Consolidated Financial Statements
(In U.S. dollars)

WPT INDUSTRIAL REAL ESTATE INVESTMENT TRUST

For the year ended December 31, 2014 and for the period from March 4, 2013 to December 31, 2013

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INDEPENDENT AUDITORS' REPORT

To the Unitholders of WPT Industrial Real Estate Investment Trust

We have audited the accompanying consolidated financial statements of WPT Industrial Real Estate Investment Trust, which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, the consolidated statements of net income and comprehensive income, changes in unitholders' equity and cash flows for the year ended December 31, 2014 and for the period from March 4, 2013 to December 31, 2013, and notes, comprising 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.

Auditors' 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 our 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, we consider 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.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of WPT Industrial Real Estate Investment Trust as at December 31, 2014 and 2013, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2014 and for the period from March 4, 2013 to December 31, 2013 in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

March 12, 2015
Toronto, Canada

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WPT INDUSTRIAL REAL ESTATE INVESTMENT TRUST

Consolidated Statements of Financial Position
(In thousands of U.S. dollars)

	December 31, 2014	December 31, 2013
Assets		
Non-current assets:		
Investment properties (notes 4, 5, and 6)	$ 633,056	$ 493,006
Other non-current assets (note 8)	1,156	2,297
	634,212	495,303
Current assets:		
Amounts receivable (note 7)	1,295	1,148
Prepaid expenses	982	551
Restricted cash	925	992
Cash and cash equivalents	5,526	5,926
	8,728	8,617
Total assets	$ 642,940	$ 503,920
Liabilities and Unitholders' Equity		
Non-current liabilities:		
Mortgages payable (note 11)	$ 264,566	$ 203,830
Bank indebtedness (note 12)	56,497	43,328
Class B Units (note 13)	166,717	94,437
Security deposits	824	806
Other financial instruments (note 19)	-	26
	488,604	342,427
Current liabilities:		
Mortgages payable (note 11)	2,113	16,382
Class B Units (note 13)	-	19,052
Amounts payable and accrued liabilities (note 9)	10,341	7,919
Distributions payable (note 14)	828	626
	13,282	43,979
Total liabilities	501,886	386,406
Total unitholders' equity	141,054	117,514
Total liabilities and unitholders' equity	$ 642,940	$ 503,920

See accompanying notes to consolidated financial statements.

WPT INDUSTRIAL REAL ESTATE INVESTMENT TRUST

Consolidated Statements of Net Income and Comprehensive Income
(In thousands of U.S. dollars)

	Year ended December 31, 2014	Period from March 4, 2013 to December 31, 2013
Investment properties:		
Investment properties revenue	$ 57,351	$ 33,659
Investment properties operating expenses	13,669	3,901
Net investment property income	43,682	29,758
Other expenses and (income):		
General and administrative	4,098	2,750
Fair value adjustment to investment properties (note 6)	(16,044)	(1,765)
Fair value adjustment to investment properties – IFRIC 21 (note 6)	364	4,755
Finance costs (note 16):		
Fair value adjustment on Class B Units and financial instruments	31,137	(16,372)
Distributions on Class B Units	10,020	5,952
Other finance costs	11,861	6,806
Total finance costs	53,018	(3,614)
Net income and comprehensive income	$ 2,246	$ 27,632

See accompanying notes to consolidated financial statements.

WPT INDUSTRIAL REAL ESTATE INVESTMENT TRUST

Consolidated Statements of Changes in Unitholders' Equity
(In thousands of U.S. dollars)

	REIT Units	Trust Equity	Distributions	Accumulated Income	Unitholders' Equity
Balance, March 4, 2013 (note 14)	-	$ -	$ -	$ -	$ -
REIT Units issued, net of issue costs	11,430,000	100,842	-	-	100,842
Net income and comprehensive income	-	-	-	27,632	27,632
Purchase of REIT Units for cancellation	(697,800)	(5,679)	-	-	(5,679)
Distributions declared	-	-	(5,281)	-	(5,281)
Balance, December 31, 2013 (note 14)	10,732,200	$ 95,163	$ (5,281)	$ 27,632	$ 117,514
REIT Units issued, net of issue costs	3,478,200	30,624	-	-	30,624
REIT Units issued due to exercise of stock options	219	3	-	-	3
Net income and comprehensive income	-	-	-	2,246	2,246
Distributions declared	-	-	(9,333)	-	(9,333)
Balance, December 31, 2014 (note 14)	14,210,619	$125,790	$ (14,614)	$ 29,878	$ 141,054

See accompanying notes to consolidated financial statements.

WPT INDUSTRIAL REAL ESTATE INVESTMENT TRUST

Consolidated Statements of Cash Flows
(In thousands of U.S. dollars)

	Year ended December 31, 2014	Period from March 4, 2013 to December 31, 2013
Cash flows from operating activities:		
Net income	$ 2,246	$ 27,632
Finance costs (note 16)	53,018	(3,614)
Non-cash items:		
Amortization of straight-line rent	(2,519)	(1,578)
Property tax liability under IFRIC 21 (note 6)	(364)	(4,755)
Fair value adjustment to investment properties (note 6)	(15,680)	2,990
Deferred compensation expense (note 14)	936	458
Fair value adjustment on deferred compensation (note 14)	164	(42)
Amortization of lease incentives	138	16
Change in non-cash working capital (note 22)	(692)	(180)
Cash flows provided by operating activities	37,247	20,927
Cash flows from financing activities:		
Repayment of mortgages payable	(48,243)	(27,464)
Proceeds from mortgages payable	96,040	31,800
Repayment of Revolving Facility	(16,100)	(54,837)
Proceeds from Revolving Facility	29,000	57,300
Proceeds from repayment of note receivable	2,113	-
Repayment of senior secured promissory note	-	(31,800)
Financing costs incurred	(1,081)	(1,623)
Proceeds from issuance of REIT Units, net of issue costs (note 14)	30,624	100,842
Purchase of REIT Units for cancellation	-	(5,679)
Distributions paid (note 14)	(9,131)	(4,655)
Interest paid	(21,528)	(12,071)
Cash flows provided by financing activities	61,694	51,813
Cash flows from investing activities:		
Acquisition of investment properties (notes 4 and 5)	(98,669)	(66,783)
Cash balances transferred in acquisition of investment properties (notes 4 and 5)	-	2,388
Additions to investment properties, including lease incentives (note 6)	(1,787)	(1,558)
Change in capital escrows	1,115	(861)
Cash flows (used in) investing activities	(99,341)	(66,814)
(Decrease) increase in cash and cash equivalents	(400)	5,926
Cash and cash equivalents, beginning of period	5,926	-
Cash and cash equivalents, end of period	$ 5,526	$ 5,926

See accompanying notes to consolidated financial statements.

WPT Industrial Real Estate Investment Trust (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.

On March 4, 2013, the REIT issued one unit (“REIT Unit”) for cash proceeds of ten dollars. For the period from March 4, 2013 to April 25, 2013, the REIT had no operations or activity. The REIT commenced operations on April 26, 2013 when it issued units for cash pursuant to an initial public offering (“IPO”) and through WPT Industrial, LP (the “Partnership”), completed the acquisition of 35 industrial investment properties and two office investment properties located in 12 states in the United States (the “Initial Properties”). The REIT was formed for the purpose of acquiring and owning primarily industrial investment properties, located in the United States, with a particular focus on warehouse and distribution investment properties.

The REIT Units trade on the Toronto Stock Exchange ("TSX") under the symbol “WIR.U”. The registered office of the REIT is at 333 Bay Street, Suite 3400, Toronto, Ontario. On June 28, 2013, the REIT Units were approved for trading in the U.S. on the OTCQX market place under the symbol “WPTIF”.

As at December 31, 2014, the REIT owned a portfolio of investment properties comprised of 40 industrial investment properties and two office investment properties, located in 12 states in the U.S.

1. Basis of Presentation:

(a) Statement of compliance:

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").

These consolidated financial statements were approved by the Board of Trustees on March 12, 2015.

(b) Basis of measurement:

The consolidated financial statements have been prepared on a historical cost basis except for investment properties, derivative financial instruments and Class B Units which have been measured at fair value. The consolidated financial statements are presented in U.S. dollars, which is the REIT's functional currency, and all amounts have been rounded to the nearest thousands, except when otherwise indicated.

(c) Basis of consolidation:

The consolidated financial statements comprise the financial statements of the REIT and its subsidiaries. Subsidiaries are entities controlled by the REIT. The financial statements of the subsidiaries are prepared for the same reporting periods as the REIT using consistent accounting policies. All intercompany balances, transactions and unrealized gains and losses arising from intercompany transactions are eliminated on consolidation.

(d) Comparative information:

On March 4, 2013, the REIT issued one REIT Unit for cash proceeds of ten dollars. The REIT had no other results of operations or cash flows prior to the completion of its IPO on April 26, 2013. As a result, these consolidated financial statements present comparative information for the period from March 4, 2013 to December 31, 2013.

2. Significant Accounting Policies:

(a) Business combinations:

Business combinations are accounted for under the acquisition method of accounting. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value as of the acquisition date. Goodwill, if any, is the excess of the cost of acquisition over the fair value of the REIT's share of the identifiable net assets acquired. If the cost of acquisition is less than the fair value of the REIT's share of the net assets acquired, the difference is recognized immediately in the consolidated statements of net income and comprehensive income. Transaction costs incurred in connection with business combinations are expensed as incurred.

(b) Investment properties:

Investment properties are initially recorded at cost, including related transaction costs in the case of asset acquisitions, and includes primarily industrial investment properties held to earn rental revenue and/or for capital appreciation. 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.

Investment properties include land, buildings, improvements to investment properties and all direct leasing costs incurred in obtaining and retaining property tenants. Lease incentives that do not provide benefits beyond the initial lease term are amortized as a reduction to investment properties revenue on a straight-line basis over the term of the lease.

Capital expenditures, including tenant improvements, are added to the carrying value of the investment properties only when it is probable that future economic benefits will flow to the investment property and cost can be measured reliably. Repairs and maintenance expenditures are expensed when incurred.

Investment properties are derecognized when they have been disposed of or permanently withdrawn from use and no future economic benefit is expected from their disposal. Prior to their disposal, the carrying values of the investment properties are adjusted to reflect their fair values. This adjustment shall be recorded as a fair value gain or loss. Any remaining gain or loss arising on derecognition of the investment property (calculated as the difference

between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss for the year in which the investment property is derecognized.

(c) Fair value measurement:

The REIT measures financial instruments, such as derivatives, and non-financial assets, such as real estate investment properties, at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the REIT.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their economic best interests. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The REIT uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the REIT determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the REIT has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(d) Cash, cash equivalents and restricted cash:

Cash and cash equivalents include all short-term investments with an original maturity of three months or less and excludes cash subject to restrictions that prevent its use for current purposes. Restricted cash represents amounts required to be held in escrow by various mortgages payable, related to insurance, real estate taxes and capital expenditures. These items are included in either other non-current assets or restricted cash depending on their required holding period.

(e) 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 from investment properties includes base rents that each tenant pays in accordance with the terms of its respective lease, recoveries of operating expenses, including property taxes, common area maintenance, lease termination fees and other incidental income. Revenue recognition under a lease commences when the tenant has a right to use the investment property and revenue is recognized pursuant to the terms of the lease agreement.

The total amount of contractual rent to be received from operating leases is recognized on a straight-line basis over the term of the lease, resulting in an accrual recording the cumulative difference between the rental revenue as recorded on a straight-line basis and rents received from tenants in accordance with their respective lease terms. This accrual is presented as a straight-line rent receivable and forms a component of investment properties.

Recoveries from tenants are recognized as revenue in accordance with the terms of the underlying leases, which is generally in the year in which the corresponding costs are incurred. Other revenue is recorded at the time the service is provided.

An allowance for doubtful accounts is maintained for estimated losses resulting from the inability of tenants to meet the contractual obligations under their lease agreements. Such allowances are reviewed periodically based on the recovery experience of the REIT and the creditworthiness of the tenants.

(f) Financial instruments:

(i) Designation of financial instruments:

The following summarizes the REIT's classification and measurement of financial assets and financial liabilities:

Financial assets and liabilities	Classification	Measurement
Cash and cash equivalents	Loans and receivables	Amortized cost
Amounts receivable (rent and other receivables)	Loans and receivables	Amortized cost
Restricted cash	Loans and receivables	Amortized cost
Capital escrows	Other assets	Amortized cost
Interest rate cap	FVTPL	Fair value
Mortgages payable	Other liabilities	Amortized cost
Class B Units	FVTPL	Fair value
Bank indebtedness	Other liabilities	Amortized cost
Interest rate swap	Other liabilities	Fair value
Security deposits	Other liabilities	Amortized cost
Deferred compensation	FVTPL	Fair value
Amounts payable and accrued liabilities	Other liabilities	Amortized cost

(ii) Financial assets:

The REIT classifies its non-derivative financial assets with fixed or determinable payments that are not quoted in an active market as loans and receivables. All financial assets are initially measured at fair value, and subsequently are measured at amortized cost using the effective interest method, less any impairment losses.

A provision for impairment is established when there is objective evidence that collection will not be possible under the original terms of the contract. Indicators of impairment include delinquency of payment and significant financial difficulty of the tenant. The carrying amount of the financial asset is reduced through an allowance account, and the amount of the loss is recognized in the consolidated statements of net income and comprehensive income within investment properties operating expenses. Bad debt write-offs occur when management determines collection is not possible. Any subsequent recoveries of amounts previously written off are credited against investment properties operating expenses in the consolidated statements of net income and comprehensive income. Amounts receivables that are less than three months past due are not considered impaired unless there is evidence that collection is not possible.

(iii) Financial liabilities:

The REIT classifies financial liabilities on initial recognition as other liabilities measured at amortized cost, or in the case of Class B Units at fair value, with changes in fair value through profit and loss ("FVTPL"). The REIT initially recognizes borrowings on the date they are originated. All other financial liabilities are recognized initially on the trade date at which the REIT becomes party to the contractual provisions of the instrument. Mortgages payable and other financial liabilities are initially recognized at fair value less directly attributable transaction costs, or at fair value when assumed in a business combination or asset acquisition. Subsequent to initial recognition, these financial liabilities are recognized at amortized cost using the effective interest rate method.

The REIT derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

(iv) Finance costs:

Finance costs include interest expense on mortgages payable and the Revolving Facility (as defined in note 12), 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 and other financial instruments, amortization associated with mark-to-market adjustments and financing costs incurred in connection with obtaining long-term financings. Mark-to-market adjustments and financing costs incurred are amortized using the effective interest rate method over the term of the related mortgages payable. Unamortized mark-to-market adjustments and financing costs incurred are fully amortized when mortgages payable are retired before maturity.

(v) Derivative financial instruments:

The REIT uses derivative financial instruments to manage risks from fluctuations in interest rates. All derivative instruments are valued at their respective fair values with changes in fair value recorded in the consolidated statements of net income and comprehensive income.

(g) Income taxes:

(i) Canadian status:

The REIT is a mutual fund trust pursuant to the Income Tax Act (Canada). Under current tax legislation, a mutual fund trust that is not a Specified Investment Flow Through ("SIFT") trust pursuant to the Income Tax Act (Canada) is entitled to deduct distributions of taxable income such that it is not liable to pay income taxes provided that its taxable income is fully distributed to unitholders. The REIT intends to continue to qualify as a mutual fund trust that is not a SIFT trust and to make distributions not less than the amount necessary to ensure that the REIT will not be liable to pay income taxes.

(ii) U.S. REIT status:

The REIT is treated as a U.S. corporation for all purposes under the Internal Revenue Code of 1986, as amended (the "Code") and, as a result, it is permitted to elect to be treated as a real estate investment trust under the Code, notwithstanding the fact that it is organized as a Canadian entity. In general, a company which elects to be taxed as a real estate investment trust, distributes at least 90% of its real estate investment trust taxable income, subject to certain adjustments, to its unitholders in any taxable year, and complies with certain other requirements (including asset, income and other tests) is not subject to federal income taxation to the extent of the income which it distributes. If it fails to qualify as a real estate investment trust in any taxable year, without the benefit of certain relief provisions, it will be subject to federal (including any applicable alternative minimum tax), state and local income tax at regular corporate income tax rates on its taxable income. Even if it qualifies for taxation as a real estate investment trust, it may be subject to certain state and local taxes on its income, property or net worth and to federal income and excise taxes on its undistributed income. The REIT has reviewed the real estate investment trust requirements and has determined that it qualifies as a real estate investment trust under the Code. Accordingly, no provision for U.S. federal income or excise taxes has been made with respect to the income of the REIT.

(h) Distributions declared:

Distributions declared 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 accumulated income.

(i) REIT Units:

The REIT Units are redeemable at the option of the holder and, therefore, are considered puttable instruments in accordance with IAS 32, *Financial Instruments - Presentation* ("IAS 32"). Puttable instruments are required to be accounted for as financial liabilities, except where certain conditions are met in accordance with IAS 32, in which case, the puttable instruments may be presented as equity. The REIT Units meet the conditions of IAS 32 and are, therefore, classified and accounted for as equity.

(j) Class B Units:

The 10,867,362 Class B Units issued in connection with the IPO are entitled to distributions per unit 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. The Class B Units are puttable, and, therefore, meet the definition of a financial liability under IAS 32 and are accordingly classified as long-term liabilities in the consolidated statements of financial position.

The 2,192,347 Class B Units issued in connection with the Illinois Property (as defined in note 4) were not redeemable for REIT Units until the REIT received all necessary acceptances and approvals from the TSX and received REIT Unitholder approval. REIT Unitholder approval was received on May 15, 2014 and the TSX approved the issuance of these Class B Units and the listing on the TSX of the underling REIT Units for which these Class B Units may be redeemed. As a result, these Class B Units are entitled to distributions per unit in an amount equal to the distributions per unit declared in respect of the REIT Units and are redeemable by the holder therefor 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. Therefore, as at December 31, 2014, these Class B Units are classified as long-term liabilities in the consolidated statements of financial position.

All Class B Units are financial liabilities and are measured at fair value at each reporting period, based upon the value of a REIT Unit, with any changes in fair value recorded in profit or loss.

(k) Deferred compensation plans:

As described in note 14, the REIT has a Deferred Unit Incentive Plan ("DUIP") and unit option plan (the "Plan") that provide for the granting of deferred trust units ("DTUs") and options to certain of the trustees, officers, employees, consultants and service providers, as well as employees of such service providers. Deferred compensation is measured at fair value as at the grant date and compensation expense is recognized in general and administrative expense over the related vesting period. The amounts are fair valued each reporting period and the change in fair value is recognized as compensation expense. The unit based compensation is presented as a liability.

(l) Critical accounting, judgments, estimates and assumptions:

Preparing the consolidated financial statements requires management to make judgments, estimates and assumptions in the application of the policies outlined above. 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.

(i) Critical accounting judgments:

The following are the critical judgments used in applying the REIT's accounting policies that have the most significant effect on the amounts in the consolidated financial statements:

(a) Investment properties:

The REIT assesses whether an acquisition transaction should be accounted for as an asset acquisition or a business combination under IFRS 3, *Business Combinations* ("IFRS 3"). This assessment requires management to make judgments on whether the assets acquired and liabilities assumed constitute a business as defined in IFRS 3 and if the integrated set of activities, including inputs and processes acquired, is capable of being conducted and managed as a business, and the REIT obtains control of the business.

Management makes judgments with respect to whether lease incentives provided in connection with a lease enhance the value of the leased space, which determines whether or not such amounts are treated as tenant improvements and added to investment properties. Lease incentives, such as cash, rent-free periods and lessee- or lessor-owned improvements, may be provided to lessees to enter into an operating lease. Lease incentives that do not provide benefits beyond the initial lease term are amortized as a reduction of rental revenue on a straight-line basis over the term of the lease.

Judgment is also applied in determining whether certain costs are additions to the carrying amounts of the investment properties.

(b) Leases:

The REIT uses judgment in determining whether certain leases, in particular those with long contractual terms where the lessee is the sole tenant in an investment property where the REIT is the lessor and long-term ground leases, are operating or finance leases. Management has determined that all of its leases are operating leases as the REIT has retained substantially all of the risks and benefits of ownership.

(c) Income taxes:

The REIT is a mutual fund trust pursuant to the Income Tax Act (Canada) and a real estate investment trust pursuant to the Code. Under current tax legislation, the REIT is not liable to pay Canadian or U.S. income tax provided that its taxable income is fully distributed to unitholders each year. The REIT has reviewed the requirements for real estate investment trust status and has determined that it qualifies as a real estate investment trust pursuant to the Code.

(ii) Estimates and assumptions:

Management makes estimates and assumptions that affect carrying amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amount of income for the year. Actual results could differ from these estimates. The estimates and assumptions that are critical in determining the amounts reported in the consolidated financial statements include the valuation of investment properties.

Critical assumptions relating to the estimates of fair values of investment properties include the receipt of contractual rents, expected future market rents, renewal rates, maintenance requirements, discount rates that reflect current market uncertainties, capitalization rates and current and recent property investment prices. If there is any change in these assumptions or regional, national or international economic conditions, the fair value of property investments may change materially.

3. Changes in Accounting Policies:

The following standards and amendments to existing standards issued by the IASB may be relevant to the REIT in preparing its consolidated financial statements in future periods:

(i) IFRS 15, *Revenue from Contracts with Customers*

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*. The new standard provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standard on leases, insurance contracts and financial instruments. IFRS 15 becomes effective for annual periods beginning on or after January 1, 2017 and is to be applied retrospectively. Early adoption is permitted. The REIT is currently assessing the impact of the new standard on its consolidated financial statements.

(ii) IFRS 9, *Financial Instruments*

In July 2014, the IASB issued IFRS 9, *Financial Instruments* replacing IAS 39, *Financial Instruments – Recognition and Measurement*. The project has three main phases: classification and measurement, impairment and general hedging. The standard becomes effective for annual periods beginning on or after January 1, 2018, and is to be applied retrospectively. Early adoption is permitted. The REIT is currently assessing the impact of the new standard on its consolidated financial statements.

The REIT has adopted the following new and revised standards along with any consequential amendments, effective January 1, 2014. These changes were made in accordance with the applicable transitional provisions:

(i) Amendments to IAS 32, *Offsetting Financial Assets and Liabilities:*

In December 2011, the IASB published *Offsetting Financial Assets and Financial Liabilities.*

The amendments to IAS 32 establish disclosure requirements that are intended to help clarify for financial statement users the effect or potential effect of offsetting arrangements on an entity's financial position.

Effective January 1, 2014, the REIT adopted the amendments to IAS 32 in its financial statements retrospectively with no material impact on the consolidated financial statements or its disclosures.

(ii) IFRIC 21, Levies

In May 2013, the IASB issued International Financial Reporting Interpretations Committee *Levies* ("IFRIC 21"). Effective January 1, 2014, the REIT adopted IFRIC 21, which provides guidance on accounting for levies in accordance with the requirements of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets.*

The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation. In the United States, jurisdictions have the power through legislation to levy property taxes, and therefore, property taxes are within the scope of IFRIC 21. The adoption of IFRIC 21 requires that the REIT recognize a liability for a levy when a triggering event as specified in legislation, occurs. The triggering event for property taxes occurred in the first quarter of 2014 when property tax obligations were imposed. Due to the application of IFRIC 21, the REIT determined that an additional amount of $5,706 should be accrued and expensed in the first quarter of 2014 for property taxes payable. Prior to IFRIC 21, these costs were accrued and expensed on a pro rata basis evenly throughout the reporting period. The accrual of property taxes has been recorded as a separate component of the REIT's investment properties, and therefore an equal and offsetting adjustment has been recognized in the fair value adjustment to investment properties in net income and comprehensive income. The property tax accrual and fair value adjustment to investment properties has reversed over the fiscal year, except for investment properties acquired in 2014. The IFRIC 21 balance

as at December 31, 2014 was $364 and relates only to investment properties acquired in 2014. IFRIC 21 has been adopted retrospectively, resulting in a $4,755 decrease in the fair value adjustment to investment properties for the period from March 4, 2013 to December 31, 2013 with an equal decrease in real estate tax expense.

4. Asset acquisitions:

Kentucky Property

On April 4, 2014, the REIT indirectly acquired from Welsh Property Trust, LLC ("Welsh"), a 100% leased industrial investment property located in Hebron, Kentucky (the "Kentucky Property"), for a purchase price of $13,300 (exclusive of closing costs and acquisition fee). The purchase price was paid in cash using a portion of the $32,347 gross proceeds from the April 4, 2014 public offering on a bought deal basis (the "Offering") (note 14). The Kentucky Property was acquired by an affiliate of Welsh from a third party on March 3, 2014. Pursuant to a call right granted to the REIT in respect of the Kentucky Property, the REIT delivered notice to Welsh requiring Welsh to sell the Kentucky Property to the REIT for a purchase price equal to Welsh's cost of acquisition plus certain expenses incurred by Welsh in connection with its acquisition of the Kentucky Property.

Atlanta Property

On April 29, 2014, the REIT indirectly acquired from a third party, a 100% leased industrial investment property located in Atlanta, Georgia (the "Atlanta Property") for a purchase price of $51,500 (exclusive of closing costs and acquisition fee). The purchase price was satisfied with proceeds of the Offering, proceeds from a new, $28,325 five-year mortgage payable bearing a fixed interest rate of 3.41%, and cash on hand.

Louisville Property

On June 18, 2014, the REIT indirectly acquired from Welsh, a 100% leased industrial investment property located in Shepherdsville, Kentucky (the "Louisville Property") for a purchase price of $45,396 (exclusive of closing costs and fair value adjustment to Class B Units issued). The purchase price was satisfied by the issuance of 2,165,605 Class B Units to Welsh and proceeds from a new, $24,915 eight-year mortgage payable bearing a fixed interest rate of 3.77%.

OIA Property

On June 27, 2014, the REIT indirectly acquired from a third party, a 100% leased industrial investment property located in Hebron, Kentucky (the "OIA Property") for a purchase price of $5,500 (exclusive of closing costs and acquisition fee). The purchase price was satisfied with cash on hand and proceeds from the Revolving Facility.

The assets acquired and liabilities assumed in these transactions were allocated as follows:

	Kentucky Property	Atlanta Property	Louisville (2) Property	OIA Property	Total
Investment property (1)	$ 13,577	$ 52,064	$ 47,425	$ 5,746	$118,812
Amounts receivable	18	-	125	-	143
Other non-current assets	-	-	2,002	-	2,002
Prepaid expenses	-	-	8	-	8
	13,595	52,064	49,560	5,746	120,965
Amounts payable and accrued liabilities	(24)	(3)	(180)	-	(207)
	(24)	(3)	(180)	-	(207)
Net assets acquired	$ 13,571	$ 52,061	$ 49,380	$ 5,746	$120,758
Consideration given by the REIT consists of the following:					
Class B Units	-	-	22,089	-	22,089
Cash	13,571	52,061	27,291	5,746	98,669
Total consideration	$ 13,571	$ 52,061	$ 49,380	$ 5,746	$120,758

(1) Includes total closing costs and acquisition fees of $1,427 and an IFRIC 21 liability of $383 assumed on acquisition that is offset by an equal adjustment to investment property.

(2) Investment property acquired and Class B Units issued includes a fair value adjustment of $1,689 due to a change in fair value of Class B Units issued upon acquisition of the Louisville Property, offset by a change in cost of investment property.

Illinois Property

On July 15, 2013, the REIT indirectly acquired from a third party, a 100% leased single-tenant industrial investment property located in Pontoon Beach, Illinois (the "Illinois Property") for a purchase price of $53,000 (exclusive of closing costs). The purchase price was satisfied by (i) the assumption by the Partnership of a senior secured promissory note, payable to Welsh, in the principal amount of $31,800 and (ii) the issuance by the Partnership of 2,192,347 Class B Units to Welsh. On September 28, 2013, the REIT repaid the senior secured promissory note to Welsh

with proceeds received from a third party variable interest rate mortgage payable in the principal amount of $31,800. On August 12, 2014, the REIT refinanced this variable interest rate mortgage payable with proceeds from a new, six-year, $31,800 mortgage payable bearing a fixed interest rate of 3.40%.

The assets acquired and liabilities assumed in this transaction was allocated as follows:

Investment property (1)	$	52,420
Prepaid expenses		427
Cash and cash equivalents		1,658
		54,505
Amounts payable and accrued liabilities		(896)
		(896)
Net assets acquired	$	53,609
Consideration given by the REIT consists of the following:		
Class B Units		21,200
Senior secured promissory note		31,800
Cash		609
Total consideration	$	53,609

(1) Includes closing costs, transaction costs and acquisition fees of $609 and excludes certain credits received in cash of $1,189.

5. Business combination:

On April 26, 2013, the REIT indirectly acquired from Welsh a 100% interest in a portfolio of investment properties comprised of 35 industrial investment properties and two office investment properties, located in 12 states in the U.S. The assets acquired and liabilities assumed have been accounted for as a business combination using the acquisition method of accounting. The Initial Properties were acquired for a gross purchase price of $435,701, which approximated the fair value of net assets acquired at that date. The REIT assumed mortgages with an aggregate principal balance of $185,932 and a mark-to-market adjustment of $4,700 and refinanced and satisfied certain debt, including mortgages in the aggregate amount of $68,013 on certain Initial Properties that were transferred to the REIT subject to such debt. The REIT also assumed $2,208 of working capital liabilities. As partial consideration, the REIT issued $108,674 in Class B Units to Welsh. The remaining $66,174 of the purchase price was paid in cash.

The recognized amounts of identifiable assets acquired and liabilities assumed in this transaction, measured at their respective fair values, are as follows:

Investment properties	$ 435,701
Amounts receivable	1,112
Prepaid expenses	332
Cash	730
Restricted cash	2,477
Amounts payable and accrued liabilities	(6,079)
Security deposits	(781)
Other financial instruments	(80)
Mortgages payable and bank indebtedness	(253,864)
Mark-to-market adjustment	(4,700)
Net assets acquired	$ 174,848
Consideration given by the REIT consists of the following:	
Class B Units	$ 108,674
Cash	66,174
Total consideration	$ 174,848

For the period from March 4, 2013 to December 31, 2013, the REIT recognized $17,974 of income and comprehensive income before fair value adjustments, related to the acquisition of these 37 investment properties. Had the acquisition occurred on January 1, 2013, the REIT would have recognized an additional $14,540 of revenue and $8,268 of income and comprehensive income before fair value adjustments during the period from March 4, 2013 to December 31, 2013.

On June 25, 2013, in accordance with the contribution agreement, Welsh paid $2,208 to the REIT in settlement for working capital adjustments related to the acquisition of the Initial Properties.

The REIT did not acquire any businesses resulting in a business combination during the year ended December 31, 2014.

6. Investment properties:

The reconciliation of the carrying amount of investment properties at the beginning and end of the financial periods are set out below:

	Year ended December 31, 2014	Period from March 4, 2013 to December 31, 2013
Balance, beginning of period	$ 493,006	$ -
Investment property acquisitions	118,812	488,121
Additions to investment properties, including lease incentives	2,813	1,558
Amortization of straight-line rent	2,519	1,578
Amortization of lease incentives	(138)	(16)
Fair value adjustment to investment properties	16,044	1,765
	$ 633,056	$ 493,006

Straight-line rent includes the cumulative difference between rental revenue as recorded on a straight-line basis and rents received from the tenants in accordance with their respective lease terms.

The fair value hierarchy of investment properties measured at fair value in the consolidated statements of financial position is as follows:

	Level 1	Level 2	Level 3
Investment properties – December 31, 2014	$ –	$ –	$ 633,056
Investment properties – December 31, 2013	$ –	$ –	$ 493,006

Investment properties include land, building, improvements to the investment property and all direct leasing costs incurred in obtaining and retaining property tenants. The fair value of these investment properties is reviewed regularly by management with reference to independent property valuations and market conditions existing at the reporting date, using 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 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 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 retained an independent third party appraiser to appraise each investment property contained within the portfolio at the time of the IPO, and has obtained appraisals on each investment property subsequently acquired. Additionally, the REIT obtained current independent third party appraisals for 12 existing properties in the portfolio during the third quarter of 2014.

Significant increases (decreases) in estimated rental value and rent growth per annum in isolation would result in a significantly higher (lower) fair value of investment properties. Significant increases (decreases) in long-term vacancy rate (and exit yield) in isolation would result in significantly lower (higher) fair value.

The key valuation metrics for investment properties are set out below:

	December 31, 2014	December 31, 2013
Weighted average terminal capitalization rate:	7.07%	7.53%
Range of terminal capitalization rates:	6.25%-8.50%	6.25%-10.00%
Weighted average discount rate:	7.35%	7.25%
Range of discount rates:	6.73%-8.50%	6.88%-8.78%

The fair value of investment properties is most sensitive to changes in terminal capitalization rates. As at December 31, 2014, the weighted average terminal capitalization rate was 7.07%. A 25-basis-point increase in the weighted average terminal capitalization rate would decrease the value of the investment properties by $21,621. A 25-basis-point decrease in the weighted average terminal capitalization rate would increase the value of the investment properties by $23,206.

7. Amounts receivable:

Receivables are recorded at their estimated net realizable value and are periodically evaluated for collectibility based on the recovery experience of the REIT and the creditworthiness of the tenants.

Amounts receivable are as follows:

	December 31, 2014	December 31, 2013
Tenant receivables	$ 1,275	$ 982
Other receivables	56	196
Allowance for uncollectible amounts	(36)	(30)
	$ 1,295	$ 1,148

The carrying value of amounts receivable approximates fair value.

8. Other non-current assets:

Other non-current assets consist of the following:

	December 31, 2014	December 31, 2013
Capital escrows	$ 1,156	$ 2,272
Interest rate cap	-	25
	$ 1,156	$ 2,297

Included in other non-current assets is restricted cash related to escrows required by certain of the REIT's mortgages payable for anticipated capital expenditures related to the investment properties. The interest rate cap, which expires on May 1, 2015, covers up to a principal amount of $50,000 of the REIT's variable interest rate debt and provides for a LIBOR cap of 50-basis points.

9. Amounts payable and accrued liabilities:

Amounts payable and accrued liabilities consist of the following:

	December 31, 2014	December 31, 2013
Trade payables	$ 153	$ 157
Accrued liabilities and other payables	3,136	2,484
Accrued real estate taxes	1,722	1,643
Accrued interest	1,748	1,415
Unearned revenue	81	61
Rent received in advance	1,985	1,743
Deferred compensation	1,516	416
	$ 10,341	$ 7,919

10. Operating leases:

The REIT leases commercial investment properties to tenants under non-cancellable operating leases. The leases have various terms, escalation clauses and renewal rights as well as early termination fees.

There were no tenants that accounted for more than 10% of the REIT's total rental revenue for the year ended December 31, 2014 or for the period from March 4, 2013 to December 31, 2013.

As at December 31, 2014, the total future contractual minimum base rent lease payments expected to be received under non-cancellable leases are as follows:

One year or less	$ 46,012
2 - 5 years	131,803
Greater than 5 years	53,881
	$ 231,696

11. Mortgages payable:

Mortgages payable consist of the following:

	December 31, 2014	December 31, 2013
Mortgages payable	$ 264,459	$ 216,662
Mark-to-market adjustments, net	3,378	4,156
Financing costs, net	(1,158)	(606)
Carrying value	266,679	220,212
Less current portion	(2,113)	(16,382)
Long-term portion	$ 264,566	$ 203,830

Mortgages payable that are due and payable within 12 months after the date of the consolidated statements of financial position presented, including scheduled principal payments on mortgages payable, are classified as current liabilities. Mortgages payable are collateralized by investment properties with a fair value of $498,716 and $389,781 as at December 31, 2014 and 2013, respectively. As at December 31, 2014, mortgages payable bear interest at various rates ranging from 3.40% to 5.80% (2.42% to 5.80% as at December 31, 2013), and have a weighted average effective interest rate of 4.21% (4.33% as at December 31, 2013), with maturity dates ranging from 2016 - 2024. As at December 31, 2014, there were no mortgages payable with variable interest rates.

During the year ended December 31, 2014, the REIT entered into two new, fixed interest rate mortgages payable totaling $53,240 as a result of investment property acquisitions. On April 8, 2014, the REIT repaid one variable interest rate mortgage payable in the amount of $3,180 and did not renew the related interest rate swap. On July 10, 2014, the REIT used the proceeds from a new, $11,000 mortgage payable bearing a fixed interest rate of 4.03%, in addition to cash on hand, to pay off an existing mortgage payable with an outstanding balance of $11,205 and a maturity of July 10, 2014. On August 12, 2014, the REIT refinanced its last variable interest rate mortgage payable in the amount of $31,800 with proceeds from a new, six-year, $31,800 mortgage payable bearing a fixed interest rate of 3.40%.

Future contractual cash flows of mortgages payable principal and interest are as follows as at December 31, 2014:

	Principal Payment	Interest Payment	Total Payments
2015	$ 2,113	$ 11,061	$ 13,174
2016	23,161	10,957	34,118
2017	1,914	9,627	11,541
2018	33,295	9,064	42,359
2019	31,481	7,381	38,862
2020 and thereafter	172,495	15,443	187,938
	$ 264,459	$ 63,533	$ 327,992

Covenant compliance requirements:

The REIT's mortgages payable contain customary representations, warranties, and events of default, which require the REIT to comply with affirmative and negative covenants. These covenants include (a) net worth thresholds, (b) senior debt service coverage ratios, (c) total indebtedness to gross book value ratios, and (d) liquid asset thresholds. As at December 31, 2014 and 2013, the REIT was in compliance with all covenants of its mortgages payable.

Financial covenants applicable to Welsh remain on two of the REIT’s mortgages payable relating to investment properties contributed to the REIT during the IPO totaling $39,967, requiring Welsh to meet certain financial and operating criteria. As at December 31, 2014 and 2013, Welsh was in compliance with all covenants.

12. Bank indebtedness:

Revolving Facility:

The Revolving Facility consists of the following:

	December 31, 2014	December 31, 2013
Revolving Facility	$ 56,900	$ 44,000
Financing costs, net	(403)	(672)
Carrying value	$ 56,497	$ 43,328

On April 26, 2013, the REIT entered into a senior secured revolving facility with a maximum commitment of $75,000 (the "Revolving Facility"), and availability determined subject to compliance with a number of borrowing base tests. The Revolving Facility has an initial term of three years from April 26, 2013, subject to a one-year extension option and includes an accordion feature which could increase the size of the facility to $200,000, subject to lender approval. The rate on the Revolving Facility is, at the REIT's option, based on either a base rate or LIBOR, in each case plus an applicable margin based on leverage. The base rate is equal to the greater of: (a) the "prime rate" plus 1.0%, (b) 0.5% above the federal funds effective rate, or (c) 30-day LIBOR plus the applicable margin. As at December 31, 2014 and 2013, the Revolving Facility interest rate was 2.67% and 2.42%, respectively.

Financing costs of $921 related to the Revolving Facility are being amortized using the effective interest rate method over the initial term of three years.

On December 8, 2014, the REIT added two existing unencumbered properties to the borrowing base, which increased availability on the Revolving Facility by $10,500. Availability on the Revolving Facility (note 20) was $75,000 as at December 31, 2014, of which the REIT had drawn $56,900 and had a $950 letter of credit outstanding, leaving remaining availability of $17,150.

On April 26, 2013, the REIT entered into an interest rate cap, which expires on May 1, 2015, and covers up to a principal amount of $50,000 of the REIT's variable interest rate debt and provides for a LIBOR cap of 50-basis points (note 19).

13. Class B Units:

On April 26, 2013, 10,867,362 Class B Units were issued with a fair value of $108,674 as partial consideration in a business combination in connection with the IPO (note 5).

On July 15, 2013, 2,192,347 Class B Units were issued with a fair value of $21,200 as partial consideration for the Illinois Property (note 4).

On June 18, 2014, 2,165,605 Class B Units were issued with a fair value of $22,089 as partial consideration for the Louisville Property (note 4).

All Class B Units are valued at the REIT Units' closing price per the TSX as at December 31, 2014 and 2013, which was $10.95 and $8.69, respectively (note 19).

The following table shows the change in the carrying value of the Class B Units outstanding for the periods presented:

	Year ended December 31, 2014	Period from March 4, 2013 to December 31, 2013
Amount, beginning of period	$ 113,489	$ -
Class B Units issued April 26, 2013 - 10,867,362 units	-	108,674
Class B Units issued July 15, 2013 - 2,192,347 units	-	21,200
Class B Units issued June 18, 2014 – 2,165,605 units	22,089	-
Fair value adjustments on Class B Units	31,139	(16,385)
Amount, end of period	$ 166,717	$ 113,489
Less current portion	-	(19,052)
Long-term portion, end of period	$ 166,717	$ 94,437

Included in finance costs for the year ended December 31, 2014 and for the period from March 4, 2013 to December 31, 2013 are $10,020 and $5,952 of distributions declared on Class B Units, respectively. Total distributions payable on Class B Units as at December 31, 2014 and 2013 were $888 and $761, respectively.

14. Unitholders' equity:

The REIT's Declaration of Trust authorizes the issuances 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.

On April 26, 2013, the REIT completed its IPO of 10,000,000 REIT Units for gross proceeds of $100,000 or approximately $87,403, net of issue costs.

On May 16, 2013, the REIT issued an additional 1,430,000 REIT Units for gross proceeds of $14,300 or approximately $13,439 net of issue costs. The issuance was pursuant to the exercise of the underwriters' over-allotment option in connection with the IPO.

On August 12, 2013, the TSX accepted the REIT's notice of intention to make a normal course issuer bid for a portion of its outstanding REIT Units. Pursuant to the notice, the REIT could purchase for cancellation up to a maximum of 1,140,000 REIT Units, or approximately 10% of the public float, over the 12-month period commencing August 15, 2013. Subject to certain

prescribed exemptions and any block purchases made in accordance with the rules of the TSX, the number of REIT Units that could be purchased pursuant to the bid was subject to a daily maximum of 9,195 REIT Units. REIT Units purchased under the normal course issuer bid were cancelled following purchase. During the period from March 4, 2013 to December 31, 2013, the REIT purchased for cancellation 697,800 REIT Units for $5,679 under the normal course issuer bid at an average price of $8.14. During the year ended December 31, 2014, the REIT did not purchase any REIT Units for cancellation under the normal course issuer bid. The normal course issuer bid expired on August 12, 2014 and was not renewed.

On April 4, 2014, the REIT issued 3,478,200 REIT Units (including REIT Units issued pursuant to the exercise in full of the over-allotment option granted to the underwriters by the REIT) at a price of $9.30 per REIT Unit to a syndicate of underwriters on a bought deal basis for gross proceeds to the REIT of approximately $32,347. Issue costs related to the Offering were $1,723. As part of the Offering, Welsh purchased $7,000 of the REIT Units being offered, or 752,700 REIT Units at the offering price of $9.30 per REIT Unit.

REIT Units outstanding:

	Units	Value
REIT Unit issued, March 4, 2013	1	$ –
REIT Unit redeemed	(1)	–
REIT Units issued on completion of the IPO, April 26, 2013 (including REIT Units issued through underwriter's over-allotment, and net of issue costs)	11,430,000	100,842
REIT Units purchased for cancellation under the normal course issuer bid	(697,800)	(5,679)
As at December 31, 2013	10,732,200	$ 95,163
REIT Units issued on completion of the Offering, April 4, 2014 (including REIT Units issued through underwriter's over-allotment, and net of issue costs)	3,478,200	30,624
REIT Units issued due to exercise of stock options	219	3
As at December 31, 2014	14,210,619	$ 125,790

(a) Distributions:

The REIT declared distributions to unitholders of record in the amount of $9,333 ($0.70 per Unit) and $5,281 ($0.49 per Unit) for the year ended December 31, 2014 and for the period from March 4, 2013 to December 31, 2013, respectively. Total distributions payable as at December 31, 2014 and 2013 were $828 and $626, respectively.

(b) Deferred Unit Incentive Plan:

On April 26, 2013, the REIT authorized a DUIP that provides for the granting of 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 Welsh under the DUIP is set forth below:

	DTUs Granted
May 29, 2013 grant	50,000
DTUs granted through distributions	2,462
Total as at December 31, 2013	52,462
May 27, 2014 grant	65,000
DTUs granted through distributions	6,566
Total as at December 31, 2014	124,028

The total fair value of DTUs granted to officers and employees as at December 31, 2014 and 2013 was $1,358 and $456, respectively. As at December 31, 2014 and 2013, a total of 11,273 and -0- 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 meetings 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 the DTUs accrue to the holder in additional REIT Units on each distribution date.

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

	DTUs Granted
DTUs granted for services rendered	10,430
DTUs granted through distributions	302
Total as at December 31, 2013	10,732
DTUs granted for services rendered	37,802
DTUs granted through distributions and 50% match	13,394
Total as at December 31, 2014	61,928

An additional 18,767 DTUs (4,909 vested) with a fair value of $91 had been earned as of December 31, 2014, but not yet granted.

The total fair value of DTUs granted to trustees as at December 31, 2014 and 2013 was $624 and $93, respectively. As at December 31, 2014 and 2013, a total of 50,456 and -0- DTUs granted to trustees had vested, respectively.

The movement in the DUIP balance was as follows:

As at March 4, 2013	$	–
Deferred compensation expense		361
Fair value adjustments		(12)
As at December 31, 2013	$	349
Deferred compensation expense		807
Fair value adjustments		136
As at December 31, 2014	$	1,292

Total compensation expense recognized for the year ended December 31, 2014 and for the period from March 4, 2013 to December 31, 2013 was $943 and $349, respectively. These

amounts include adjustments based on the fair value of the REIT Units as at December 31, 2014 and 2013.

(c) Unit option plan:

On April 26, 2013, the REIT authorized 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 10% of the total number of REIT Units issued and outstanding from time to time. These options vest as to one-third on the first anniversary of the grant date, and one-third on each of the second and third anniversaries.

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

	Number of options	Weighted average exercise price
Outstanding March 4, 2013	-	-
Grant - May 29, 2013	390,000	$ 10.14
Outstanding, December 31, 2013	390,000	$ 10.14
Exercisable, December 31, 2013	-	$ 10.14
Grant - May 27, 2014	200,000	$ 9.81
Exercised	(3,333)	$ 10.14
Forfeited or expired	(16,667)	$ 10.14
Outstanding, December 31, 2014	570,000	$ 10.02
Exercisable, December 31, 2014	123,333	$ 10.14

During the year ended December 31, 2014, there was a non-cash exercise of 3,333 options, resulting in the issuance of 219 REIT Units.

The total fair value of options granted as at December 31, 2014 and 2013 and as at the grant date was $355, $185 and $327, respectively. The aggregate intrinsic value of exercisable options as at December 31, 2014 and 2013 was $114 and $0, respectively. The weighted average remaining contractual life for outstanding options and for exercisable options as at December 31, 2014 was 8.8 years and 8.4 years, respectively.

The movement in the liability balance related to the Plan was as follows:

Balance, March 4, 2013	$	–
Deferred compensation expense		97
Fair value adjustments		(30)
Balance, December 31, 2013	$	67
Deferred compensation expense		129
Fair value adjustments		28
Balance, December 31, 2014	$	224

Total compensation expense recognized for the year ended December 31, 2014 and for the period from March 4, 2013 to December 31, 2013 was $157 and $67, respectively. These amounts include adjustments based on the fair value of the options as at December 31, 2014 and 2013. As at December 31, 2014, fair value adjustments were determined using the Black-Scholes option pricing model with the following assumptions:

Average expected option term	5.46 years
Risk-free interest rate	1.81%
Expected volatility	15.00%
Dividend yield	6.39%

15. Related party transactions:

Related party transactions with Welsh are set forth below:

	Year ended December 31, 2014	Period from March 4, 2013 to December 31, 2013
Acquisitions		
Initial Properties acquisition (see note 5)	$ -	$ 435,701
Illinois Property acquisition (see note 4)	$ -	$ 53,000
Kentucky Property acquisition (see note 4)	$ 13,300	$ -
Louisville Property acquisition (see note 4)	$ 45,396	$ -
Fees earned under asset management agreement (1)		
Acquisition fees	$ 703	$ 530
Asset management fees	$ 1,421	$ 813
Construction management fees	$ 191	$ -
Fees earned under property management agreement (2)	$ 1,374	$ 842
Other		
Class B Unit distributions paid (3)	$ 9,893	$ 5,190
REIT Unit distributions paid (4)	$ 351	$ -
Class B Units issued (3)	2,165,605	13,059,709
REIT Units issued (4)	752,700	-
Office rent (5)	$ 1,052	$ 706
Interest expense on senior secured promissory note (see note 5)	$ -	$ 142

(1) On April 26, 2013, the REIT entered into an asset management agreement with Welsh, under which Welsh provides certain asset management services to the REIT and its subsidiaries. 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. Asset management fees payable to Welsh as at December 31, 2014 and 2013 were $126 and $105, 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.

- 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 to Welsh as at December 31, 2014 and 2013 were $71 and $0.

(2) On April 26, 2013, the Partnership and the REIT entered into a property management agreement with Welsh. Under the property management agreement, Welsh is the property manager of the investment properties owned by the REIT and administers the day-to-day operations of the REIT's portfolio of investment properties.

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.

(3) As part of the consideration for the IPO, 10,867,362 Class B Units were issued to Welsh at a unit price of $10.00. As part of the consideration for the Illinois Property acquisition on July 15, 2013, 2,192,347 Class B Units were issued to Welsh at a unit price of $9.67. As part of the consideration for the Louisville Property acquisition on June 18, 2014, 2,165,605 Class B Units were issued to Welsh at a unit price of $10.20. Distributions payable to Welsh on Class B Units as at December 31, 2014 and 2013 were $888 and $761, respectively.

(4) As part of the Offering (notes 4 and 14), Welsh purchased $7,000 of the REIT Units being offered, or 752,700 REIT Units, at the offering price of $9.30 per REIT Unit. Distributions payable to Welsh on these REIT Units as at December 31, 2014 were $44.

(5) An affiliate of Welsh leases space from a subsidiary of the REIT at an investment property located at 4350 Baker Road, Minnetonka, Minnesota. The lease commenced on June 1, 2008 and expires on May 31, 2020, with annual rent increases of 2%.

Out-of-pocket costs and expenses

The REIT reimburses Welsh 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 Welsh agree in writing are to be provided

from time to time by Welsh. As at December 31, 2014 and 2013, the net payable due to Welsh was $87 and $17, respectively, related to these reimbursements.

16. Finance costs:

Finance costs incurred and charged to net income and comprehensive income are recorded as follows:

	Year ended December 31, 2014	Period from March 4, 2013 to December 31, 2013
Interest on mortgages payable incurred at stated rate	$ 10,413	$ 6,245
Bank indebtedness interest	1,345	762
Class B Unit issuance costs	83	-
Amortization of financing costs	798	347
Amortization of mark-to-market adjustments on fixed interest rate mortgages payable	(778)	(548)
Distributions on Class B Units	10,020	5,952
Fair value adjustment on Class B Units and financial instruments	31,137	(16,372)
	$ 53,018	$ (3,614)

17. Segment reporting:

The REIT owns, manages and operates primarily industrial investment properties located throughout the United States. Management, when measuring the investment properties performance, does not distinguish or group its operations on a geographical or any other basis.

Accordingly, the REIT has a single reportable segment for disclosure purposes in accordance with IFRS.

18. Commitment and contingencies:

(a) In connection with the IPO, the REIT has agreed to indemnify the underwriters against certain liabilities, including liabilities under applicable securities legislation, or to contribute to payments the underwriters may be required to make in respect of those liabilities. The REIT has agreed to indemnify, in certain circumstances, the trustees and the officers of the REIT in respect of any taxes, penalties or interest imposed upon the trustee or officer in consequence of his/her performance of his/her duties as a trustee or officer.

(b) The REIT has a contingent obligation to expand the gross leasable area at two of its investment properties at the option of the tenant. Management estimates the cost associated with these expansions, should they occur, to range between $10,000 and $12,000 in the aggregate. Such expansions are conditional on mutual agreement between the tenants and the REIT with regard to the base rental rates to be charged for occupying such expansion space. The obligations of roughly $1,000 and $10,000 will terminate at expiration of the underlying leases, inclusive of lease renewal options, on August 31, 2029 and August 31, 2031, respectively.

(c) The REIT has entered into a non-cancellable ground lease for land related to one of its investment properties. Annual payments under the lease are approximately $100 through May 31, 2023. Annual payments thereafter are adjusted based on changes in the consumer price index until expiration in 2093.

(d) In conjunction with the acquisition of certain Initial Properties, $29,500 of self-funded industrial revenue bonds ("Bonds") were assumed. The authorized amount of the Bonds is $29,500, of which $29,500 was outstanding as at December 31, 2014 and 2013. In connection with the Atlanta Property acquisition on April 29, 2014, $40,170 of Bonds were assumed. The authorized amount of the Bonds is $41,500, of which $40,170 was outstanding as at December 31, 2014. The Bonds provide for real estate tax abatement for the acquired investment properties. Through a series of transactions, the REIT is both the bondholder and the obligor of the Bonds. Therefore, in accordance with IAS 32, the Bonds are not recorded in the consolidated statements of financial position.

19. Fair value measurement:

(a) Fair value of financial instruments:

In addition to those financial instruments carried at fair values, the fair values of the REIT's financial assets and financial liabilities, together with the contractual carrying amounts shown in the consolidated statements of financial position, are as follows:

	Carrying amount	Fair value
Mortgages payable – As at December 31, 2014	$ 264,459	$ 271,624
Mortgages payable – As at December 31, 2013	$ 216,662	$ 217,514

The following summarizes the significant methods and assumptions used in estimating fair values of the REIT's financial instruments, excluding financial instruments carried at amortized cost where carrying value approximates fair value:

(i) Mortgages payable:

The REIT estimates the fair value of mortgages payable using discounted cash flow analysis and a yield rate that was estimated based on the borrowing rates currently available to the REIT for mortgages payable with similar terms and maturities, which is a Level 2 input.

(ii) Interest rate swap:

The REIT was party to an interest rate swap agreement to limit exposure to the fluctuations in its LIBOR-based variable interest payments on a mortgage note payable. The swap covered the notional amount of $3,550 at a fixed interest rate of 5.5% and expired on April 1, 2014. The interest rate swap was not designed as a hedge for accounting purposes. The fair value of the interest rate swap was a liability of $26 as at December 31, 2013, and was included in the accompanying consolidated statements of financial position within the “other financial instruments” caption. The REIT recognized an adjustment to interest expense in the amount of $26 and $53 for the year ended December 31, 2014 and for the period from March 4, 2013 to December 31, 2013, respectively. The interest rate swap fair value was determined by a model-derived valuation, in which significant inputs and value drivers were observable in active markets for a similar instrument, i.e., Level 2 inputs. Changes in fair value were recognized as adjustments to interest expense in the accompanying consolidated statements of net income and comprehensive income. The interest rate swap was not renewed upon its expiration as the related mortgage payable was repaid in full on April 8, 2014.

(iii) Interest rate cap:

On April 26, 2013, the REIT entered into an interest rate cap, which expires on May 1, 2015, and covers up to a principal amount of $50,000 of the REIT’s variable interest rate debt and provides for a LIBOR cap of 50-basis points. The fair value of the interest rate cap was an asset of $0 and $25 as at December 31, 2014 and 2013, respectively, and was included in the accompanying consolidated statements of financial position within the other non-current assets caption. The REIT recognized an adjustment to interest expense in the amount of $25 and $66 for the year ended December 31, 2014 and for the period from March 4, 2013 to December 31, 2013, respectively. The interest rate cap

fair value is determined by a model-derived valuation in which significant inputs and value drivers are observable in active markets for a similar instrument, i.e., Level 2 inputs. Changes in fair value are recognized as adjustments to interest expense in the accompanying consolidated statements of income and comprehensive income.

As at December 31, 2014, the $56,900 outstanding principal balance related to the Revolving Facility is subject to a variable interest rate. An interest rate cap hedges against the risk of fluctuating interest rates of $50,000 in outstanding principal balances, resulting in aggregate exposure of $6,900 in outstanding principal.

(iv) Deferred compensation:

The fair value of unit options granted is estimated using the Black-Scholes option pricing model (Level 2).

The fair value of the DTUs granted is estimated based on the market trading prices of the REIT Units (Level 1).

(v) Class B Units:

The fair value of the Class B Units is estimated based on the market trading prices of the REIT Units (Level 2).

(vi) Other financial assets and liabilities:

Amounts receivable, cash and cash equivalents, other non-current assets, restricted cash, amounts payable and accrued liabilities are carried at amortized cost, which, due to their short-term nature, approximates fair value.

20. Capital management:

The primary objective of the REIT's capital management policy is to ensure sufficient liquidity to pursue its growth through acquisitions, to fund leasing costs and capital expenditure requirements, to maintain a flexible capital structure that optimizes the cost of capital at acceptable risk and preserves the ability to meet financial obligations, to ensure adequate funds are available to maintain consistent and sustainable unitholders' distributions, and to remain within its quantitative banking covenants.

The REIT's capital structure consists of cash, debt (including mortgages payable, the Revolving Facility and Class B Units), and unitholders' equity. In managing its capital structure, the REIT monitors performance and makes adjustments to its capital based on its investment strategies and changes to economic conditions. In order to maintain or adjust its capital structure, the REIT may issue equity or new debt, issue new debt to replace existing debt (with different characteristics), or reduce the amount of existing debt.

Part of the REIT's objectives in securing mortgages for its investment properties and managing its long-term debt is to stagger the maturities in order to mitigate short-term volatilities in the debt markets. The REIT's declaration of trust stipulates that the REIT shall not incur indebtedness greater than 60% of gross book value. As at December 31, 2014 and 2013, the REIT's debt-to-gross book value ratio was 50.8% and 52.9%, respectively (total outstanding principal amounts of mortgages payable and Revolving Facility of $321,359 and $260,662 as at December 31, 2014 and 2013, respectively, divided by gross book value of $633,056 and $493,006 as at December 31, 2014 and 2013, respectively). The REIT has no convertible debentures outstanding.

The REIT is required under the terms of its Revolving Facility to meet certain financial covenants, including:

(a) consolidated total indebtedness shall not exceed 65% of the consolidated gross asset value through October 26, 2014, and 60% at any time thereafter;

(b) the outstanding principal balance of the Revolving Facility and letters of credit shall not be greater than the borrowing base availability (65% of the gross asset value of the borrowing base assets through October 26, 2014, and 60% at any time thereafter);

(c) the ratio of adjusted consolidated earnings before interest, taxes, depreciation and amortization to consolidated fixed charges for the most recently ended four quarters shall not be less than 1.75 to 1.00;

(d) consolidated tangible net worth shall not be less than the sum of (i) $150,000 plus (ii) 80% of the sum of any additional net offering proceeds, plus (iii) 80% of the value of interests in the REIT issued upon the contribution of assets to the REIT or its subsidiaries;

(e) aggregate occupancy for the borrowing base assets shall not be less than 85%; and

(f) the borrowing base debt service coverage ratio shall not be less than 1.50 to 1.00.

The REIT is also required to meet certain diversification covenants under the Revolving Facility. In addition, certain mortgages payable require the REIT to meet financial covenant ratios (note 11).

The REIT complied with all financial covenants as at December 31, 2014 and 2013.

21. Financial risk management:

Risk Management:

The REIT's activities expose it to market risk, credit risk and liquidity risk. Risk management is carried out by management of the REIT.

(a) Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk consists of interest rate risk, currency risk and other market price risk. There is interest rate risk associated with the REIT's fixed interest rate mortgages payable due to the expected requirement to refinance such mortgages payable in the year of maturity. In order to manage exposure to interest rate risk, the REIT endeavors to manage maturities of fixed interest rate mortgages payable, and match the nature of the mortgages payable with the cash flow characteristics of the underlying asset. This risk is also minimized through the REIT having all of its mortgages payable in fixed term arrangements. Additionally, the interest rate cap on the Revolving Facility minimizes the REIT's interest rate risk. As such, the REIT's cash flows are not significantly impacted by a change in market interest rates.

As described in note 19(a)(iii), up to $50,000 of the collective outstanding balance of the variable interest rate Revolving Facility is subject to an interest rate cap on LIBOR of 50-basis points. As at December 31, 2014, a 100-basis-point increase in interest rates including the change in interest rates under the interest rate cap, assuming all other variables are constant, would result in a $234 increase in the REIT's interest expense.

The REIT has no material exposure to currency risk.

(b) Credit risk arises from the possibility that tenants in investment properties may not fulfill their lease or contractual obligations. The REIT mitigates its credit risks by attracting tenants of sound financial standing and by diversifying its mix of tenants. It also monitors tenant payment patterns and discusses potential tenant issues with property managers on a regular basis. Cash carries minimal credit risk as all funds are maintained with highly reputable

financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

(c) Liquidity risk is the risk that the REIT will encounter difficulty in meeting obligations associated with the maturity of financial obligations. The REIT manages maturities of the fixed interest rate mortgages payable, and monitors the repayment dates to ensure sufficient capital will be available to cover obligations.

22. Supplementary cash flow information:

Change in non-cash working capital comprises the following:

	Year ended December 31, 2014	Period from March 4, 2013 to December 31, 2013
Amounts receivable	$ (4)	$ (36)
Prepaid expenses	(423)	117
Restricted cash	67	73
Amounts payable and accrued liabilities	676	(359)
Amounts payable and accrued liabilities related to additions to investment properties	(1,026)	-
Security deposits	18	25
	$ (692)	$ (180)

23. Subsequent events:

(a) On January 15, 2015, the REIT amended and restated its letter of credit agreement with a lender in respect of one of the REIT's investment properties thereby eliminating the existing $950 letter of credit and increasing the borrowing base availability on the Revolving Facility by $950.

(b) On January 28, 2015, the REIT issued 4,312,500 REIT Units (including REIT Units issued pursuant to the exercise in full of the over-allotment option granted to the underwriters by the REIT) at a price of $10.80 per REIT Unit to a syndicate of underwriters on a bought deal basis for gross proceeds to the REIT of approximately $46,575 (the "Bought Deal"). Underwriters' fees related to the Bought Deal were approximately $1,863. The REIT Units were offered in Canada pursuant to a short form prospectus filed on January 21, 2015 with the securities commissions and other similar regulatory authorities in each of the provinces and territories of Canada.

(c) On February 20, 2015, the REIT indirectly acquired from a third party vendor, a 100% leased, portfolio of six industrial investment properties located in Memphis, Tennessee (the "Memphis Portfolio"), for a purchase price of $86,250 (exclusive of closing costs and acquisition fee). The purchase price was paid in cash using a portion of the net proceeds from the Bought Deal and a new, $51,750 five-year mortgage payable bearing a fixed interest rate of 2.87%.