

Current and deferred income taxes

The REIT currently qualifies as a "mutual fund trust" under the Income Tax Act (Canada). The REIT expects to distribute or designate all of its taxable income to unitholders and is entitled to deduct such distributions for income tax purposes. Accordingly, except for the REIT's subsidiaries, no provision for income taxes payable is required.

The legislation relating to the federal income taxation of a Specified Investment Flow Through (SIFT) trust or partnership was enacted on June 22, 2007. Under the SIFT rules, certain distributions from a SIFT will not be deductible in computing the SIFT's taxable income and the SIFT will be subject to tax on such distributions at a rate that is substantially equivalent to the general tax rate applicable to Canadian corporations. However, distributions paid by a SIFT as a return of capital should generally not be subject to tax. Under the SIFT rules, the taxation regime will not apply to a real estate investment trust that meets prescribed conditions relating to the nature of its assets and revenue (the REIT Conditions). The REIT has reviewed the SIFT rules and has assessed its interpretation and application to the REIT's assets and revenue. While there are uncertainties in the interpretation and application of the SIFT rules, the REIT believes it meets the REIT Conditions and accordingly, no net current income tax expense or deferred income tax expense has been recorded in the consolidated statements of income and comprehensive income in respect of the REIT.

However, certain of the REIT's subsidiaries are incorporated companies. For these companies, the REIT follows the asset and liability method of accounting for income taxes. Under this method, income tax is recognized in the consolidated statement of income and comprehensive income except to the extent it relates to items recognized in equity, in which case the income tax is also recognized in equity. Current tax assets and liabilities are recognized at the amount expected to be paid or received from tax authorities using rates enacted or substantively enacted at the date of the consolidated statement of financial position. Deferred tax assets and liabilities are recognized at the tax rates enacted or substantively enacted at the date of the consolidated statement of financial position for the years that an asset is expected to be realized or a liability is expected to be settled. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be generated and available for the asset to be utilized against.

Unit equity

The REIT is an open-ended real estate investment trust, and units of the REIT are redeemable (puttable) at the option of the REIT's unitholders. IAS 32 requires puttable instruments to be accounted for as financial liabilities, except where certain conditions as detailed in IAS 32 are met. This exemption is known as the Puttable Instrument Exemption. The units of the REIT meet the Puttable Instrument Exemption criteria and, accordingly, are classified and presented as equity in the consolidated statement of financial position. In addition to the REIT units, Class B LP Units may be issued. These units do not qualify for the Puttable Instrument Exemption, and are classified as liabilities on the consolidated statement of financial position. They are remeasured at each reporting date at their amortized cost, which approximates fair value.

Unit options are recorded as a liability and compensation expense is recognized over the vesting period (if any) at amortized cost based on the fair value of the unit options.

Distributions

Distributions to unitholders are recognized as a liability in the period in which the distributions are approved by the Board of Trustees and are recorded as a reduction of retained earnings.

Unit-based compensation

The fair value method is used to account for all options issued under Edgefront's unit-based plans. Fair value at the date of grant is established through the application of the Black-Scholes option valuation model. The REIT accounts for the options as an expense over the vesting period of the options using the fair value of the underlying units, as determined by the closing price of the REIT's publicly traded units on the reporting date. Changes in the REIT's liability subsequent to the vesting date of the award and prior to the settlement date, resulting from changes in the market value of the REIT's units, are recorded as a charge to income in the period incurred.

Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and the reported amount of expenses during the period. Actual results may differ materially from these estimates. The estimates and judgments used in determining the recorded amount for asset, liabilities and equity in the financial statements include the following:

Investment Properties

The critical assumptions and estimates used when determining the fair value of investment properties are stabilized net rental income and capitalization rates (see note 4). Management determines fair value internally utilizing financial information, external market data and capitalization rates determined by reference to third party appraisals and reports published by industry experts including commercial real estate brokerages. The REIT also applies judgment in determining whether the properties it acquires are considered to be asset acquisitions or business combinations. The REIT considers all the properties it has acquired to date to be asset acquisitions.

Unit options

The estimates used when determining the fair value of unit-based compensation are the average expected share option holding period, the average expected volatility rate, and the average risk-free interest rate. For vested options, the average expected unit option holding period used is estimated to be half of the life of the option. For unvested options, the average expected unit option holding period is estimated to be the period until the options vest plus half of the period from vesting to expiry. The average expected volatility rate is estimated based on the historical volatility of comparable companies over a period of time approximating the average expected unit option holding period. The average risk-free interest rate is based on Government of Canada bonds with terms consistent with the average expected share option holding period.

Changes in accounting policies

Effective January 1, 2016, the REIT has retrospectively adopted the following new accounting guidance which did not have any impact on financial reporting or results of operations.

IAS 1, Presentation of Financial Statements, provides guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and disclosure of accounting policies. The amendment gives guidance that information within the consolidated balance sheets and statements of income and comprehensive income should not be aggregated or disaggregated in a manner that obscures information, and that disaggregation may be required in the statements of income and comprehensive income in the form of additional subtotals as they are relevant to understanding the entity's financial position or performance.

Standards issued but not yet effective

There are pending changes to IFRS which are not yet effective for the year ended December 31, 2016 which have not been applied in the preparation of the REIT's financial statements. The REIT is currently considering the impact of adopting the following standards issued or amended but not yet effective at December 31, 2016:

IFRS 7, Financial Instruments: Disclosures, has been amended by the IASB to require additional disclosures on transition from IAS 39 to IFRS 9. The amendment to IFRS 7 is effective for periods beginning on or after January 1, 2018.

IFRS 16, Leases, was published on January 13, 2016 and replaces IAS 17, Leases, IRFIC 4, Determining Whether an Arrangement Contains a Lease, SIC 15, Operating Leases – Incentives, and SIC 27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 applies to all leases, except those specifically exempted in the standard and specifies how leases will be recognized, measured and disclosed. IFRS 16 requires lessees to recognize right of use assets and lease liabilities for all leases, with the exception of leases with a term of less than 12 months where no purchase option exists and leases where the leased asset, when new, has a low value. Lessors are required to classify leases as operating or finance. A lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset are classified as a finance lease. Other leases are classified as operating leases. IFRS 16 is effective for annual periods beginning on or after January 1, 2019 and must be applied retrospectively.

IFRS 15, Revenue from Contracts with Customers, is a new standard providing accounting guidance on the recognition, measurement and disclosure of revenue from contracts with customers. IFRS 15 does not apply to contracts within the scope of the standard on leases. IFRS 15 is effective for annual periods beginning on or after January 1, 2018 and must be applied retrospectively.

IFRS 9, Financial Instruments, is a new standard which will replace IAS 39, Financial Instruments: Recognition and Measurement, and addresses classification and measurement of financial assets, as well as providing guidance on financial liabilities and derecognition of financial instruments and a single forward-looking expected loss impairment model. IFRS 9 provides a single approach, based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple classification options in IAS 39. In November 2013, amendments were made to IFRS 9 which include new hedge accounting guidelines. In July 2014, further amendments were made to include an effective date for annual periods beginning on or after January 1, 2018.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the REIT.

3 Acquisitions and dispositions

On August 22, 2016, the REIT acquired an industrial property located in Cambridge, Ontario (the Cambridge Property) for a contractual purchase price of $8,400,000. The purchase price was satisfied through the issuance of 1,000,000 Class B LP Units at a deemed value of $1.90 per unit, with the balance, net of closing adjustments, satisfied in cash. The Cambridge Property was initially recorded at $8,380,000, the fair value of the consideration paid. The fair value of the Class B LP Units issued as purchase consideration was measured at the closing price of the REIT's units on August 22, 2016 of $1.88 per unit. The carrying amount of the Cambridge Property was subsequently adjusted to its fair value of $8,400,000.

The impact of acquiring the property is as follows:

	$
Investment property acquired	8,380,000
Transaction costs	293,599
Net assets acquired	8,673,599
Consideration:	
Cash	1,338,637
Issuance of Class B LP Units to the vendor	1,880,000
Proceeds from new financing secured against the property	5,500,000
Deferred financing costs – new financing	(45,038)
	8,673,599

On July 17, 2015, the REIT acquired an industrial property located in Barrie, Ontario (the Barrie Property) for a contractual purchase price of $8,494,872. The purchase price was satisfied through the issuance of 3,470,985 Class B LP Units and 1,000,000 REIT units at a deemed value of $1.90 per unit. The Barrie Property was initially recorded at $7,868,934, the fair value, on the date of issuance, of the REIT and Class B LP Units issued as purchase consideration, measured at the closing price of the REIT's units on July 17, 2015 of $1.76 per unit. The carrying amount of the Barrie Property was subsequently adjusted to its fair value of $8,494,872.

On August 4, 2015, the REIT acquired an industrial property located in Kelowna, British Columbia (the Kelowna Property) for a contractual purchase price of $7,500,000. The purchase price was satisfied through the issuance of 2,000,000 REIT units at a deemed value of $1.90 per unit, with the balance, net of closing adjustments, satisfied in cash. The Kelowna Property was initially recorded at $7,380,000, the fair value of the purchase consideration paid. The fair value of the REIT units issued as purchase consideration was measured at the closing price of the REIT's units on August 4, 2015 of $1.84 per unit. The carrying amount of the Kelowna Property was subsequently adjusted to its fair value of $7,500,000.

On August 25, 2015, the REIT acquired an industrial property located in Calgary, Alberta (the Calgary Property) for a contractual purchase price of $21,877,838. The purchase price was satisfied through the issuance of 1,052,632 REIT units at a deemed value of $1.90 per unit, the assumption of a mortgage with a principal balance of $11,500,000, and the remainder, net of closing adjustments, settled in cash. The Calgary Property was initially recorded at $21,667,312, the fair value of the consideration paid. The fair value of the REIT units issued as purchase consideration, on the date of issuance, was measured at the closing price of the REIT's units on August 25, 2015 of $1.70. The carrying amount of the Calgary Property was subsequently adjusted to its fair value of $22,000,000.

On December 1, 2015, the REIT acquired an industrial property located in Prince George, British Columbia (the Prince George Property) for a contractual purchase price of $7,500,000. The purchase price was satisfied through the issuance of 1,697,369 Class B LP Units at a deemed value of $1.90 per unit, with the balance, net of closing adjustments, settled in cash. The Prince George Property was initially recorded at $7,075,659, the fair value of the consideration paid. The fair value of the Class B LP Units issued as purchase consideration, on the date of issuance, was measured at the closing price of the REIT's units on December 1, 2015 of $1.65. The carrying amount of the Prince George Property was subsequently adjusted to its fair value of $7,500,000.

On December 15, 2015, the REIT acquired an industrial property located in Prince Albert, Saskatchewan (the Prince Albert Property) for a contractual purchase price of $4,600,000. The purchase price was satisfied through the issuance of 1,089,473 REIT units at a deemed value of $1.90 per unit, with the balance, net of closing adjustments, satisfied in cash. The Prince Albert Property was initially recorded at $4,316,736, the fair value of the purchase consideration paid. The fair value of the REIT units issued as purchase consideration was measured at the closing price of the REIT's units on December 15, 2015 of $1.64 per unit. The carrying amount of the Prince Albert Property was subsequently adjusted to its fair value of $4,600,000.

The impact of acquiring the properties is as follows:

	Barrie **$**	Kelowna **$**	Calgary **$**	Subtotal **$**
Investment properties acquired	7,868,934	7,380,000	21,667,312	36,916,246
Transaction costs	304,753	244,298	254,657	803,708
Assumption of mortgage	-	-	(11,500,000)	(11,500,000)
Working capital acquired	-	18,699	(291,370)	(272,671)
Net assets acquired	8,173,687	7,642,997	10,130,599	25,947,283
Consideration:				
Cash	304,753	3,962,997	8,341,125	12,608,875
Issuance of REIT units to the vendors	1,760,000	3,680,000	1,789,474	7,229,474
Issuance of Class B LP Units to the vendors	6,108,934	-	-	6,108,934
	8,173,687	7,642,997	10,130,599	25,947,283

	Subtotal from above $	Prince George $	Prince Albert $	Total $
Investment properties acquired	36,916,246	7,075,659	4,316,736	48,308,641
Transaction costs	803,708	286,817	94,074	1,184,599
Assumption of mortgage	(11,500,000)	-	-	(11,500,000)
Working capital acquired	(272,671)	(33,394)	-	(306,065)
Net assets acquired	25,947,283	7,329,082	4,410,810	37,687,175
Consideration:				
Cash	12,608,875	68,104	2,624,074	15,301,053
Issuance of REIT units to the vendors	7,229,474	-	1,786,736	9,016,210
Issuance of Class B LP Units to the vendors	6,108,934	2,800,659	-	8,909,593
Proceeds from new financing secured against the properties	-	4,500,000	-	4,500,000
Deferred financing costs – new financing	-	(39,681)	-	(39,681)
	25,947,283	7,329,082	4,410,810	37,687,175

On June 23, 2015, the REIT sold an investment property located in Miramichi, New Brunswick, for a selling price of $5,650,000. Net of selling costs and related mortgage debt with a principal amount of $2,570,026 assumed by the purchaser, the REIT received cash proceeds of $2,981,531 on the sale. The sale of the property generated a loss on sale of $133,357.

During the year, all conditions relating to an escrow agreement in respect of certain investment properties acquired in 2014 were satisfied resulting in $256,528 being released to the REIT on January 29, 2016. and recorded in other income.

4 Investment properties

	December 31, 2016 $	**December 31, 2015 $**
Balance, beginning of period	161,174,872	117,070,000
Acquisition of investment properties, including acquisition costs of $293,599 (2015 - $803,708)	8,673,599	49,493,240
Additions – capital expenditures	208,830	-
Fair value adjustment	3,717,571	261,632
Disposition of investment property	-	(5,650,000)
Balance, end of year	173,774,872	161,174,872

The REIT obtains third party appraisals to supplement internal management valuations in support of the determination of the fair market value of investment properties. Investment properties with an aggregate fair value of $60,800,000 for the year ended December 31, 2016 were valued by qualified external valuation professionals.

The fair value of the investment properties as at December 31, 2016 was determined primarily through the application of the direct capitalization method, with certain adjustments for the present value of rents determined to be above or below market rents.

The key valuation metrics used in determining the fair value of the investment properties are as detailed below:

	December 31, 2016	December 31, 2015
Weighted average capitalization rate	7.42%	7.41%
Range of capitalization rates	6.25% - 10.0%	6.25% - 11.0%
Stabilized net operating income	12,906,000	11,909,000

The fair value of the investment properties is most sensitive to changes in capitalization rates. As at December 31, 2016, a 0.25% increase in the weighted average capitalization rate would result in a decrease of approximately $5,664,000 in the determination of the fair value of the investment properties. A 0.25% decrease in the weighted average capitalization rate would result in an increase of approximately $6,059,000 in the determination of the fair value of the investment properties.

The calculation of the fair value of investment properties using the direct income capitalization method results in the measurement being classified as Level 3 in the fair value hierarchy. Significant unobservable inputs used in the Level 3 valuation of the investment properties are the capitalization rate and the stabilized net operating income applied in the valuations. Generally, an increase in stabilized net operating income or a decrease in capitalization rates will result in an increase in the fair value of investment properties. Conversely, a decrease in stabilized net operating income or an increase in capitalization rates will generally result in a decrease in the fair value of investment properties.

5 Tenant and other receivables

The REIT leases industrial properties to tenants under operating leases. Minimum rental commitments on non-cancellable tenant operating leases over their remaining term are as follows:

	December 31, 2016 $
2017	13,294,420
2018 – 2021	51,227,523
2022 – 2030	52,316,000
	116,837,943

6 Mortgages payable

As at December 31, 2016, the mortgages payable are secured by charges against six of the REIT's investment properties. The weighted average interest rate, including deferred financing costs, on the mortgages payable is 3.32% (2015 – 3.37%) and the weighted average term to maturity is 4.52 years (2015 – 5.47 years). Interest expense recorded in the year includes the amortization of deferred financing costs relating to mortgages payable in the amount of $47,731 (2015 - $19,120).

	December 31, 2016 $	December 31, 2015 $
Mortgages payable	31,522,584	27,002,914
Less: Deferred financing costs	(209,612)	(212,305)
	31,312,972	26,790,609
Less: Current portion	(1,535,793)	(942,633)
	29,777,179	25,847,976

	Scheduled Repayments $	Principal Maturities $	Total $
2017	1,121,754	414,040	1,535,794
2018	1,142,178	-	1,142,178
2019	1,178,677	-	1,178,677
2020	1,116,729	12,562,444	13,679,173
2021	616,512	4,692,037	5,308,549
Thereafter	334,715	8,343,498	8,678,213
Total	5,510,565	26,012,019	31,522,584

7 Credit facility

The REIT has a revolving credit facility of $52,500,000 and a $7,500,000 term facility (together the Credit Facility). The Credit Facility matures on July 15, 2019, is secured against thirteen of the REIT's investment properties, and allows the REIT to draw against the facility in the form of prime advances, bankers' acceptance advances, or fixed rate and term advances. Prime rate advances bear interest at 125 basis points per annum over the Canadian prime borrowing rate. Bankers' acceptance advances bear interest at 225 basis points per annum over the floating bankers' acceptance rate. Total financing costs in the amount of $497,666 were incurred in connection with the establishment of the Credit Facility, and financing costs in the amount of $135,288 were incurred in connection with the addition of the $7,500,000 term facility to the Credit Facility.

Funds drawn against the Credit Facility are as follows:

	December 31, 2016 $	December 31, 2015 $
Fixed rate and term borrowing (1)	50,350,000	50,350,000
Bankers' acceptance borrowings	-	5,500,000
Prime rate advances	4,135,734	241,557
Total drawn against the Credit Facility	54,485,734	56,091,557
Less: deferred financing	(291,597)	(408,233)
	54,194,137	55,683,324

(1) $7,500,000 of the total $50,350,000 in fixed rate and term borrowings is drawn on the $7,500,000 term facility portion of the Credit Facility and $42,850,000 is drawn against the revolving credit facility portion.

Details of amounts drawn on the Credit facility at December 31, 2016 are as follows:

	Principal Amount $	Interest Rate	Repricing Date
Fixed rate and term borrowing	30,000,000	3.90%	January 10, 2019
Fixed rate and term borrowing (1)	20,350,000	3.63%	July 15, 2019
Prime rate advances	4,135,734	3.95%	Variable
	54,485,734		

(1) $7,500,000 of the total $20,350,000 is drawn on the $7,500,000 term facility portion of the Credit Facility and $12,850,000 is drawn against the revolving credit facility portion.

Interest expense recorded in the year includes the amortization of deferred financing costs relating to the Credit Facility in the amount of $116,636 (2015 - $116,637).

8 Class B LP Units

The following table summarizes the changes in Class B LP Units for the year ended December 31, 2016.

	Class B LP Units	Amount $
December 31, 2015	5,528,354	9,398,202
Class B LP Units exchanged for REIT units	(565,789)	(978,815)
Issuance of Class B LP Units as purchase consideration	1,000,000	1,880,000
Unit issuance costs	-	(11,025)
Fair value adjustment during the period	-	384,630
December 31, 2016	5,962,565	10,672,992

The following table summarizes the changes in Class B LP Units for the period ended December 31, 2015.

	Class B LP Units	Amount $
December 31, 2014	360,000	673,200
Issuance of Class B LP Units as purchase consideration	5,168,354	8,909,593
Fair value adjustment during the year	-	(184,591)
December 31, 2015	5,528,354	9,398,202

On August 22, 2016, 1,000,000 Class B LP Units of a subsidiary of the REIT were issued as partial purchase consideration to the vendor of the Cambridge Property. The Class B LP Units issued were valued at $1.88 per unit, the August 22, 2016 closing price of the REIT units on the TSXV.

On May 19, 2016, 565,789 Class B LP Units were exchanged for the same number of REIT units.

Distributions in the amount of $890,630 (2015 - $357,820) were declared payable to holders of Class B LP Units for the year ended December 31, 2016. These amounts have been recognized as finance expense in the consolidated statement of income and comprehensive income. Distributions payable in the amount of $79,481 were accrued at December 31, 2016 (December 31, 2015 - $73,693).

9 Unitholders' equity

The REIT is authorized to issue an unlimited number of units and special voting units. Each unit entitles the holder to a single vote at any meeting of unitholders and entitles the holder to receive a pro rata share of all distributions and in the event of termination or winding up of the REIT, in the net assets of the REIT remaining after satisfaction of all liabilities. The units are redeemable at any time at the demand of the holders to receive a price per unit as determined by the REIT's declaration of trust. Among other conditions for redemption, the total amount payable by the REIT in respect of units surrendered for redemption shall not exceed $50,000 in any one calendar month.

The declaration of trust provides for the issuance of special voting units which have no economic entitlement in the REIT or in the distribution of assets of the REIT, but are used to provide voting rights proportionate to the votes of the units to holders of securities exchangeable into units, including Class B LP Units.

The following table presents the changes in unitholders' equity for the period ended December 31, 2016.

	Units	Amount $
Unitholders' equity, December 31, 2015	34,259,763	63,484,740
Class B LP Units exchanged for REIT units (note 8)	565,789	978,815
Units issued as consideration for management services	682,401	1,162,512
Units issued as consideration for trustee services	63,131	106,699
Units issued under distribution reinvestment plan	207,552	343,934
Unitholders' equity, December 31, 2016	35,778,636	66,076,700

The following table presents the changes in units for the year ended December 31, 2015.

	Units	Amount $
Unitholders' equity, December 31, 2014	28,460,081	53,405,456
Units issued as purchase price consideration	5,142,105	9,016,210
Unit issuance costs	-	(91,947)
Units issued as consideration for management services	518,398	918,877
Units issued as consideration for Trustee services	48,138	85,186
Units issued under distribution reinvestment plan	91,041	150,958
Unitholders' equity, December 31, 2015	34,259,763	63,484,740

10 Distribution reinvestment plan

The REIT adopted a distribution reinvestment plan (DRIP) on February 20, 2014, pursuant to which resident Canadian holders of not less than 1,000 units are entitled to elect to have all or some of the cash distributions of the REIT automatically reinvested in additional units at a price per unit calculated by reference to the weighted average of the trading price for the units on the relevant stock exchange or marketplace for the five trading days immediately preceding the relevant distribution date. Eligible unitholders who so elect will receive a bonus distribution of units equal to 4% of each distribution that was reinvested by them under the DRIP (3% prior to the June 2015 distribution). During the year ended December 31, 2016, 207,552 units (2015 – 91,041) were issued under the DRIP for a stated value of $343,934 (2015 - $150,958).

11 Unit options

The REIT has adopted a unit-based compensation plan (the Plan) effective January 13, 2014. Under the terms of the Plan, the Board of Trustees may from time to time, at its discretion, grant options to purchase units in the REIT to trustees, officers and employees of the REIT and its affiliates, agents in connection with equity offerings and other consultants. The maximum number of options that may be reserved under the Plan is 10% of the outstanding units of the REIT.

The following table presents the changes in unit options for the period ended December 31, 2016.

	Number of unit options	Weighted average exercise price	Weighted average remaining contract life	Number of vested unit options
Outstanding, December 31, 2015	1,140,000	2.00	3.13	573,333
Unit options issued	1,325,000	1.88	5.00	
Unit options canceled	(70,000)	2.00		
Outstanding, December 31, 2016	2,395,000	1.93	3.51	810,000

On August 24, 2016, 1,325,000 unit options were issued to officers and trustees of the REIT at an exercise price of $1.88 per unit. These options vest one-third on the first anniversary of the grant date, and one-third on each of the second and third anniversaries of the grant date and expire on the fifth anniversary of the grant date. During the year, 70,000 options originally granted on July 16, 2014 at an exercise price of $2.00 and expiring on July 16, 2019 were cancelled.

The following table presents the changes in unit options for the year ended December 31, 2015.

	Number of unit options	Weighted average exercise price	Weighted average remaining contract life	Number of vested unit options
Outstanding, December 31, 2014	1,120,000	2.00	4.15	270,000
Unit options issued	40,000	2.00	3.00	-
Unit options cancelled	(20,000)	2.00		-
Outstanding, December 31, 2015	1,140,000	2.00	3.36	573,333

Awards of options are fair valued applying the Black-Scholes option valuation method. The average expected volatility rate used in the valuation is estimated based on the historical volatility of comparable companies over a period of time approximating the average expected share option holding period. The average risk-free interest rate used is based on Government of Canada bonds with terms consistent with the average expected unit option holding period. For vested options, the average expected unit option holding period used is estimated to be half of the life of the option. For unvested options, the average expected unit option holding period is estimated to be the period until the options vest plus half of the period from vesting to expiry.

The fair value of the unit options as at December 31, 2016 was determined through the application of the Black-Scholes method. The key assumptions used in determining the fair value of the unit options are as detailed below:

	December 31, 2016	December 31, 2015
Weighted average expected unit option life (in years)	2.24	2.28
Weighted average volatility rate	31.5%	40.0%
Weighted average risk free interest rate	0.75%	0.49%
Distribution yield	8.94%	9.41%

12 Financial instruments

Fair value
The REIT's financial instruments consist of cash and cash equivalents, tenant and other receivables, other receivables (included in other current assets), and accounts payable and accrued liabilities, the fair value of which approximates carrying values due to the short-term nature of these instruments. The fair value of the mortgages payable as at December 31, 2016 is approximately $31,079,000 (2015 - $27,570,000).

The fair value of prime rate and bankers' acceptance advances under the Credit Facility approximates carrying value due to the short-term nature of these instruments. The fair value of the fixed rate and term borrowings under the Credit Facility as at December 31, 2016 is approximately $51,475,000 (2015 - $50,352,000).

The fair value of the mortgages payable and the fixed rate and term borrowings under the Credit Facility has been calculated using Level 3 inputs by discounting the expected cash flows of each debt using a discount rate based on the Government of Canada benchmark bond yield for instruments of similar maturity, adjusted for the risk profile specific to the REIT and the investment properties. Changes in benchmark bond yields for instruments of similar maturity are applied to the interest rates of the mortgages to maintain an appropriate risk adjustment factor when selecting a discount rate.

Liquidity risk

Liquidity risk is the risk that the REIT will not have the financial resources required to meet its financial obligations as they come due. The REIT manages this risk by ensuring it has sufficient cash and cash equivalents on hand or borrowing capacity to meet obligations as they come due by forecasting cash flows from operations, cash required for investing activities and cash from financing activities. As at December 31, 2016, the REIT had cash and cash equivalents of $904,023 (December 31, 2015 - $1,152,168), mortgages payable of $31,522,584 (December 31, 2015 - $27,002,914), a Credit facility balance of $54,485,734 (December 31, 2015 - $56,091,557) and accounts payable and accrued liabilities of $1,864,490 (December 31, 2015 - $1,440,922). The REIT had a working capital deficit of $2,244,261 as at December 31, 2016 (December 31, 2015 - $850,630). The REIT has access to undrawn funds under the Credit Facility and expects to generate sufficient cash from operations to satisfy its financial liabilities as they come due. The REIT is not subject to significant liquidity risk.

The contractual maturities and repayment obligations of the REIT's financial liabilities are as follows:

	Accounts payable and accrued liabilities $	Credit Facility principal repayment $	Interest on fixed portion of Credit Facility $	Mortgages payable $	Mortgage interest $	Total $
2017	1,864,490	-	1,908,705	1,535,794	969,061	6,278,050
2018	-	-	1,908,705	1,142,178	921,135	3,972,018
2019	-	54,485,734	423,500	1,178,677	884,636	56,972,547
2020	-	-	-	13,679,173	785,075	14,464,248
2021	-	-	-	5,308,549	413,767	5,722,316
Thereafter	-	-	-	8,678,213	197,653	8,875,866
Total	1,864,490	54,485,734	4,240,910	31,522,584	4,171,327	96,285,045

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. There is a risk that the REIT may not be able to renegotiate its mortgages and Credit Facility at maturity on terms as favourable as the existing mortgages payable and Credit Facility. As at December 31, 2016 there was a total of $4,135,734 (December 31, 2015 - $5,741,557) drawn against the Credit Facility, which bears interest at floating bankers' acceptance or Canadian prime rates plus a fixed spread. There is a risk that prevailing interest rates could increase, and those increases could be significant. The REIT mitigates interest rate risk by maintaining reasonable levels of debt to investment property value and aims to structure new debt to stagger the maturities to ensure that the majority of debt does not come due for repayment in any one particular year. The REIT may also convert borrowings under the Credit Facility from floating rate to fixed rate borrowings as part of its interest rate risk management strategy.

Credit risk
Credit risk is the risk that one party to a financial instrument will cause a loss to another party by failing to pay for its obligations. The REIT is subject to credit risk with respect to its cash and cash equivalents and tenant and other receivables. The REIT mitigates credit risk by depositing cash with and investing in guaranteed investment certificates of a Canadian schedule I chartered bank and monitoring the bank's credit ratings.

As at December 31, 2016, the REIT had 14 tenants, with one tenant accounting for approximately 42% of the REIT's rental income, resulting in concentration of credit risk. The REIT monitors the creditworthiness of the tenants on an ongoing basis.

13 Commitments and contingencies

The REIT has a leasehold interest in a property subject to a 66-year land lease, which commenced on May 1, 2006, and has two ten-year options to renew. The land lease provides for annual base rent and additional rent comprised of the property's proportionate share of common area maintenance and property tax expense. The full annual ground lease payment is due in advance in May of each year.

As at December 31, 2016, annual future minimum ground lease payments on account of base rent are as follows:

	2017 $	2018 $	2019 $	2020 $	2021 $	Thereafter $
Minimum annual rent	52,800	52,800	52,800	52,800	52,800	3,370,514

14 Capital management

The REIT defines its capital as its total unitholders' equity net of retained earnings or deficit, mortgages payable, Class B LP Units, and the Credit Facility. The REIT manages its capital to ensure that sufficient funds are available to fund operations, including the identification and acquisition of businesses or assets. The REIT ensures that it has sufficient capital to fund its operations as a going concern, and to identify, analyze, and finance further potential acquisitions. As part of the REIT's strategy for managing its capital, it may adjust the amount of distributions paid to unitholders, issue new units or debt, borrow against the Credit Facility, or repay debt. It is the REIT's current intention to maintain a ratio of debt to gross book value, as defined in the REIT's declaration of trust, of between 50% and 55%.

The REIT's Credit Facility contains interest coverage, distribution and loan to value covenants, for which non-compliance would result in an event of default, allowing the lender to demand repayment of amounts outstanding under the Credit Facility. As at December 31, 2016, the REIT was in compliance with all of the financial covenants contained within the Credit Facility.

15 Income taxes

The REIT is subject to taxation in Canada on taxable income earned by its investment properties held through Canadian subsidiaries at a rate of approximately 31% (December 31, 2015 - 29.6%). A deferred tax asset arises from the loss carry-forwards of the Canadian subsidiary corporations, and the un-deducted balances of eligible capital expenditures for tax purposes. A deferred tax liability arises from the temporary differences between the carrying values and tax values of the investment properties held by the Canadian subsidiary corporations. Total income tax expense of $15,323 (2015 – 63,175 recovery) is comprised of deferred tax expense of $26,274 (2015 – $99,198 recovery) net of a current tax recovery of $10,951 (2015 - $36,023 expense).

16 Related party transactions

Pursuant to an asset management agreement (the Management Agreement) dated January 14, 2014 entered into between the REIT and Edgefront Realty Advisors (the Manager), the REIT engaged the Manager to provide management services to the REIT, including providing the services of a chief executive officer and a chief financial officer to the REIT. The Manager is owned by a group including the chief executive officer and chief financial officer of the REIT, who collectively own 50% of the Manager, as well as a group including TriWest Capital Partners (TriWest) which owns 50% of the manager. TriWest controls RTL-Westcan LP, which holds an approximately 26.3% economic and voting interest in the REIT as at December 31, 2016. Two members of TriWest are trustees of the REIT.

In performing its obligations under the Management Agreement, the Manager will be entitled to receive the following fees from the REIT or its subsidiaries:

i) An annual asset management fee in the amount of:

0.75% of the gross book value, as defined in the Management Agreement, up to $150 million, to be paid in units;

0.65% of the gross book value, as defined in the Management Agreement, between $150 million and $300 million, to be paid 50% in units and 50% in cash; and

0.50% of the gross book value, as defined in the Management Agreement, over $300 million, to be paid 50% in units and 50% in cash.

ii) An acquisition fee in the amount of 0.50% of the purchase price of any property acquired by the REIT payable in cash on completion of each acquisition.

iii) A construction management fee payable on capital projects in an amount equal to 5% of all hard construction costs incurred on a project, excluding any maintenance capital expenditures. The construction management fee will be paid in cash upon substantial completion of each capital project.

iv) A property management fee, being the fee payable in respect of such services provided by the Manager that is deemed recoverable and recovered from the tenants, payable in cash on a cost recovery basis.

During the year ended December 31, 2016, asset management fees in the amount of $1,234,408 were expensed (2015 - $981,436) and 682,401 units (2015 – 518,398) at an average price per unit of $1.70 (2015 - $1.77) were issued to the Manager in respect of asset management fees.

Asset management fees in the amount of $353,365 were accrued as at December 31, 2016 (December 31, 2015 - $286,140).

During the year ended December 31, 2016, acquisition fees in the amount of $42,000 were paid to the manager (2015 - $250,474).

During the year ended December 31, 2016, property management fees in the amount of $62,290 (2015 - $22,945) were recovered from tenants and expensed as property management fees to the Manager.

During the year ended December 31, 2016, trustee retainer fees in the amount of $142,881 were expensed (2015 - $112,995), and 63,131 units (2015 – 48,138) at an average price per unit of $1.69 (2015 - $1.77) were issued to trustees as payment of retainer fees, net of associated withholding taxes.

Trustee retainer fees in the amount of $48,032 were accrued as at December 31, 2016 (December 31, 2015 - $33,125).

Trustee meeting fees in the amount of $23,450 (2015 - $17,950) were expensed for the year ended December 31, 2016.

Trustee meeting fees in the amount of $41,400 were accrued as at December 31, 2016 (December 31, 2015 - $17,950).

The REIT received lease payments from companies controlled by funds associated with TriWest Capital Partners totalling $3,434,601 during the year ended December 31, 2016 (2015 - $3,009,903).

On August 22, 2016, the REIT purchased the Cambridge Property for a contractual purchase price of $8,400,000, with 1,000,000 Class B LP Units at a deemed value of $1.90 per unit issued as partial purchase price consideration. The vendor of the property is an entity controlled by one of the REIT's trustees. The purchase price was supported by an appraisal completed by an accredited third party appraiser and the transaction was unanimously approved by the REIT's trustees, with the trustee that was party to the transaction abstaining from voting on this matter.

17 Supplemental cash flow disclosure

Cash interest and income taxes paid and received are as follows:

	Year ended December 31, 2016 $	December 31, 2015 $
Cash interest paid	3,846,170	2,628,457
Cash interest received	8,698	-
Cash income taxes paid	26,118	1,900
Cash income taxes received	9,367	-

18 Subsequent Event

On February 14, 2017, the REIT announced that it had entered into an arrangement agreement with Nobel Real Estate Investment Trust (Nobel). On March 27, 2017, both the REIT's unitholders and Nobel's unitholders voted to approve the arrangement. On closing of the arrangement agreement, which is scheduled for April 3, 2017, the REIT will issue 1.67 Edgefront REIT units for each of 10,451,333 outstanding units of Nobel, or approximately 17,453,726 Edgefront REIT units. Additionally, holders of 72,000 Class B LP Units of a subsidiary limited partnership of Nobel will receive 1.67 Class B LP Units for each Class B LP Unit held, or approximately 120,240 Class B LP Units. Holders of 633,333 warrants and 290,200 options to purchase Nobel units will receive 1.67 equivalent securities of the REIT for each warrant or option held. As a result of the arrangement, the REIT will acquire all of the assets and liabilities of Nobel. A circular further describing the transaction was mailed to the REIT's unitholders on March 3, 2017 and was filed on SEDAR on the same date.