WPT INDUSTRIAL REAL ESTATE INVESTMENT TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS

OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION FOR THE

THREE AND SIX MONTHS ENDED JUNE 30, 2014

August 13, 2014

Contents

PART I

BASIS OF PRESENTATION

The following Management's Discussion and Analysis ("**MD&A**") is prepared as at August 13, 2014 and outlines WPT Industrial Real Estate Investment Trust's (the "**REIT**") operating strategies, risk profile considerations, business outlook and analysis of its financial performance and financial condition for the three and six months ended June 30, 2014. The results of operations of the REIT are not directly comparable to the prior periods ended June 30, 2013 as the REIT was established on March 4, 2013 and had no material operations prior to the completion of its Initial Public Offering ("**IPO**") on April 26, 2013. This resulted in the REIT having only sixty-six days of operations during the period from March 4, 2013 to June 30, 2013. Notwithstanding the foregoing, year-over-year figures for the six months ended June 30, 2014 and for the period from March 4, 2013 to June 30, 2013 are presented in this MD&A. The principal reasons for the variances between the financial figures presented in such year-over-year periods are the difference in the number of days of operations during such comparative periods as well as various investment property acquisitions made by the REIT subsequent to June 30, 2013. As a result of the shortened operational period during the periods ended June 30, 2013, the REIT believes that comparing the three months ended March 31, 2014 to the subsequent three months ended June 30, 2014 will provide readers with a more meaningful comparison of the REIT's operations for the three months ended June 30, 2014. Therefore, the commentary in this MD&A also compares the REIT's results of operations on a quarter-over-quarter basis, comparing the three months ended March 31, 2014 to the subsequent three months ended June 30, 2014.

This MD&A is based on financial statements prepared in accordance with International Financial Reporting Standards ("**IFRS**") in thousands of United States dollars, unless otherwise stated.

This MD&A should be read in conjunction with the REIT's unaudited condensed consolidated interim financial statements and accompanying notes for the period from March 4, 2013 to June 30, 2013 and the audited consolidated financial statements and accompanying notes for the period from March 4, 2013 to December 31, 2013. These documents, as well as additional information relating to the REIT (including the REIT's annual information form) for the year ended December 31, 2013 (the "**Annual Information Form**") can be accessed at www.wptreit.com and at www.sedar.com.

Effective January 1, 2014, the REIT adopted International Financial Reporting Interpretations Committee *Levies* ("**IFRIC 21**"), which provides guidance on accounting for levies in accordance with the requirements of International Accounting Standard ("**IAS**") 37, *Provisions, Contingent Liabilities and Contingent Assets*. The adoption of IFRIC 21 requires the REIT to recognize the full amount of annual property tax liabilities at the point in time when the property tax obligation is imposed. Previously, property tax obligations and related expenses were recognized on a pro rata basis evenly throughout the reporting period, therefore, the adoption of IFRIC 21 has resulted in the REIT recording an annual property tax expense earlier than previously recognized. This liability has been recorded as a component of investment property. To avoid the double-counting of property tax obligations, the REIT has removed the cash flows related to the property tax liabilities recorded upon the application of IFRIC 21 from its investment property valuation models, resulting in a fair value increase of investment property equal to the IFRIC 21 related liability. IFRIC 21 has been adopted retrospectively, resulting in a $1,144 and $1,144 decrease in the fair value adjustment of investment properties for the three months ended June 30, 2013 and for the period from March 4, 2013 to June 30, 2013, respectively, with an equal decrease in real estate tax expense.

NON-IFRS MEASURES

Certain terms used in this MD&A such as funds from operations ("**FFO**"), adjusted funds from operations ("**AFFO**"), net operating income ("**NOI**"), earnings before interest, taxes, depreciation and amortization ("**EBITDA**"), AFFO payout ratio, debt-to-gross book value and any related per unit amounts used by management to measure, compare and explain the operating results and financial performance of the REIT are not recognized terms under IFRS, and therefore should not be construed as alternatives to net income (loss) and comprehensive income (loss) or cash flow from operating activities calculated in accordance with IFRS. Management believes that these terms are relevant measures in comparing the REIT's performance to industry data and the REIT's ability to earn and distribute cash returns to holders of the REIT's trust units ("**REIT Units**"). These terms are defined below and are reconciled to the consolidated financial statements of the REIT for the three and six months ended June 30, 2014, in Part II. Such terms do not have a standardized meaning prescribed by IFRS and may not be comparable to similarly titled measures presented by other issuers.

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

AFFO is defined as FFO subject to certain adjustments, including: (i) amortization of fair value mark-to-market adjustments on long-term debt and amortization of financing costs; (ii) any differences resulting from recognizing investment property rental revenues or expenses on a straight-line basis; (iii) amortization of grant date fair value related to compensation incentive plans; (iv) adjusting for any deferred compensation expense; and (v) deducting a reserve for normalized maintenance capital expenditures, tenant inducements and leasing commissions, as determined by the REIT. Other adjustments may be made to AFFO as determined by the Board of Trustees in their sole discretion.

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

EBITDA is defined as earnings before interest, taxes, depreciation and amortization.

AFFO payout ratio is defined as distributions of the REIT (including distributions on Class B Units) divided by AFFO.

Debt-to-gross book value is calculated by dividing total principal amounts outstanding under mortgages payable and the Revolving Facility by the total carrying value of investment properties.

FORWARD LOOKING STATEMENTS

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

Forward-looking statements are necessarily based on a number of estimates, beliefs and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies which could cause actual results to differ materially from those that are disclosed in such forward-looking statements. While considered reasonable by management of the REIT as of the date of this MD&A, any of these estimates, beliefs or assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those estimates, beliefs or assumptions could be incorrect. The REIT's estimates, beliefs and assumptions, which may prove to be incorrect, include the various estimates, beliefs and assumptions set forth herein, and include but are not limited to, the desirability of investment properties in the distribution subsector of the U.S. industrial real estate market to investors, including the industrial investment properties in the REIT's portfolio, key trends in the industrial investment property real estate market, the REIT's future growth potential, anticipated amounts of expenses, results of operations, future prospects and opportunities, the demographic and industry trends remaining unchanged, no change in legislative or regulatory matters, future levels of indebtedness, the tax laws in both Canada and the United States as currently in effect remaining unchanged, current levels of volatility in the demand for space in the distribution sub-segment remaining unchanged, the continued availability of capital, the current economic conditions remaining unchanged and increased tenant demand for industrial investment properties and declining vacancy rates in the markets in which the REIT's investment properties are located. When relying on forward-looking statements to make decisions, the REIT cautions readers not to place undue reliance on these statements, as forward-looking statements involve significant risks and uncertainties and should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not the times at or by which such performance or results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including but not limited to those factors discussed under the "Risk Factors" section of this MD&A.

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

OVERVIEW

The REIT is an unincorporated, open-ended real estate investment trust established pursuant to a declaration of trust dated March 4, 2013, under the laws of the Province of Ontario, (the "**Declaration of Trust**"), as amended and restated on April 26, 2013 and as further amended from time to time. A copy of the Declaration of Trust is available under the REIT's profile on the SEDAR website at www.sedar.com. The REIT's Units are listed and publicly traded in Canada on the Toronto Stock Exchange ("**TSX**"), in US Funds, under the symbol "WIR.U" and in the United States on the OTCQX marketplace ("**OTCQX**") under the symbol "WPTIF". As at June 30, 2014, there were 14,210,400 REIT Units outstanding.

The REIT was formed for the purpose of acquiring and owning primarily industrial investment properties located in the U.S., with a particular focus on distribution industrial real estate. As at June 30, 2014, the REIT owned a portfolio of investment properties consisting of 12,756,313 square feet of gross leasable area (''**GLA**''), comprised of 40 industrial investment properties and two office investment properties, located in 12 states in the U.S.

On April 26, 2013, the REIT completed an IPO of 10,000,000 REIT Units for gross proceeds of $100,000 or approximately $87,403 net of underwriters' fees and other transaction costs. In connection with the IPO, and pursuant to a contribution agreement dated as of such date (the "**Contribution Agreement**") the REIT, through WPT Industrial, LP (the "**Partnership**"), acquired from Welsh Property Trust, LLC ("**Welsh**"), a portfolio of investment properties consisting of 8,617,313 square feet of GLA, comprised of 35 industrial investment properties and two office investment properties located in 12 states in the United States (collectively, the "**Initial Properties**"). The Initial Properties were acquired in partial consideration for 10,867,362 Class B Units of the Partnership (the "**Class B Units**") and $66,174 in cash.

On May 16, 2013, in connection with the exercise of the underwriters' over-allotment option granted to the underwriters of the IPO, the REIT issued an additional 1,430,000 REIT Units for gross proceeds of $14,300 or approximately $13,439 net of underwriters' fees and other transaction costs. The net proceeds were used to reduce bank indebtedness on the $75,000 senior secured revolving credit facility (the "**Revolving Facility**").

On July 15, 2013, the REIT acquired, through the Partnership, a 100% interest in a fully leased, single-tenant industrial investment property located in Illinois totaling 1,262,648 square feet of GLA. The purchase price of $53,000 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 at a price of $9.67 per Class B Unit. On September 28, 2013, the REIT repaid the senior secured promissory note to Welsh with proceeds received from a third-party mortgage payable in the principal amount of $31,800. This five-year mortgage payable has a per annum variable interest rate of 2.25% plus the one-month LIBOR rate.

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 may 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. Any purchases under the normal course issuer bid are made through the facilities of the TSX and in accordance with applicable regulatory requirements at market prices at the time of acquisition. Subject to certain prescribed exemptions and any block purchases made in accordance with the rules of the TSX, the number of REIT Units that can be purchased pursuant to the bid is subject to a daily maximum of 9,195 REIT Units. The actual number of REIT Units which may be purchased, and the timing of any such purchases, is determined by the REIT. REIT Units purchased under the normal course issuer bid are cancelled following purchase. The REIT intends to fund the purchases of REIT Units under the bid out of its available cash and/or undrawn Revolving Facility. During the three and six months ended June 30, 2014, the REIT did not purchase any REIT Units for cancellation under the normal course issuer bid. Unitholders may obtain a copy of the REIT's notice of intention to make a normal course issuer bid, without charge, by contacting the REIT's General Counsel and Secretary by telephone at (952) 897-7766 or by e-mail at mcimino@welshpt.com.

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 (the "**Offering**"). 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.

On April 4, 2014, the REIT acquired from Welsh, a 100% leased 300,000 square foot 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 Offering.

On April 29, 2014, the REIT acquired from a third party, a 100% leased 1,512,552 square foot 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 by proceeds of the Offering, proceeds from a new, five-year mortgage payable bearing a fixed interest rate of 3.41%, and cash.

On June 18, 2014, the REIT acquired from Welsh, a 100% leased 936,000 square foot 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 on 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, eight-year mortgage payable bearing a fixed interest rate of 3.77%.

On June 27, 2014, the REIT acquired from a third party, a 100% leased 127,800 square foot 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 REIT declared monthly distributions throughout the quarter ended June 30, 2014 and maintained its annualized distribution rate of $0.70 per unit, or $0.0583 per unit on a monthly basis.

OBJECTIVES

The REIT's objectives are to:

- provide Unitholders with an opportunity to invest in a portfolio of institutional-quality industrial investment properties in U.S. markets, with a particular focus on distribution industrial real estate;

- provide Unitholders with predictable, sustainable and growing cash distributions on a tax-efficient basis. The REIT pays its cash distributions in U.S. dollars;

- enhance the value of the REIT's portfolio and maximize the long-term value of the REIT Units through the active management of the REIT's investment properties; and

- significantly expand the asset base of the REIT through strategic acquisitions of stabilized, high quality industrial Investment properties located in U.S. markets.

STRATEGIC FOCUS AND OUTLOOK

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

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

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

Geographically, the REIT's portfolio is primarily concentrated in the Mid-Western and South-Eastern regions of the

U.S., providing the REIT's tenants with a predictable one- or two-day drive to the majority of the population of the continental U.S.

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

- **Global Supply Chain Trends**. A physical manufacturing presence in the U.S. is becoming increasingly important for most large companies as a result of increasing labor costs in Asia and volatile global fuel costs. This macroeconomic and geopolitical landscape has forced companies to re-evaluate their supply chain networks. Recognizing that the U.S. is a vast consumer market, companies need to be in close proximity to their customers to remain competitive, as shipping currently represents the largest single cost factor in the global supply chain. These critical supply chain considerations make the U.S. increasingly more attractive from a manufacturing, distribution and sourcing perspective.

- **World-Class U.S. Infrastructure**. The U.S. has a world-class supply chain infrastructure across all transportation sectors. Rail, seaports, highways and airports all provide for a robust distribution and logistics landscape, an important factor in attracting and retaining industrial tenants. In the long-term, the U.S. supply chain infrastructure's proximity to the to-be-expanded Panama Canal is expected to result in growth and investment within the broader logistics universe impacting everything from shipping routes to freight rail infrastructure construction. Increasing shipping volumes experienced by U.S. seaports will also create the need to distribute goods directly to inland ports and will expand the utilization of intermodal hubs to alleviate distribution costs, creating additional opportunities in the U.S. industrial real estate market.

- **Positive Impact of the e-Commerce Industry**. The primary industries leading the demand for distribution space are food-and-beverage, e-commerce and traditional retailers. Currently, one-third of all demand for state-of-the-art space is tied to multi-channel e-commerce retailers. E-commerce supply chain design and distribution has revolutionized the retail sector. Retailers utilizing multiple channels to sell their merchandise are finding it more cost-effective to increase online operations rather than open more traditional stores, resulting in an entirely different and evolving distribution model.

As a result of these trends, the U.S. industrial real estate market, and specifically the distribution sub-segment of the market, is experiencing a significant increase in both domestic and foreign capital investment. Historically low interest rates, positive economic indicators, and increasing demand for well-located, high quality and functional investment properties are creating attractive investment opportunities for the REIT, particularly for recently constructed distribution investment properties.

To achieve its objectives, the REIT is executing a number of strategies aimed at enhancing Unitholder value through both organic and external growth. Management believes Unitholders will benefit from Welsh's significant experience acquiring, managing and disposing of industrial investment properties. Welsh maintains an extensive network of relationships with brokers, tenants and institutional and private owners of industrial real estate in its key target geographic markets. Welsh leverages these relationships to enhance tenant retention and source accretive acquisitions of new industrial investment properties for the REIT.

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

External growth will come from a disciplined approach to targeting the acquisition of state-of-the-art distribution investment properties in major distribution markets primarily in the mid-western United States. The objective of the REIT's external growth initiatives are to expand the REIT's portfolio in order to enhance geographic diversity, improve the sustainability of cash flow, and mitigate risks associated with concentrated exposure to any one geographic region. Management anticipates that such diversification will reduce the REIT's cost of capital, further facilitating growth and reducing borrowing costs.

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

- Degree to which the acquisition will be accretive to AFFO per unit over both the short term and long term.
- Whether the investment properties are located in close proximity to major transportation infrastructure and close to population centers with available and affordable labor, primarily in the Mid-Western and South-Eastern regions of the U.S.
- Whether the investment properties are situated within municipalities, counties, or states that provide economic incentives to tenants and/or landlords.
- Whether the investment properties are state-of-the-art, modern and functional with quality construction and infrastructure.
- Whether the acquisition cost will represent a discount to replacement cost.
- The creditworthiness of in-place tenants and whether in-place rents are below current market rents.
- Investment properties are evaluated as to clear ceiling height, truck court depth, property dimensions, the locations and functionality of traffic flow for both trucks and automobiles, the number of docking doors and what type of docking equipment is being utilized, the number of trailer and automobile parking stalls, infrastructure relating to fire and life safety equipment, as well as power, lighting, and floor thickness.

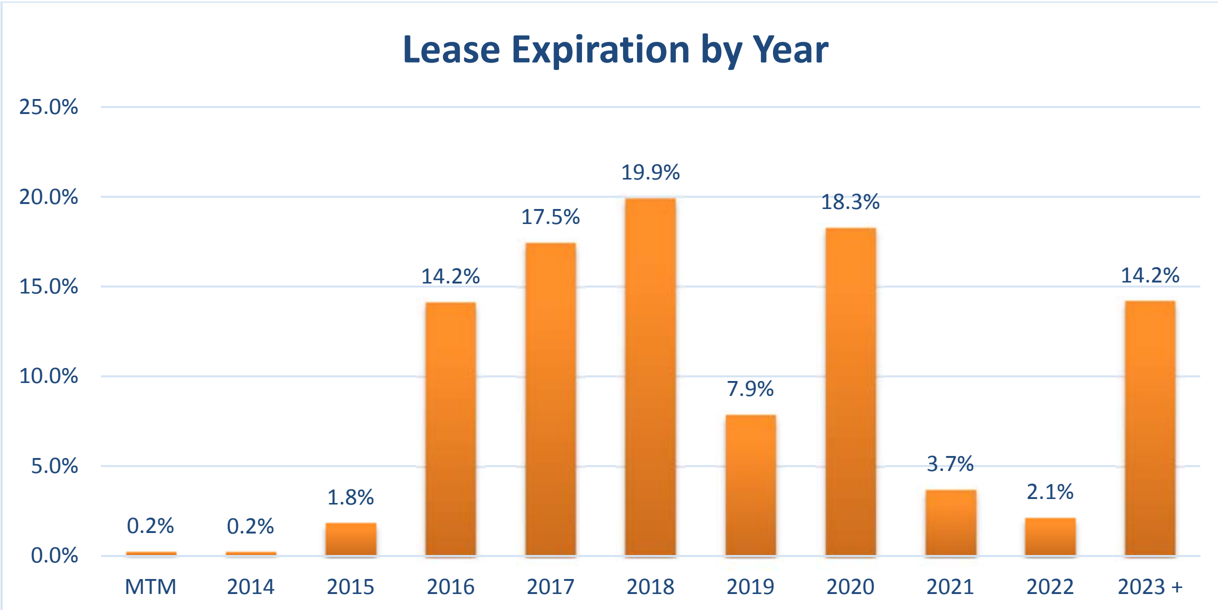
The criteria outlined above are designed to provide the REIT with the opportunity to acquire investment properties that will generate stable and growing cash flows and to meet the needs of tenants in the distribution sector. In addition, in the event of property vacancy, such investment properties provide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

ASSETS

The REIT owns and operates an institutional-quality portfolio of primarily industrial investment properties located in the U.S., with a particular focus on distribution industrial real estate. As at June 30, 2014, the REIT owned a portfolio of 40 industrial and two office investment properties totaling 12,756,313 square feet of GLA and an occupancy rate across the portfolio of 97.0%.

The majority of the REIT's investment properties were constructed relatively recently, and the portfolio has a weighted average age of approximately 11 years. As a result, management believes that the investment properties will, on average, require less maintenance capital expenditures and be more attractive to prospective tenants than comparable older investment properties. Furthermore, the REIT's industrial investment properties are highly functional, with a weighted average clear ceiling height of approximately 31 feet. High clear ceiling heights are an important feature to many industrial tenants, as this provides tenants with additional vertical space which can house additional racking and equipment, allowing the tenant to maximize storage space.

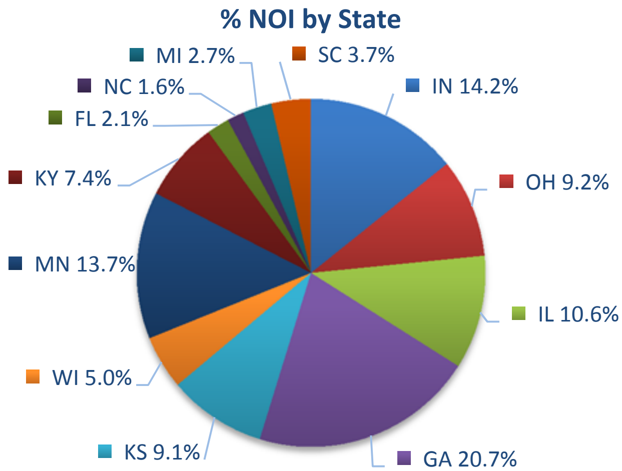
Future lease expirations are shown in the chart below, including those leases which are month-to-month ("**MTM**"):

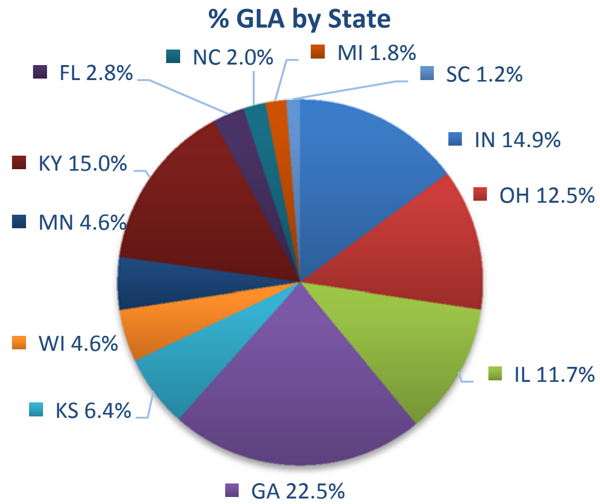


The REIT's investment properties are geographically diversified as follows (GLA in thousands):

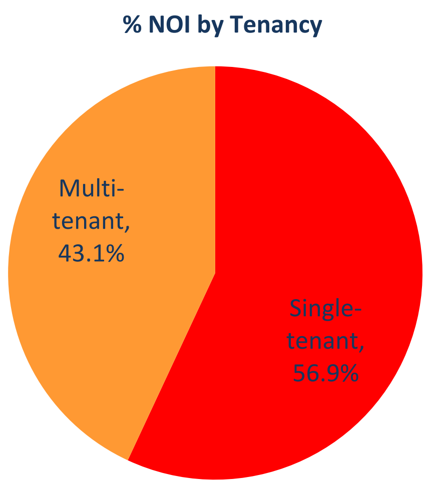
	June 30, 2014			
State	**Number of Investment Properties**	**Number of Tenants**	**Owned GLA (sq ft.)**	**% of Owned GLA**
Georgia	8	14	2,868.3	22.5%
Kentucky	4	5	1,907.3	15.0%
Indiana	3	6	1,896.5	14.9%
Ohio	4	4	1,590.5	12.5%
Illinois	3	5	1,492.1	11.7%
Kansas	4	6	827.1	6.4%
Minnesota	6	21	586.3	4.6%
Wisconsin	4	7	589.7	4.6%
Florida	3	5	356.3	2.8%
North Carolina	1	1	252.5	2.0%
Michigan	1	2	233.9	1.8%
South Carolina	1	5	155.8	1.2%
Total	**42**	**81**	**12,756.3**	**100.0%**

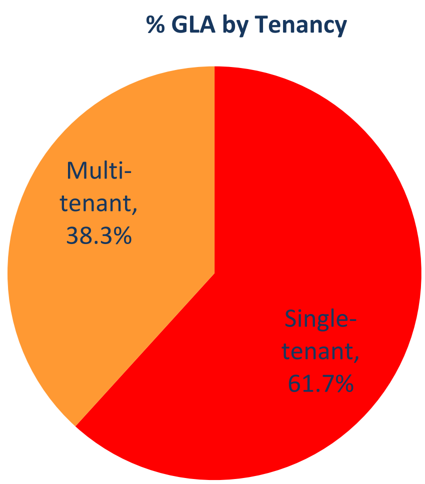
The following charts show the NOI by state for the three months ended June 30, 2014 and GLA by state as at June 30, 2014 of the REIT's portfolio:



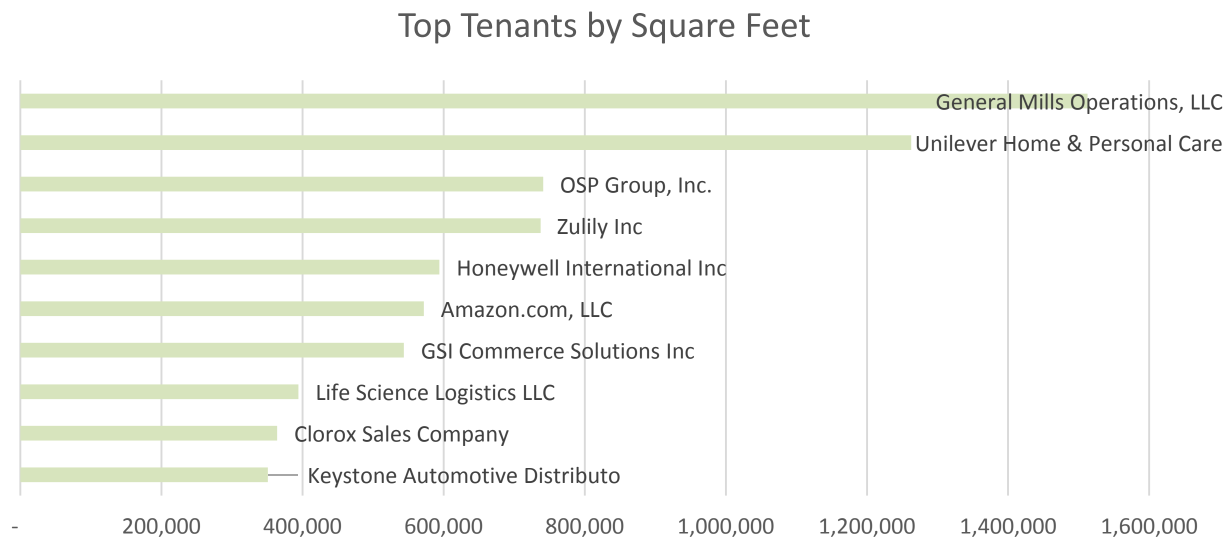


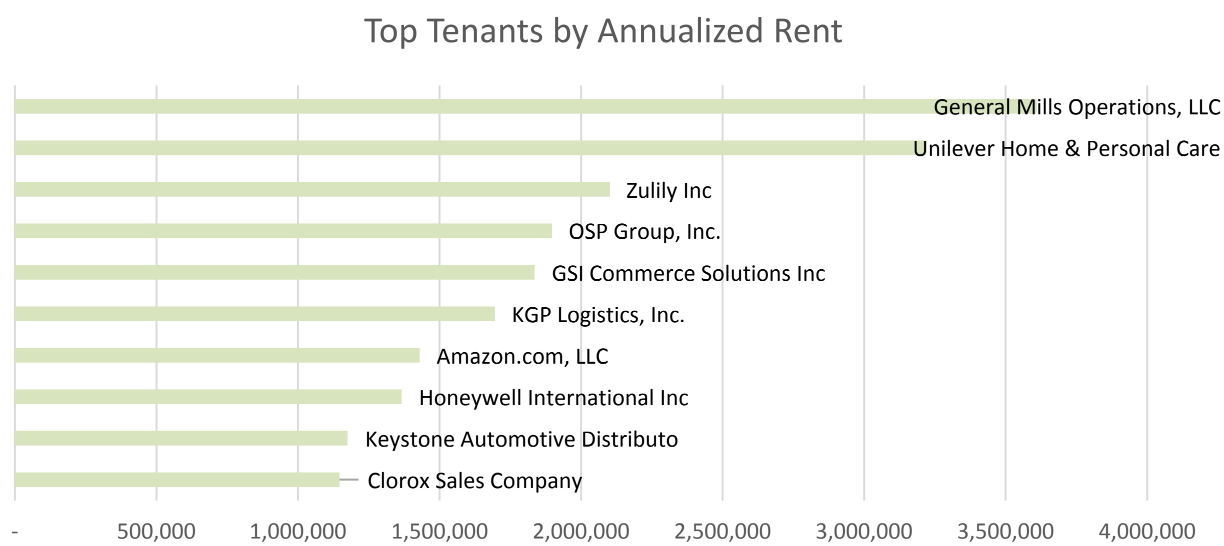
The following charts show the breakout of the REIT's portfolio between single and multi-tenant investment properties based on a percentage of GLA as at June 30, 2014 and percentage of NOI for the three months ended June 30, 2014:





The following charts highlight the top ten tenants by square feet and annualized rent (shown in whole dollars) as at June 30, 2014:





FINANCIAL AND OPERATIONAL HIGHLIGHTS

(In thousands of USD, except where noted)	Three months ended June 30, 2014	March 31, 2014	December 31, 2013	September 30, 2013
Operating Results:				
Investment properties revenue	$ 13,846	$ 12,847	$ 12,649	$ 12,577
NOI **(1), (2)**	$ 10,480	$ 9,432	$ 9,370	$ 9,370
FFO **(1), (3)**	$ 6,541	$ 5,928	$ 5,731	$ 5,686
AFFO **(1), (4)**	$ 5,155	$ 4,816	$ 4,680	$ 4,264
FFO per Unit (1)	$ 0.238	$ 0.249	$ 0.241	$ 0.236
AFFO per Unit **(1)**	$ 0.188	$ 0.202	$ 0.197	$ 0.177
Distributions:				
Distributions per Unit	$ 0.175	$ 0.175	$ 0.175	$ 0.175
Distributions declared	$ 4,896	$ 4,161	$ 4,161	$ 4,234
AFFO payout ratio **(1)**	95.0%	86.4%	88.9%	99.3%
Weighted-average number of Units **(5)**	27,441,017	23,791,909	23,797,779	24,069,551

As at	**June 30, 2014**	**December 31, 2013**
Operational Information:		
Number of investment properties	42	38
GLA	12,756,313	9,879,961
Occupancy	97.0%	96.4%
Average remaining lease term (years)	5.0	5.0
Ratios:		
Weighted-average effective interest rate **(6)**	3.9%	4.0%
Variable rate debt as percentage of total debt	28.0%	29.1%
Variable rate debt as a percentage of total debt adjusted for interest rate cap **(7)**	12.6%	9.9%
Debt-to-gross book value	52.7%	52.9%
Interest coverage ratio	3.2x	3.2x
Fixed charge coverage ratio	2.7x	2.8x
Debt to EBITDA **(1,8)**	8.0x	8.0x
Unit Information:		
REIT Units outstanding at period end	14,210,400	10,732,200
Class B Units outstanding at period end	15,225,314	13,059,709
Welsh Retained Interest at period end (assuming all Class B Units held are redeemed for REIT Units)	54.3%	54.9%

(1) NOI, FFO, AFFO, AFFO payout ratio and EBITDA are key measures of performance used by real estate operating companies, however, they are not defined by IFRS, do not have standard meanings and may not be comparable with other industries or trusts. This data should be read in conjunction with the "Non-IFRS Measures" section of this MD&A.

(2) NOI is defined as investment properties revenue, less investment properties operating expenses, less fair value adjustment to investment properties – IFRIC 21.

(3) Reconciliations of FFO to net income (loss) can be found on pages 18 and 23. The reconciliations of FFO to net income (loss) for the three months ended December 31, 2013 and September 30, 2013 can be found in the REIT's annual audited financial statements for the period from March 4, 2013 to December 31, 2013, and the REIT's condensed consolidated interim financial statements for the three months ended September 30, 2013, respectively.

(4) Reconciliations of AFFO to FFO can be found on pages 18 and 23. The reconciliations of AFFO to FFO for the three months ended December 31, 2013 and September 30, 2013 can be found in the REIT's condensed consolidated interim financial statements for the three months ended September 30, 2013 and REIT's annual audited financial statements for the period from March 4, 2013 to December 31, 2013, respectively.

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

(6) Includes mortgages payable, bank indebtedness, mark-to-market adjustments and financing costs.

(7) Includes $59,000 outstanding under the Revolving Facility and $31,800 in mortgages payable, adjusted for interest rate cap covering a principal amount of $50,000.

(8) EBITDA is defined as earnings before interest, taxes, depreciation and amortization. Debt to EBITDA is defined as the average rolling twelve month consolidated debt balance divided by a rolling twelve month EBITDA.

PART II

RESULTS OF OPERATIONS

Comparison to Prior Year

The REIT had no material operations from the date of inception, March 4, 2013, to the completion of its IPO on April 26, 2013. The following table compares actual results for the three and six months ended June 30, 2014 to the sixty-six day period ended June 30, 2013. The principal reasons for the variances between the financial figures presented in such year-over-year periods are the difference in the number of days of operations during such comparative periods as well as five investment property acquisitions made by the REIT subsequent to June 30, 2013. See below in the "Variance Explanation" tables for the impact of the acquisition of these investment properties:

	Three months ended June 30, 2014	Three months ended June 30, 2013	Variance	Six months ended June 30, 2014	Period from March 4, 2013 to June 30, 2013	Variance
Investment properties revenue	$ 13,846	$ 8,433	$ 5,413	$ 26,693	$ 8,433	$ 18,260
Investment properties operating expenses	1,400	1,026	374	10,521	1,026	9,495
Fair value adjustment to investment properties – IFRIC 21	1,966	1,144	822	(3,740)	1,144	(4,884)
Net operating income	10,480	6,263	4,217	19,912	6,263	13,649
Other (income) and expenses						
General and administrative	1,068	577	491	2,017	577	1,440
Fair value adjustment to investment properties	207	589	(382)	(2,329)	589	(2,918)
Finance costs	11,351	(1,266)	12,617	26,766	(1,266)	28,032
Net income (loss) and comprehensive income (loss)	$ (2,146)	$ 6,363	$ (8,509)	$ (6,542)	$ 6,363	$ (12,905)

Investment properties revenue

Investment properties revenue 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. For the three months ended June 30, 2014, investment properties revenue was higher by $5,413, as compared to the period from March 4, 2013 to June 30, 2013 for the following reasons:

Variance Explanation		Three months ended June 30, 2014
Investment property revenue earned from investment property acquisitions completed after June 30, 2013.	$	2,190
Difference resulting from current period having 91 days as compared to 66 days in the prior period and contractual lease adjustments.		3,202
Other		21
Total variance	$	5,413

For the six months ended June 30, 2014, investment properties revenue was higher by $18,260, as compared to the period from March 4, 2013 to June 30, 2013 for the following reasons:

Variance Explanation		Six months ended June 30, 2014
Investment property revenue earned from investment property acquisitions completed after June 30, 2013.	$	3,304
Difference resulting from current period having 181 days as compared to 66 days in the prior period and contractual lease adjustments.		14,861
Other		95
Total variance	$	18,260

Investment properties operating expenses

Investment properties operating expenses consist primarily of property common area and maintenance expenses, real estate taxes (including adjustments for property taxes accounted for under IFRIC 21), insurance, property management fees and other costs associated with the management and maintenance of the investment properties. For the three months ended June 30, 2014, investment properties expenses were higher by $374, as compared to the period from March 4, 2013 to June 30, 2013 for the following reasons:

Variance Explanation		Three months ended June 30, 2014
Investment property operating expenses of investment property acquisitions completed after June 30, 2013.	$	327
Adjustments for property taxes accounted for under IFRIC 21.		(822)
Difference resulting from current period having 91 days as compared to 66 days in the prior period.		835
Other		34
Total variance	$	374

For the six months ended June 30, 2014, investment properties expenses were higher by $9,495, as compared to the period from March 4, 2013 to June 30, 2013 for the following reasons:

Variance Explanation		Six months ended June 30, 2014
Investment property operating expenses of investment property acquisitions completed after June 30, 2013.	$	570
Adjustments for property taxes accounted for under IFRIC 21.		4,884
Difference resulting from current period having 181 days as compared to 66 days in the prior period.		3,946
Other		95
Total variance	$	9,495

Net operating income

For the three months ended June 30, 2014, net operating income was $4,217 higher, as compared to the period from March 4, 2013 to June 30, 2013 for the following reasons:

Variance Explanation		Three months ended June 30, 2014
Net operating income attributed to investment property acquisitions completed after June 30, 2013.	$	1,863
Difference resulting from current period having 91 days as compared to 66 days in the prior period and contractual lease adjustments.		2,367
Other		(13)
Total variance	$	4,217

For the six months ended June 30, 2014, net operating income was $13,649 higher, as compared to the period from March 4, 2013 to June 30, 2013 for the following reasons:

Variance Explanation		Six months ended June 30, 2014
Net operating income attributed to investment property acquisitions completed after June 30, 2013.	$	2,734
Difference resulting from current period having 181 days as compared to 66 days in the prior period and contractual lease adjustments.		10,915
Total variance	$	13,649

General and administrative expense

General and administrative expenses consist of asset management fees, professional fees, trustee fees, and other miscellaneous expenses. For the three months ended June 30, 2014, general and administrative expenses were $491 higher, as compared to the period from March 4, 2013 to June 30, 2013 for the following reasons:

Variance Explanation		Three months ended June 30, 2014
General and administrative costs related to additional asset management fees as a result of investment property acquisitions completed after June 30, 2013.	$	63
Differences in general and administrative expenses mainly due to deferred compensation issued and the annual DTU match.		171
Difference in fair value adjustment on deferred compensation.		(19)
Difference resulting from current period having 91 days as compared to 66 days in the prior period.		276
Total variance	$	491

For the six months ended June 30, 2014, general and administrative expenses were $1,440 higher, as compared to the period from March 4, 2013 to June 30, 2013 for the following reasons:

Variance Explanation		Six months ended June 30, 2014
General and administrative costs related to additional asset management fees as a result of investment property acquisitions completed after June 30, 2013.	$	95
Differences in general and administrative expenses mainly due to deferred compensation issued and the annual DTU match.		134
Difference in fair value adjustment on deferred compensation.		(10)
Difference resulting from current period having 181 days as compared to 66 days in the prior period.		1,221
Total variance	$	1,440

Fair value adjustment to investment properties

Under IFRS, the REIT has elected to use the fair value model to account for its investment properties. Under the fair value model, investment properties are carried on the condensed consolidated interim statements of financial position at fair value. For the three and six months ended June 30, 2014, the REIT recognized a fair value (decrease) increase to investment properties of $(207) and $2,329, respectively. The fair value decrease of $207 for the three months ended June 30, 2014 is primarily due to amortization of straight-line rents, partially offset by an increase in fair value due to marginal cap rate compression in certain markets. The fair value increase to investment properties of $2,329 for the six months ended June 30, 2014 relates to marginal cap rate compression in certain markets and lease renewals at certain properties, partially offset by writing-off capitalized lease incentives and amortization of straight-line rent. During the period from March 4, 2013 to June 30, 2013, the REIT recognized a fair value decrease of $589 on investment properties, primarily due to amortization of straight-line rents. Please refer to the "Investment Properties" section of this MD&A for further discussion on the REIT's fair value of investment properties.

Finance Costs

Finance costs include interest expense on mortgages payable and the Revolving Facility, distributions on Class B Units, and the gain or loss on the change in fair value of financial liabilities designated as fair value through profit or loss, including Class B Units and other financial instruments, and amortization associated with the mark-to-market premium and financing costs incurred in connection with obtaining long-term mortgages payable. For the three months ended June 30, 2014, finance costs were $12,617 higher, as compared to the period from March 4, 2013 to June 30, 2013 for the following reasons:

Variance Explanation		**Three months ended June 30, 2014**
Fair value adjustment to Class B Units and financial instruments.	$	10,462
Distributions paid on Class B Units issued in connection with investment property acquisitions completed after June 30, 2013.		510
Interest expense on mortgages payable and Revolving Facility related to investment property acquisitions completed after June 30, 2013.		457
Interest expense related to non-recurring Class B Unit issuance costs.		83
Reduction in interest expense on mortgages payable related to the payoff of mortgage payable.		(50)
Difference resulting from current period having 91 days as compared to 66 days in the prior period.		1,155
Total variance	$	12,617

For the six months ended June 30, 2014, finance costs were $28,032 higher, as compared to the period from March 4, 2013 to June 30, 2013 for the following reasons:

Variance Explanation		**Six months ended June 30, 2014**
Fair value adjustment to Class B Units and financial instruments.	$	21,039
Distributions paid on Class B Units issued in connection with investment property acquisitions completed after June 30, 2013.		893
Interest expense on mortgages payable and Revolving Facility related to investment property acquisitions completed after June 30, 2013.		665
Interest expense related to non-recurring Class B Unit issuance costs.		83
Reduction in interest expense on mortgages payable related to the payoff of mortgage payable.		(18)
Difference resulting from current period having 181 days as compared to 66 days in the prior period.		5,370
Total variance	$	28,032

Reconciliation of Non-IFRS Measures

The reconciliation of non-IFRS measures to net income (loss) and comprehensive income (loss) for the three and six months ended June 30, 2014 are presented below and are compared to the period from March 4, 2013 to June 30, 2013:

	Three months ended June 30, 2014	Three months ended June 30, 2013	Variance	Six months ended June 30, 2014	Period from March 4, 2013 to June 30, 2013	Variance
Investment properties revenue	$ 13,846	$ 8,433	$ 5,413	$ 26,693	$ 8,433	$ 18,260
Investment properties operating expenses	1,400	1,026	374	10,521	1,026	9,495
Fair value adjustment to investment properties – IFRIC 21	1,966	1,144	822	(3,740)	1,144	(4,884)
Net operating income	**10,480**	**6,263**	**4,217**	**19,912**	**6,263**	**13,649**
Other (income) and expenses						
General and administrative	1,068	577	491	2,017	577	1,440
EBITDA	9,412	5,686	3,726	17,895	5,686	12,209
Fair value adjustment to investment properties	207	589	(382)	(2,329)	589	(2,918)
Finance costs	11,351	(1,266)	12,617	26,766	(1,266)	28,032
Net (loss) income and comprehensive (loss) income	**$ (2,146)**	**$ 6,363**	**$ (8,509)**	**$ (6,542)**	**$ 6,363**	**$ (12,905)**
Add/(Deduct):						
Fair value adjustment to investment properties	207	589	(382)	(2,329)	589	(2,918)
Other fair value adjustments	6,070	(4,347)	10,417	16,646	(4,347)	20,993
Fair value adjustment to investment properties – IFRIC 21	1,966	1,144	822	(3,740)	1,144	(4,884)
Property taxes accounted for under IFRIC 21	(1,966)	(1,144)	(822)	3,740	(1,144)	4,884
Distributions on Class B Units treated as interest expense	2,410	1,383	1,027	4,694	1,383	3,311
FFO	**$ 6,541**	**$ 3,988**	**$ 2,553**	**$ 12,469**	**$ 3,988**	**$ 8,481**
Add/(Deduct):						
Leasing cost reserve (1)	(638)	(435)	(203)	(1,241)	(435)	(806)
Capital expenditure reserve (2)	(212)	(154)	(58)	(414)	(154)	(260)
Amortization of mark-to-market mortgages payable premium	(207)	(136)	(71)	(414)	(136)	(278)
Amortization of financing charges	155	85	70	290	85	205
Deferred compensation expense	225	31	194	447	31	416
Amortization of straight-line rent	(737)	(422)	(315)	(1,217)	(422)	(795)
Amortization of tenant incentives	28	-	28	51	-	51
AFFO	**$ 5,155**	**$ 2,957**	**$ 2,198**	**$ 9,971**	**$ 2,957**	**$ 7,014**
FFO per Unit (basic and diluted)	$ 0.238	$ 0.180	0.058	$ 0.487	$ 0.180	0.307
AFFO per Unit (basic and diluted)	$ 0.188	$ 0.140	0.048	$ 0.389	$ 0.140	0.249

(1) The leasing cost reserve is a weighted average rate of approximately $0.22 per square foot and $0.28 per square foot as at June 30, 2014 and 2013, respectively, based on a five-year average of expected leasing commissions and tenant improvements on the portfolio.

(2) The capital expenditure reserve is a weighted average rate of approximately $0.07 per square foot and $0.09 per square foot as at June 30, 2014 and 2013, respectively, based on the five year average of expected capital expenditures on the portfolio.

FFO

For the three months ended June 30, 2014, FFO was $2,553 higher, as compared to the period from March 4, 2013 to June 30, 2013 for the reasons described in the following table:

Variance Explanation		Three months ended June 30, 2014
FFO attributable to investment property acquisitions completed after June 30, 2013.	$	1,343
Differences in general and administrative expenses mainly due to deferred compensation issued and the annual DTU match.		(171)
Difference resulting from current period having 91 days as compared to 66 days in the prior period and contractual lease adjustments.		1,428
Interest expense related to non-recurring Class B Unit issuance costs.		(83)
Other		36
Total variance	$	2,553

For the six months ended June 30, 2014, FFO was $8,481 higher, as compared to the period from March 4, 2013 to June 30, 2013 for the reasons described in the following table:

Variance Explanation		Six months ended June 30, 2014
FFO attributable to investment property acquisitions completed after June 30, 2013.	$	1,974
Differences in general and administrative expenses mainly due to deferred compensation issued and the annual DTU match.		(134)
Difference resulting from current period having 181 days as compared to 66 days in the prior period and contractual lease adjustments.		6,669
Interest expense related to non-recurring Class B Unit issuance costs.		(83)
Other		55
Total variance	$	8,481

AFFO

For the three months ended June 30, 2014, AFFO was $2,198 higher, as compared to the period from March 4, 2013 to June 30, 2013 for the reasons described in the following table:

Variance Explanation		Three months ended June 30, 2014
AFFO attributable to investment property acquisitions completed after June 30, 2013.	$	1,166
Difference resulting from current period having 91 days as compared to 66 days in the prior period and contractual lease adjustments.		1,096
Interest expense related to non-recurring Class B Unit issuance costs.		(83)
Other		19
Total variance	$	2,198

For the six months ended June 30, 2014, AFFO was $7,014 higher, as compared to the period from March 4, 2013 to June 30, 2013 for the reasons described in the following table:

Variance Explanation		Six months ended June 30, 2014
AFFO attributable to investment property acquisitions completed after June 30, 2013.	$	1,734
Difference resulting from current period having 181 days as compared to 66 days in the prior period and contractual lease adjustments.		5,235
Interest expense related to non-recurring Class B Unit issuance costs.		(83)
Other		128
Total variance	$	7,014

FFO and AFFO per Unit amounts

The basic weighted average number of Units used to calculate FFO and AFFO per Unit include the weighted average of all outstanding REIT Units and Class B Units, which amounted to 27,441,017 Units and 21,842,362 Units as at June 30, 2014 and June 30, 2013, respectively. The increase in the number of weighted average units outstanding is due to the Offering of a total of 3,478,200 Units (including Units issued pursuant to the exercise in full of the over-allotment option granted to the underwriters by the REIT), in addition to Class B Units issued in connection with the Louisville Property acquisition on June 18, 2014 and the Illinois property acquisition on July 15, 2013.

For the three months ended June 30, 2014, FFO per unit was $0.058 higher, as compared to the period from March 4, 2013 to June 30, 2013. AFFO per Unit for the three months ended June 30, 2014 was $0.048 higher, as compared to the period from March 4, 2013 to June 30, 2013. The increase in FFO per unit and AFFO per unit is mainly due to the current period having 91 days as compared to sixty-six days in the prior period, as well as five investment property acquisitions made by the REIT subsequent to June 30, 2013. This was partially offset by an increase in the number of weighted average units outstanding due to the Offering on April 4, 2014 in addition to Class B Units issued (and non-recurring Class B Unit issuance costs of $83) in connection with the Louisville Property acquisition on June 18, 2014 and the Illinois property acquisition on July 15, 2013.

For the six months ended June 30, 2014, FFO per unit was $0.307 higher, as compared to the period from March 4, 2013 to June 30, 2013. AFFO per Unit for the six months ended June 30, 2014 was $0.249 higher, as compared to the period from March 4, 2013 to June 30, 2013. The increase in FFO per unit and AFFO per unit is mainly due the current period having 181 days as compared to sixty-six days in the prior period, as well as five investment property acquisitions made by the REIT subsequent to June 30, 2013. This was partially offset by an increase in the number of weighted average units outstanding due to the Offering on April 4, 2014 in addition to Class B Units issued (and non-recurring Class B Unit issuance costs of $83) in connection with the Louisville Property acquisition on June 18, 2014 and the Illinois property acquisition on July 15, 2013.

Distribution Policy

The REIT's Declaration of Trust provides the Board of Trustees with discretion to determine the percentage amount of the REIT's income to be distributed. Amounts retained in excess of the declared distributions are used to fund leasing costs and capital expenditure requirements. Fluctuations in working capital that are deemed to be timing differences are disregarded in determining distributions. The REIT also normalizes the impact of leasing costs, which fluctuate with lease maturities, renewal terms and the type of investment property being leased, and excludes the impact of transaction costs expensed on business combinations. The REIT's AFFO payout ratio for the three and six months ended June 30, 2014 was 95.0% and 90.8%, respectively. The REIT's payout ratio for the three months ended June 30, 2013 and for the period from March 4, 2013 to June 30, 2013 was 96.0% and 96.0%, respectively.

Comparison to Prior Quarter

As a result of the shortened operational period during the three months ended June 30, 2013, the REIT believes that comparing the three months ended March 31, 2014 to the subsequent three months ended June 30, 2014 will provide readers with a more meaningful comparison of the REIT's operations for the three months ended June 30, 2014. Therefore, the following table compares the REIT's results of operations on a quarter-over-quarter basis, comparing the three months ended March 31, 2014 to the subsequent three months ended June 30, 2014.

	Three months ended		
	June 30, 2014	March 31, 2014	Variance
Investment properties revenue	$ 13,846	$ 12,847	$ 999
Investment properties operating expenses	1,400	9,121	(7,721)
Fair value adjustment to investment properties – IFRIC 21	1,966	(5,706)	7,672
Net operating income	10,480	9,432	1,048
Other (income) and expenses			
General and administrative	1,068	949	119
Fair value adjustment to investment properties	207	(2,536)	2,743
Finance costs	11,351	15,415	(4,064)
Net income (loss) and comprehensive income (loss)	$ (2,146)	$ (4,396)	$ 2,250

Investment properties revenue

For the three months ended June 30, 2014, investment properties revenue was higher by $999, as compared to the three months ended March 31, 2014 for the following reasons:

Variance Explanation	Three months ended June 30, 2014
Investment property revenue earned from investment property acquisitions completed after March 31, 2014.	$ 1,097
Straight-line rent adjustments and amortization of tenant incentives.	168
Differences in actual recoverable expenses (mainly snow removal costs) at certain investment properties.	(266)
Total variance	$ 999

Investment properties operating expenses

For the three months ended June 30, 2014, investment properties expenses were lower by $7,721, as compared to the three months ended March 31, 2014 for the following reasons:

Variance Explanation	Three months ended June 30, 2014
Investment property operating expenses from investment property acquisitions completed after March 31, 2014.	$ 105
Adjustments for property taxes accounted for under IFRIC 21.	(7,672)
Differences in repair and maintenance costs and in actual recoverable expenses (mainly snow removal costs) at certain investment properties.	(154)
Total variance	$ (7,721)

Net operating income

For the three months ended June 30, 2014, net operating income was $1,048 higher, as compared to the three months ended March 31, 2014 for the following reasons:

Variance Explanation		Three months ended June 30, 2014
Net operating income from investment property acquisitions completed after March 31, 2014.	$	992
Straight-line rent adjustments and amortization of tenant incentives.		168
Differences in repair and maintenance costs and in actual recoverable expenses at certain investment properties.		(112)
Total variance	$	1,048

General and administrative expense

For the three months ended June 30, 2014, general and administrative expenses were $119 higher, as compared to the three months ended March 31, 2014 for the following reasons:

Variance Explanation		Three months ended June 30, 2014
General and administrative costs related to additional asset management fees, as a result investment property acquisitions completed after March 31, 2014, and other compliance costs.	$	144
Difference in fair value adjustment on deferred compensation.		(25)
Total variance	$	119

Fair value adjustment to investment properties

Under IFRS, the REIT has elected to use the fair value model to account for its investment properties. Under the fair value model, investment properties are carried on the condensed consolidated interim statements of financial position at fair value. For the three months ended June 30, 2014 and March 31, 2014, the REIT recognized a fair value (decrease) increase to investment properties of $(207) and $2,536, respectively. The fair value decrease of $207 for the three months ended June 30, 2014 is primarily due to amortization of straight-line rents, partially offset by an increase in fair value due to marginal cap rate compression in certain markets. The fair value increase of $2,536 for the three months ended March 31, 2014 relates to marginal cap rate compression in certain markets and lease renewals at certain properties, partially offset by writing-off capitalized lease incentives and amortization of straight-line rents. Please refer to the "Investment Properties" section of this MD&A for further discussion on the REIT's fair value of investment properties.

Finance Costs

For the three months ended June 30, 2014, finance costs were $4,064 lower, as compared to the three months ended March 31, 2014 for the following reasons:

Variance Explanation		Three months ended June 30, 2014
Fair value adjustment to Class B Units.	$	(4,481)
Distributions paid on Class B Units issued in connection with the Louisville Property acquisition on June 18, 2014.		126
Interest expense related to non-recurring Class B Unit issuance costs.		83
Difference in interest expense on mortgages payable and Revolving Facility related to investment property acquisitions completed after March 31, 2014.		249
Other		(41)
Total variance	$	(4,064)

Reconciliation of Non-IFRS Measures

The reconciliation of non-IFRS measures to net income (loss) and comprehensive income (loss) for the three months ended June 30, 2014 are presented below and are compared to the three months ended March 31, 2014:

	Three months ended		
	June 30, 2014	**March 31, 2014**	**Variance**
Investment properties revenue	$ 13,846	$ 12,847	$ 999
Investment properties operating expenses	1,400	9,121	(7,721)
Fair value adjustment to investment properties – IFRIC 21	1,966	(5,706)	7,672
Net operating income	**10,480**	**9,432**	**1,048**
Other (income) and expenses			
General and administrative	1,068	949	119
EBITDA	**9,412**	**8,483**	**929**
Fair value adjustment to investment properties	207	(2,536)	2,743
Finance costs	11,351	15,415	(4,064)
Net (loss) income and comprehensive (loss) income	**$ (2,146)**	**$ (4,396)**	**$ 2,250**
Add/(Deduct):			
Fair value adjustment to investment properties	207	(2,536)	2,743
Other fair value adjustments	6,070	10,576	(4,506)
Fair value adjustment to investment properties – IFRIC 21	1,966	(5,706)	7,672
Property taxes accounted for under IFRIC 21	(1,966)	5,706	(7,672)
Distributions on Class B Units treated as interest expense	2,410	2,284	126
FFO	**$ 6,541**	**$ 5,928**	**$ 613**
Add/(Deduct):			
Leasing cost reserve (1)	(638)	(603)	(35)
Capital expenditure reserve (2)	(212)	(202)	(10)
Amortization of mark-to-market mortgages payable premium	(207)	(207)	-
Amortization of financing charges	155	135	20
Deferred compensation expense	225	222	3
Amortization of straight-line rent	(737)	(480)	(257)
Amortization of tenant incentives	28	23	5
AFFO	**$ 5,155**	**$ 4,816**	**$ 339**
FFO per Unit (basic and diluted)	**$** 0.238	**$** 0.249	(0.011)
AFFO per Unit (basic and diluted)	**$** 0.188	**$** 0.202	(0.014)

(1) The leasing cost reserve is a weighted average rate of approximately $0.22 per square foot and $0.24 per square foot as at June 30, 2014 and March 31, 2014, respectively, based on a five-year average of expected leasing commissions and tenant improvements on the portfolio.

(2) The capital expenditure reserve is a weighted average rate of approximately $0.07 per square foot and $0.08 per square foot as at June 30, 2014 and March 31, 2014, respectively, based on the five year average of expected capital expenditures on the portfolio.

FFO

For the three months ended June 30, 2014, FFO was $613 higher, as compared to the three months ended March 31, 2014 for the reasons described in the following table:

Variance Explanation		Three months ended June 30, 2014
FFO attributable to investment property acquisitions completed after March 31, 2014.	$	712
Net operating income variance attributable to straight-line rent adjustments and differences in repair and maintenance costs and in actual recoverable expenses at certain investment properties.		56
Interest expense related to non-recurring Class B Unit issuance costs.		(83)
Other.		(72)
Total variance	$	613

AFFO

For the three months ended June 30, 2014, AFFO was $339 higher, as compared to the three months ended March 31, 2014 for the reasons described in the following table:

Variance Explanation		Three months ended June 30, 2014
AFFO attributable to investment property acquisitions completed after March 31, 2014.	$	598
Net operating income variance attributable to differences in repair and maintenance costs and in actual recoverable expenses at certain investment properties.		(112)
Interest expense related to non-recurring Class B Unit issuance costs.		(83)
Other.		(64)
Total variance	$	339

FFO and AFFO per Unit amounts

The basic weighted average number of Units used to calculate FFO and AFFO per Unit include the weighted average of all outstanding REIT Units and Class B Units, which amounted to 27,441,017 Units and 23,791,909 Units as at June 30, 2014 and March 31, 2014, respectively. The increase in the number of weighted average units outstanding is due to the Offering of a total of 3,478,200 Units (including Units issued pursuant to the exercise in full of the over-allotment option granted to the underwriters by the REIT), in addition to Class B Units issued in connection with the Louisville Property acquisition on June 18, 2014.

For the three months ended June 30, 2014, FFO per unit was $0.011 lower, as compared to the three months ended March 31, 2014, mainly as a result of an increase in the number of weighted average units outstanding, non-recurring Class B Unit issuance costs of $83, and the timing of the Atlanta Property acquisition. Although the Offering was completed on April 4, 2014, $19,047 of the proceeds weren't deployed until the acquisition of the Atlanta Property on April 29, 2014. The timing of this acquisition occurring at the end of April 2014 instead of simultaneously with the completion of the Offering contributed to the decline in FFO per Unit for the three months ended June 30, 2014. This was partially offset by an increase in FFO of $712 due to the four investment property acquisitions that occurred during the three months ended June 30, 2014. AFFO per Unit for the three months ended June 30, 2014 was $0.014 lower, as compared to the three months ended March 31, 2014, primarily as a result of an increase in the number of weighted average units outstanding, non-recurring Class B Unit issuance costs of $83, and the timing of the Atlanta Property acquisition, partially offset by an increase in AFFO of $598 due to the four investment property acquisitions that occurred during the three months ended June 30, 2014.

Distribution Policy

The REIT's AFFO payout ratio for the three months ended June 30, 2014 and March 31, 2014 was 95.0% and 86.4%, respectively. The higher payout ratio for the three months ended June 30, 2014 was due to (i) the issuance of REIT Units under the underwriter's over-allotment of the Offering, and (ii) the timing difference between distributions paid on REIT Units issued under the Offering and Class B Units issued in the Louisville Property acquisition and AFFO generated as a result of the Atlanta Property and Louisville Property acquisitions.

LIQUIDITY AND CAPITAL RESOURCES

The REIT's primary sources of capital are cash generated from operations, its Revolving Facility, mortgages payable financing and refinancing and equity and debt issuances. The REIT's primary uses of capital include the payment of distributions, costs of attracting and retaining tenants, recurring investment property maintenance, major investment property improvements, mortgages payable principal repayments, interest payments and investment property acquisitions. The REIT expects to meet all of its ongoing obligations with current cash generated from operations, draws on its Revolving Facility and, as growth requires and when appropriate, new equity or debt issues. The Declaration of Trust provides that the REIT cannot incur or assume any indebtedness that would cause total indebtedness levels to exceed 60% of gross book value (or 65% of gross book value including convertible debentures). Management of the REIT targets an indebtedness level at or below 55% of gross book value. As at June 30, 2014, the REIT's debt-to-gross book value ratio was 52.7% (total outstanding principal amounts of mortgages payable and Revolving Facility of $324,668, divided by a gross book value of $615,587). The REIT has no convertible debentures outstanding.

The REIT's capacity to issue additional debt without issuing new equity or breaching its targeted and mandated leverage ratios, discussed above, is as follows:

Debt-to-gross book value		**Acquisition Capacity**
55%	$	30,900
60%	$	111,711

The REIT uses cash flow from operations and debt level indicators to assess its ability to meet its financing obligations. For the six months ended June 30, 2014, the REIT's interest coverage ratio was 3.2 times (excluding adjustments for property taxes accounted for under IFRIC 21), demonstrating an ability to adequately cover interest expense requirements. The REIT's weighted average effective interest rate on all indebtedness as at June 30, 2014 was 3.9%.

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

		Six months ended June 30, 2014		**Period from March 4, 2013 to June 30, 2013**
Cash provided by/(used in):				
Operating activities	$	17,363	$	5,538
Investing activities	$	(98,726)	$	(65,633)
Financing activities	$	79,756	$	66,013
Increase (decrease) in cash and cash equivalents during the period	$	**(1,607)**	$	**5,918**
Cash and cash equivalents, beginning	$	5,926	$	-
Cash and cash equivalents, end	$	**4,319**	$	**5,918**

Cash flows from operating activities for the six months ended June 30, 2014 and for the period from March 4, 2013 to June 30, 2013 of $17,363 and $5,538, respectively, primarily related to the operation of investment properties.

Cash flows used in investing activities for the six months ended June 30, 2014 and for the period from March 4, 2013 to June 30, 2013 of $98,726 and $65,633, respectively, primarily related to cash paid for acquisitions of investment properties, partially offset by increases in capital escrow amounts required to be held in connection with certain mortgages payable.

Cash flows provided by financing activities for the six months ended June 30, 2014 and for the period from March 4, 2013 to June 30, 2013 of $79,756 and of $66,013 primarily related to net proceeds from the issuance of REIT Units and exercise of the underwriters' over-allotment, proceeds from mortgages payable, and proceeds from the Revolving Facility, partially offset by cash used to pay interest expense on mortgages payable and bank indebtedness as well as distributions to

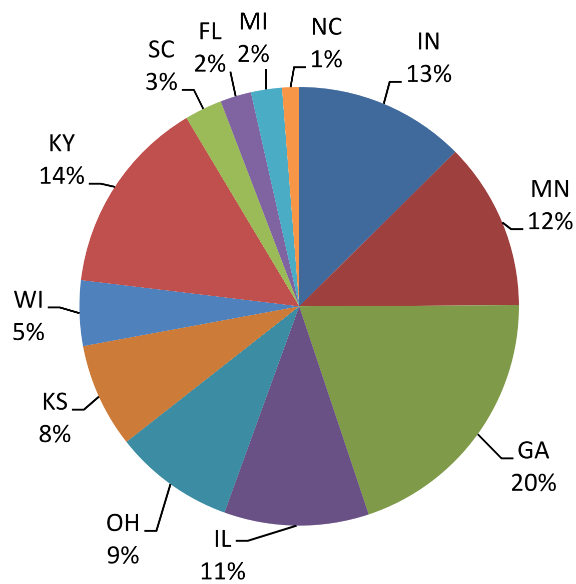
Unitholders.

Investment Properties
Investment properties include land, building, improvements to investment properties and all direct leasing costs incurred in obtaining property tenants. As at June 30, 2014, the fair value of our investment property portfolio was $615,587, implying a weighted-average, terminal capitalization rate of 7.26%.

Fair values were determined using the discounted cash flow method, which discounts the expected future cash flows, generally over a term of five years, and uses discount rates and terminal capitalization rates specific to each investment property. Individual investment properties were valued using terminal capitalization rates in the range of 6.25% - 9.25%. The REIT retained an independent third-party appraiser to appraise each investment property contained within the portfolio at its IPO and intends to engage third-party appraisers to prepare valuations on a portion of the portfolio annually, commencing after June 30, 2014, such that the entire portfolio is externally appraised on a regular basis. The fair value of investment properties by geographic region is as follows:

		June 30, 2014
State		**Fair Value**
Georgia	$	122,850
Kentucky		89,396
Indiana		77,450
Minnesota		75,975
Illinois		65,511
Ohio		54,650
Kansas		47,350
Wisconsin		29,630
South Carolina		17,025
Florida		14,050
Michigan		14,000
North Carolina		7,700
Total	$	615,587

Fair Value by Geographic Location



Mortgages Payable and Revolving Facility

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

	June 30, 2014	December 31, 2013
Mortgages payable	$ 265,668	$ 216,662
Mark-to-market adjustment, net	3,740	4,156
Financing costs, net	(1,081)	(606)
Carrying value	268,237	220,212
Less current portion	(13,096)	(16,382)
Long-term mortgages payable	$ 255,231	$ 203,830

As at June 30, 2014, approximately 40.3% of the REIT's outstanding mortgages payable were payable to a single financial institution, with maturities in 2021 and 2023.

Variable rate debt as a percentage of total debt was 28.0% and 29.1% as at June 30, 2014 and December 31, 2013, respectively.

On April 26, 2013, the REIT entered into an interest rate cap, which expires on April 26, 2015, and covers up to a principal amount of $50,000 and provides for a LIBOR cap of 50 basis points. The percentage of variable rate indebtedness outstanding and not covered under this interest rate cap was 12.6% and 9.9% of the total portfolio indebtedness as at June 30, 2014 and at December 31, 2013, respectively.

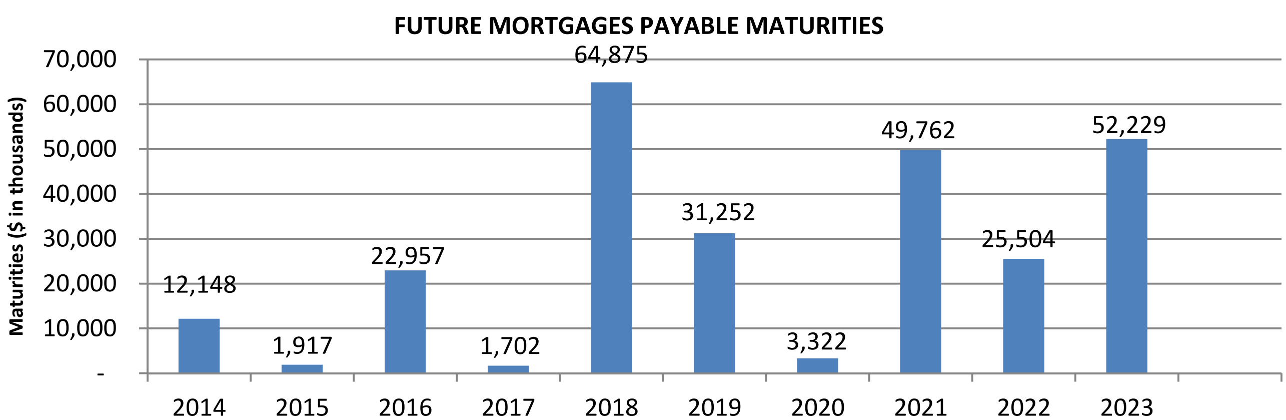
As at June 30, 2014, mortgages payable bear fixed and variable interest at various rates ranging from 2.41% to 5.80% (2.42% to 5.80% as at December 31, 2013), and have a weighted average effective interest rate of 4.16% (4.33% as at December 31, 2013), with maturity dates ranging from 2014 - 2023.

During the six months ended June 30, 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 paid off one variable rate mortgage payable in the amount of $3,180 and did not renew the related interest rate swap. As at June 30, 2014, there was one variable rate mortgage payable outstanding totaling $31,800, with an interest rate of 2.41% (2.42% as at December 31, 2013). This mortgage payable was refinanced to a fixed-rate mortgage payable on August 12, 2014.

The scheduled mortgage payments, principal maturities and weighted average effective interest rates are as follows:

As at June 30, 2014	Weighted Average Maturing Effective Interest Rate	Scheduled Mortgage Repayments	Principal Mortgage Maturities	Revolving Facility	Total Repayments
Remainder of 2014	5.7%	$ 921	$ 11,227	$ -	$ 12,148
2015	N/A	1,917	-	-	1,917
2016	3.3%	1,978	20,979	59,000	81,957
2017	N/A	1,702	-	-	1,702
2018	3.5%	2,756	62,119	-	64,875
2019	3.4%	2,927	28,325	-	31,252
2020	N/A	3,322	-	-	3,322
2021	5.1%	3,070	46,692	-	49,762
2022	3.8%	1,970	23,534	-	25,504
2023	3.7%	147	52,082	-	52,229
Totals		$ 20,710	$ 244,958	$ 59,000	$ 324,668
Mark-to-market adjustment, net					3,740
Financing costs, net					(1,620)
Total					$ 326,788

The following chart shows the future maturities of mortgages payable as at June 30, 2014:



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 June 30, 2014 and December 31, 2013, the Revolving Facility interest rate was 2.41% and 2.42%, respectively.

Availability on the Revolving Facility was $64,500 as at June 30, 2014, of which the REIT had drawn $59,000 and had a $950 letter of credit outstanding, leaving remaining availability of $4,550.

Commitments and Contingencies

Leasing Cost Reserve

The REIT uses management's best estimate of leasing costs on expected lease maturities within the portfolio over a forward-looking five-year period to calculate the leasing costs reserve used in the REIT's AFFO calculation (see "Reconciliation of Non-IFRS Measures" section of this MD&A). Management estimates leasing costs to be approximately $0.22 per square foot. The five-year average leasing cost per square foot used in the REIT's AFFO calculation will change from time to time as the REIT purchases additional properties. For the three and six months ended June 30, 2014, actual leasing costs were $95 and $95, respectively, as compared to $638 and $1,241, respectively, reserved on page 18.

Capital Expenditure Reserve

The REIT's policy is to engage a third-party to provide building condition assessment reports ("**BCA Reports**") on each property acquired for the purpose of assessing and documenting the existing condition of each investment property and major investment property operating components and systems. The REIT then uses this information to calculate a five-year weighted average capital expenditure per square foot, which is used in the REIT's AFFO calculation (see "Reconciliation of Non-IFRS Measures" section of this MD&A). Management estimates capital expenditures to be approximately $0.07 per square foot. The five-year weighted average capital expenditure per square foot used in the REIT's AFFO calculation will change from time to time as the REIT purchases additional properties. For the three and six months ended June 30, 2014, actual capital expenditures were $18 and $180, respectively, as compared to $212 and $414, respectively, reserved on page 18.

Other Commitments and Contingencies

Management has a contingent obligation to expand the GLA at two 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 tenant and the REIT with regards to the base rental rates to be charged for occupying such expansion space and terminate at the end of the respective leases.

The REIT has no off-balance sheet items other than those discussed within this MD&A.

EQUITY

This discussion of equity includes all Class B Units, which are economically equivalent to REIT Units. Pursuant to IFRS, the Class B Units are classified as a liability in the REIT's consolidated financial statements.

The REIT's Declaration of Trust authorizes the issuance of an unlimited number of REIT Units. Each REIT Unit represents a Unitholder's ownership interest in the REIT and carries equal voting rights.

The 10,867,362 Class B Units issued in connection with the IPO and the 2,165,605 Class B Units issued as partial consideration for the Louisville Property 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 condensed consolidated interim statements of financial position.

The 2,192,347 Class B Units issued in connection with the acquisition of the industrial investment property on July 15, 2013 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 underlying REIT Units for which these Class B Units may be redeemed. As a result, these Class B Units are now entitled to distributions per unit in an amount equal to 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 and subject to anti-dilution adjustments), as determined by the general partner of the Partnership in its sole discretion. Therefore, the distributions on these Class B Units that were held in escrow as at March 31, 2014 have been released and these Class B Units were reclassified during the quarter to long-term liabilities in the condensed consolidated interim statements of financial position.

As at June 30, 2014, Welsh held 15,225,314 Class B Units and 752,700 REIT Units, representing an effective ownership interest in the REIT of approximately 54.3% assuming all Class B Units are redeemed for REIT Units (but excluding other potentially dilutive securities held by officers and employees of Welsh).

As at June 30, 2014, ownership of the REIT was as follows:

	REIT Units	**Class B Units**	**Total Units**	**% of Total**
Welsh's retained interest	752,700	15,225,314	15,978,014	54.3%
REIT Units	13,457,700	-	13,457,700	45.7%
Total	14,210,400	15,225,314	29,435,714	100.0%

On April 26, 2013, the REIT authorized a unit option plan (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.

On May 29, 2013, the REIT granted 390,000 options to certain officers of the REIT and employees of Welsh at an exercise price of $10.14 per unit, expiring May 29, 2023. 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.

On May 27, 2014, the REIT granted 200,000 options to certain officers of the REIT and employees of Welsh at an exercise price of $9.81, expiring May 27, 2024. 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.

Under IFRS, liabilities related to deferred compensation under the Plan are measured at fair value as at the grant date and are remeasured at each reporting date. The fair value changes are recorded within general and administrative expense in the statement of income (loss) and comprehensive income (loss). Total compensation expense attributable to these options for the three and six months ended June 30, 2014, was $(8) and $16, respectively. These amounts include adjustments based on the fair value of the options as at June 30, 2014 using the Black-Scholes option pricing model with the following assumptions:

Expected option term	5.75 years
Risk-free interest rate	1.88%
Expected volatility	15.00%
Dividend yield	7.00%

On April 26, 2013, the REIT authorized a Deferred Unit Incentive Plan ("**DUIP**") that provides for the granting of deferred trust units ("**DTUs**") to trustees, officers, directors, employees, consultants and service providers, as well as employees of such service providers. DTUs are defined as notional units that are tied to the REIT's financial and REIT Unit trading performance. 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.

Officer and Other Grants

On May 27, 2014 and May 29, 2013, the Board of Trustees granted 65,000 DTUs and 50,000 DTUs, respectively, to certain officers of the REIT and employees of Welsh. Additional DTUs granted to certain officers of the REIT and employees of Welsh through distributions for the six months ended June 30, 2014 and for the period from March 4, 2013 to December 31, 2013 were 2,710 units and 2,462 units, respectively, for a total of 120,172 and 52,462 units outstanding to these individuals as at June 30, 2014 and December 31, 2013, respectively. These DTUs vest as to one-fifth on the first anniversary of the grant date, and one-fifth on each of the following four anniversaries. Distributions on the DTUs accrue to the holder in additional REIT Units on each distribution date and vest on the same schedule as their corresponding DTUs.

Trustee and Other Grants

As at June 30, 2014, each of the Trustees elected to receive all of their compensation for the current fiscal year in the form of DTUs. Annually, the REIT matches 50% of all annual Trustee compensation received in DTUs, and all such DTUs 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.

For the six months ended June 30, 2014 and for the period from March 4, 2013 to December 31, 2013, 32,425 DTUs and 10,430 DTUs were granted to Trustees for services rendered, respectively. During the six months ended June 30, 2014 and for the period from March 4, 2013 to December 31, 2013, 601 and 302 DTUs were granted through distributions, respectively , for a total of 43,758 and 10,732 unit outstanding to these individuals as at June 30, 2014 and December 31, 2013, respectively.

Under IFRS, liabilities related to deferred compensation under the DUIP are measured at fair value as at the grant date and are remeasured at each reporting date. The fair value changes are recorded within general and administrative expense in the statement of income (loss) and comprehensive income (loss). Total compensation expense recognized for the three and six months ended June 30, 2014 was $206 and $403, respectively, related to these instruments. These amounts include adjustments based on the fair value of the REIT Units as at June 30, 2014.

PART III

DISCLOSURE AND INTERNAL CONTROLS

The REIT's Chief Executive Officer and Chief Financial Officer have designed, or caused to be designed under their supervision, the REIT's disclosure controls and procedures and internal control over financial reporting to provide reasonable assurance that (i) material information relating to the REIT, including its consolidated subsidiaries, is made known to them by others within those entities, particularly during the period in which the filings are being prepared, (ii) material information required to be disclosed in the filings or other reports filed or submitted by the REIT under securities legislation is recorded, processed, summarized and reported on a timely basis and within the time period specified by securities legislation, and (iii) the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS .

Internal controls over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of their inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human error. Internal control over financial reporting also can be circumvented by collusions or improper management override. Because of such limitations, there is risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting.

To the best of the knowledge and belief of the REIT's Chief Executive Officer and Chief Financial Officer, no changes were made in the REIT's internal control over financial reporting or disclosure controls and procedures during the six months ended June 30, 2014, that have materially affected, or are reasonably like to materially affect, the REIT's internal control over financial reporting or disclosure controls and procedures.

PART IV

RISK FACTORS

The REIT faces a variety of significant and diverse risks, many of which are inherent in the business conducted by the REIT, the Partnership and the tenants of the properties. The Annual Information Form contains a detailed summary of risk factors pertaining to the REIT and its business. There have been no changes to the nature or the number of risk factors pertaining to the REIT since the date of the Annual Information Form. The disclosures in this MD&A are subject to the risk factors outlined in the Annual Information Form.

PART V

RELATED PARTY TRANSACTIONS

Acquisition of investment properties:

On April 26, 2013, in connection with its IPO, the REIT acquired 37 investment properties from Welsh, which was accounted for as a business combination. Please refer to the REIT's annual audited financial statements for the period from March 4, 2013 to December 31, 2013 for details.

On July 15, 2013, the REIT acquired from Welsh, a 100% interest in an industrial investment property located in Illinois for a purchase price of $53,000. Please refer to the REIT's annual audited financial statements for the period from March 4, 2013 to December 31, 2013 for details.

On April 4, 2014, the REIT acquired from Welsh, the Kentucky Property for cash (see "Overview" section of this MD&A).

On June 18, 2014, the REIT acquired from Welsh, the Louisville Property (see "Overview" section of this MD&A).

Upon completion of the IPO, the REIT entered into an Asset Management Agreement with Welsh under which Welsh agreed to provide the REIT with certain advisory and investment management services, as well as legal services. Asset management fees paid to Welsh for the six months ended June 30, 2014 and for the period from March 4, 2013 to June 30, 2013 were $653 and $197, respectively. Asset management fees payable to Welsh as at June 30, 2014 and December 31, 2013 were $115 and $105, respectively.

Acquisition fees paid to Welsh for the six months ended June 30, 2014 were $703. There were no acquisition fees paid to Welsh for the period from March 4, 2013 to June 30, 2013. There were no acquisition fees payable to Welsh as at June 30, 2014 or December 31, 2013.

Construction management fees paid to Welsh for the six months ended June 30, 2014 were $68. There were no construction management fees paid to Welsh for the period from March 4, 2013 to June 30, 2013. Construction management fees payable to Welsh as at June 30, 2014 and December 31, 2013 were $68 and $0, respectively.

The REIT also entered into a Property Management Agreement with Welsh upon completion of the IPO under which Welsh has agreed to provide services to administer the day-to-day operations of the REIT's portfolio of investment properties. Total fees paid to Welsh under the Property Management Agreement for the six months ended June 30, 2014 and for the period from March 4, 2013 to June 30, 2013 were $640 and $221, respectively. Property management fees payable to Welsh as at June 30, 2014 and December 31, 2013 were $4 and $0, respectively.

Class B Units:

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 July 15, 2013 acquisition of the Illinois investment property, 2,192,347 Class B Units were issued to Welsh.

As part of the consideration for the Louisville Property acquisition on June 18, 2014, 2,165,605 Class B Units were issued to Welsh.

Distributions on Class B Units of $4,568 and $750 were paid to Welsh during the six months ended June 30, 2014 and for the period from March 4, 2013 to June 30, 2013, respectively. Distributions payable to Welsh on Class B Units as at June 30, 2014 and December 31, 2013 were $888 and $761, respectively.

REIT Units:

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. Distributions related to these REIT Units of $88 were paid to Welsh for the six months ended June 30, 2014. Distributions payable to Welsh on these REIT Units as at June 30, 2014 were $44.

Office rent:

A subsidiary of the REIT has a lease with an affiliate of Welsh for an investment property located at 4350 Baker Road, Minnetonka, Minnesota. Rental revenue earned by the subsidiary from the affiliate of Welsh for the six months ended June 30, 2014 and for the period from March 4, 2013 to June 30, 2013 was approximately $522 and $186, respectively. 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:

In addition, 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 June 30, 2014 and December 31, 2013, the net payable due to Welsh was $69 and $17, respectively, related to these reimbursements.

PART VI

SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies, including significant judgments and critical accounting estimates made by management of the REIT, is described in note 2 of the REIT's annual financial statements for the period from March 4, 2013 to December 31, 2013.

PART VII

SUBSEQUENT EVENTS

On July 10, 2014, the REIT obtained an $11,000 mortgage payable with a per annum fixed interest rate of 4.03% and a maturity of September 1, 2024. The REIT used the proceeds in addition to cash on hand to pay off an existing mortgage payable with an outstanding balance of $11,205 with an annual interest rate of 5.69% and a maturity of July 10, 2014.

As at June 30, 2014, there was one variable rate mortgage payable outstanding totaling $31,800, with a per annum variable interest rate of 2.25% plus the one-month LIBOR rate. On August 12, 2014, this mortgage payable was refinanced to a six-year, fixed-rate mortgage payable with a per annum interest rate of 3.40%. As a result, variable rate debt as a percentage of total debt adjusted for interest rate cap is 2.77%.