Condensed Consolidated Interim Financial Statements
(In U.S. dollars)

WPT INDUSTRIAL REAL ESTATE INVESTMENT TRUST

For the three months ended March 31, 2015 and 2014

(Unaudited)

WPT INDUSTRIAL REAL ESTATE INVESTMENT TRUST

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

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
Assets		
Non-current assets:		
Investment properties (note 4)	$ 719,723	$ 633,056
Other non-current assets	427	1,156
	720,150	634,212
Current assets:		
Amounts receivable (note 5)	2,030	1,295
Prepaid expenses	815	982
Restricted cash	1,250	925
Cash and cash equivalents	7,498	5,526
	11,593	8,728
Total assets	$ 731,743	$ 642,940
Liabilities and Unitholders' Equity		
Non-current liabilities:		
Mortgages payable (note 8)	$ 315,162	$ 264,566
Revolving Facility (note 9)	49,573	56,497
Class B Units (note 10)	182,704	166,717
Security deposits	887	824
	548,326	488,604
Current liabilities:		
Mortgages payable (note 8)	2,136	2,113
Amounts payable and accrued liabilities (note 6)	11,852	10,341
Distributions payable (note 11)	1,080	828
	15,068	13,282
Total liabilities	563,394	501,886
Total unitholders' equity	168,349	141,054
Total liabilities and unitholders' equity	$ 731,743	$ 642,940

See accompanying notes to condensed consolidated interim financial statements.

WPT INDUSTRIAL REAL ESTATE INVESTMENT TRUST

Condensed Consolidated Interim Statements of Net Loss and Comprehensive Loss
(In thousands of U.S. dollars)

(Unaudited)	Three months ended March 31, 2015	2014
Investment properties:		
Investment properties revenue	$ 16,386	$ 12,847
Investment properties operating expenses	9,822	9,121
Net investment property income	6,564	3,726
Other expenses and (income):		
General and administrative	1,555	949
Fair value adjustment to investment properties (note 4)	2,739	(2,536)
Fair value adjustment to investment properties – IFRIC 21 (note 4)	(5,888)	(5,706)
Finance costs (note 13):		
Fair value adjustment on Class B Units and financial instruments	15,987	10,577
Distributions on Class B Units	2,663	2,284
Other finance costs	3,247	2,554
Total finance costs	21,897	15,415
Net loss and comprehensive loss	$ (13,739)	$ (4,396)

See accompanying notes to condensed consolidated interim financial statements.

WPT INDUSTRIAL REAL ESTATE INVESTMENT TRUST

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

	REIT Units	Trust Equity	Distributions	Accumulated Income	Unitholders' Equity
Balance, December 31, 2013 (note 11)	10,732,200	$ 95,163	$ (5,281)	$ 27,632	$ 117,514
Net loss and comprehensive loss	-	-	-	(4,396)	(4,396)
Distributions declared	-	-	(1,877)	-	(1,877)
Balance, March 31, 2014 (note 11)	10,732,200	$ 95,163	$ (7,158)	$ 23,236	$ 111,241
Balance, December 31, 2014 (note 11)	14,210,619	$ 125,790	$ (14,614)	$ 29,878	$ 141,054
REIT Units issued, net of issue costs	4,312,500	44,274	-	-	44,274
Net loss and comprehensive loss	-	-	-	(13,739)	(13,739)
Distributions declared	-	-	(3,240)	-	(3,240)
Balance, March 31, 2015 (note 11)	18,523,119	$ 170,064	$ (17,854)	$ 16,139	$ 168,349

See accompanying notes to condensed consolidated interim financial statements.

WPT INDUSTRIAL REAL ESTATE INVESTMENT TRUST

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

(Unaudited)	Three months ended March 31, 2015	2014
Cash flows from operating activities:		
Net loss	$ (13,739)	$ (4,396)
Finance costs (note 13)	21,897	15,415
Non-cash items:		
Amortization of straight-line rent	(653)	(480)
Property tax liability under IFRIC 21 (note 4)	5,888	5,706
Fair value adjustment to investment properties (note 4)	(3,149)	(8,242)
Deferred compensation expense (note 11)	268	222
Fair value adjustment on deferred compensation (note 11)	340	(1)
Amortization of lease incentives	126	23
Change in non-cash working capital (note 19)	(319)	(1,241)
Cash flows provided by operating activities	10,659	7,006
Cash flows from financing activities:		
Repayment of mortgages payable	(524)	(531)
Proceeds from mortgages payable	51,750	-
Repayment of Revolving Facility	(44,000)	-
Proceeds from Revolving Facility	37,000	-
Financing costs incurred	(519)	-
Proceeds from issuance of REIT Units, net of issue costs (note 11)	44,274	-
Distributions paid	(2,988)	(1,877)
Interest paid	(5,835)	(4,783)
Cash flows provided by (used in) financing activities	79,158	(7,191)
Cash flows from investing activities:		
Acquisition of investment properties (note 3)	(87,887)	-
Additions to investment properties, including lease incentives (note 4)	(687)	(162)
Change in capital escrows	729	78
Cash flows (used in) investing activities	(87,845)	(84)
Increase (decrease) in cash and cash equivalents	1,972	(269)
Cash and cash equivalents, beginning of period	5,526	5,926
Cash and cash equivalents, end of period	$ 7,498	$ 5,657

See accompanying notes to condensed consolidated interim financial statements.

WPT Industrial Real Estate Investment Trust (the "REIT") is an unincorporated, open-ended real estate investment trust established pursuant to a Declaration of Trust dated March 4, 2013, under the laws of the Province of Ontario as amended and restated on April 26, 2013.

The REIT was formed for the purpose of acquiring and owning primarily industrial investment properties, located in the United States, with a particular focus on warehouse and distribution investment properties.

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

As at March 31, 2015, the REIT owned a portfolio of investment properties comprised of 46 industrial investment properties and two office investment properties, located in 13 states in the U.S.

1. Basis of Presentation:

(a) Statement of compliance:

The condensed consolidated interim financial statements of the REIT have been prepared by management in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB").

These condensed consolidated interim financial statements were approved by the board of trustees of the REIT (the “Board of Trustees”) on May 13, 2015.

The condensed consolidated interim financial statements do not include all information required for full annual financial statements and should be read in conjunction with the REIT’s unaudited condensed consolidated interim financial statements for the three months ended March 31, 2014 and the REIT’s audited consolidated financial statements for the year ended December 31, 2014, which were prepared in accordance with International Financial Reporting Standards (“IFRS”).

(b) Basis of measurement:

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

(c) Basis of consolidation:

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

(In thousands of U.S. dollars, except per unit amounts)

2. Significant Accounting Policies:

The condensed consolidated interim financial statements follow the same accounting policies as the audited consolidated financial statements as at and for the year ended December 31, 2014. Please refer to note 2 of the REIT's audited consolidated financial statements for the year ended December 31, 2014 for a summary of significant accounting policies.

3. Asset acquisition:

On February 20, 2015, the REIT indirectly acquired from a third party vendor, a 100% leased portfolio of six industrial investment properties located in Memphis, Tennessee (the "Memphis Portfolio"), for a purchase price of $86,667 (exclusive of closing costs and acquisition fee). The purchase price was paid in cash using a portion of the net proceeds from the January 28, 2015 issuance of 4,312,500 REIT Units at a price of $10.80 per REIT Unit (the "January 2015 Offering") and a new, $51,750 five-year mortgage payable bearing a fixed interest rate of 2.87%.

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

Investment properties (1)	$	88,192
Prepaid expenses		39
Amounts payable and accrued liabilities		(267)
Security deposits		(77)
Net assets acquired	$	87,887

Consideration given by the REIT consists of the following:

Cash		87,887
Total consideration	$	87,887

(1) Includes total closing costs and acquisition fee of $1,525 and an IFRIC 21 liability of $1,487 assumed on acquisition that is offset by an equal adjustment to investment property.

(In thousands of U.S. dollars, except per unit amounts)

4. Investment properties:

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

	Three months ended March 31, 2015	Year ended December 31, 2014
Balance, beginning of period	$ 633,056	$ 493,006
Investment property acquisitions	88,192	118,812
Additions to investment properties, including lease incentives	687	2,813
Amortization of straight-line rent	653	2,519
Amortization of lease incentives	(126)	(138)
Fair value adjustment to investment properties	(2,739)	16,044
	$ 719,723	$ 633,056
Property tax liability under IFRIC 21	(7,376)	(5,706)
Fair value adjustment to investment Properties – IFRIC 21	7,376	5,706
	$ 719,723	$ 633,056

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

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

	Level 1	Level 2	Level 3
Investment properties – March 31, 2015	$ –	$ –	$ 719,723
Investment properties – December 31, 2014	$ –	$ –	$ 633,056

Investment properties include the current fair value of the land, building, improvements to the investment property and all direct leasing costs incurred in obtaining and retaining property tenants. Management reviews the fair value of the investment properties regularly using independent property valuations and market conditions existing at the reporting date, which are generally accepted market practices. Judgment is also applied in determining the extent and frequency of independent third party appraisals. The REIT determines the fair value of an investment property at the end of each reporting period using a combination of the following methods: (i) an internal valuation using the discounted cash flow model, which discounts the expected future cash flows, including a terminal value, based on the application of a terminal capitalization rate to the assumed final year's estimated cash flows, and reviewing the key assumptions from previous appraisals and updating the value for changes in the property cash flow, physical condition and changes in market conditions, and (ii) appraisals by an independent third party, according to professional appraisal standards and IFRS.

(In thousands of U.S. dollars, except per unit amounts)

Management retained an independent third party appraiser to appraise each investment property contained within the portfolio at the time of the initial public offering ("IPO"), and has obtained independent third party appraisals in respect to each investment property subsequently acquired, except for those investment properties in respect of which the requirement to obtain an appraisal was waived by the independent trustees of the Board of Trustees. Additionally, the REIT, as part of management's regular review of the investment properties fair value, obtained independent third party appraisals for 12 existing properties in the portfolio during the third quarter of 2014.

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

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

	March 31, 2015	December 31, 2014
Weighted average terminal capitalization rate:	7.12%	7.07%
Range of terminal capitalization rates:	6.25-8.50%	6.25%-8.50%
Weighted average discount rate:	7.29%	7.35%
Range of discount rates:	6.73-8.50%	6.73%-8.50%

The fair value of investment properties is most sensitive to changes in terminal capitalization rates. As at March 31, 2015, the weighted average terminal capitalization rate was 7.12%. A 25-basis-point increase in the weighted average terminal capitalization rate would decrease the value of the investment properties by $24,414. A 25-basis-point decrease in the weighted average terminal capitalization rate would increase the value of the investment properties by $26,191.

(In thousands of U.S. dollars, except per unit amounts)

5. Amounts receivable:

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

Amounts receivable are as follows:

	March 31, 2015	December 31, 2014
Tenant receivables	$ 1,913	$ 1,275
Other receivables	121	56
Allowance for uncollectible amounts	(4)	(36)
	$ 2,030	$ 1,295

The carrying value of amounts receivable approximates fair value.

6. Amounts payable and accrued liabilities:

Amounts payable and accrued liabilities consist of the following:

	March 31, 2015	December 31, 2014
Trade payables	$ 436	$ 153
Accrued liabilities and other payables	1,749	3,136
Accrued real estate taxes	3,400	1,722
Accrued interest	1,835	1,748
Unearned revenue	75	81
Rent received in advance	2,233	1,985
Deferred compensation	2,124	1,516
	$ 11,852	$ 10,341

(In thousands of U.S. dollars, except per unit amounts)

7. Operating leases:

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

There were no tenants that accounted for more than 10% of the REIT's total rental revenue for the three months ended March 31, 2015 or 2014.

As at March 31, 2015, the total future contractual minimum base rent lease payments expected to be received under non-cancellable leases are as follows:

One year or less	$ 52,337
2 - 5 years	136,494
Greater than 5 years	53,097
	$ 241,928

8. Mortgages payable:

Mortgages payable consist of the following:

	March 31, 2015	December 31, 2014
Mortgages payable	$ 315,685	$ 264,459
Mark-to-market adjustments, net	3,210	3,378
Financing costs, net	(1,597)	(1,158)
Carrying value	317,298	266,679
Less current portion	(2,136)	(2,113)
Long-term portion	$ 315,162	$ 264,566

Mortgages payable that are due and payable within 12 months after the date of the condensed consolidated interim statements of financial position presented, including scheduled principal payments on mortgages payable, are classified as current liabilities. Mortgages payable are collateralized by investment properties with a fair value of $584,921 and $498,716 as at March 31, 2015 and December 31, 2014, respectively. As at March 31, 2015, mortgages payable bear interest at various rates ranging from 2.87% to 5.80% (3.40% to 5.80% as at December 31, 2014), and have a weighted average effective interest rate of 3.99% (4.21% as at December 31, 2014), with maturity dates ranging from 2016 - 2024. As at March 31, 2015, there were no mortgages payable with variable interest rates.

(In thousands of U.S. dollars, except per unit amounts)

During the three months ended March 31, 2015, the REIT entered into a new, five-year mortgage payable totaling $51,750, bearing a fixed interest rate of 2.87%, as a result of the Memphis Portfolio acquisition.

Future contractual cash flows of mortgages payable principal and interest are as follows as at March 31, 2015:

	Principal Payment	Interest Payment	Total Payments
2015 (remainder)	$ 1,590	$ 9,404	$ 10,994
2016	23,161	12,443	35,604
2017	1,913	11,112	13,025
2018	33,295	10,549	43,844
2019	31,481	8,866	40,347
2020 and thereafter	224,245	15,732	239,977
	$ 315,685	$ 68,106	$ 383,791

Covenant compliance requirements:

The REIT's mortgages payable contain customary representations, warranties, and events of default, which require the REIT to comply with affirmative and negative covenants. These covenants include (a) net worth thresholds, (b) senior debt service coverage ratios, (c) total indebtedness to gross book value ratios, and (d) liquid asset thresholds. As at March 31, 2015 and December 31, 2014, the REIT was in compliance with all covenants of its mortgages payable.

Financial covenants applicable to Welsh Property Trust, LLC (“Welsh”) remain on two of the REIT’s mortgages payable relating to investment properties contributed to the REIT from Welsh during the IPO totaling $39,784, requiring Welsh to meet certain financial and operating criteria. As at March 31, 2015 and December 31, 2014, Welsh was in compliance with all covenants.

(In thousands of U.S. dollars, except per unit amounts)

9. Revolving Facility:

The Revolving Facility consists of the following:

	March 31, 2015	December 31, 2014
Revolving Facility	$ 49,900	$ 56,900
Financing costs, net	(327)	(403)
Carrying value	$ 49,573	$ 56,497

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 March 31, 2015 and December 31, 2014, the Revolving Facility interest rate was 2.68% and 2.67%, respectively.

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

Availability on the Revolving Facility was $75,000 as at March 31, 2015, of which the REIT had drawn $49,900, leaving remaining availability of $25,100.

On May 1, 2015, the interest rate cap expired, which covered a principal amount of up to $50,000 of the REIT’s variable interest rate debt and provided for a LIBOR cap of 50-basis points (note 16).

(In thousands of U.S. dollars, except per unit amounts)

10. Class B Units:

On June 18, 2014, 2,165,605 Class B Units were issued with a fair value of $22,089 as partial consideration for the $45,396 acquisition of an investment property located in Shepherdsville, Kentucky (the "Louisville Property").

Class B Units are valued at the REIT Units' closing price per the TSX as at March 31, 2015 and December 31, 2014, which was $12.00 and $10.95, respectively (note 16).

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

	Units	Value
As at December 31, 2013	13,059,709	$ 113,489
Class B Units issued June 18, 2014	2,165,605	22,089
Fair value adjustments on Class B Units	-	31,139
As at December 31, 2014	15,225,314	$ 166,717
Fair value adjustments on Class B Units	-	15,987
As at March 31, 2015	15,225,314	$ 182,704

Included in finance costs for the three months ended March 31, 2015 and 2014 are $2,663 and $2,284 of distributions declared on Class B Units, respectively. Total distributions payable on Class B Units as at March 31, 2015 and December 31, 2014 were $888.

11. Unitholders' equity:

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

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

(In thousands of U.S. dollars, except per unit amounts)

On January 28, 2015, the REIT completed the January 2015 Offering, when it issued 4,312,500 REIT Units (including REIT Units issued pursuant to the exercise in full of the over-allotment option granted by the REIT to the underwriters of the offering) at a price of $10.80 per REIT Unit to a syndicate of underwriters on a bought deal basis for gross proceeds to the REIT of approximately $46,575. Issue costs related to the January 2015 Offering were approximately $2,301.

	Units	Value
As at December 31, 2013	10,732,200	$ 95,163
REIT Units issued on completion of the April 2014 Offering, April 4, 2014 (including REIT Units issued through underwriter's over-allotment, and net of issue costs)	3,478,200	30,624
REIT Units issued due to exercise of stock options	219	3
As at December 31, 2014	14,210,619	$ 125,790
REIT Units issued on completion of the January 2015 Offering, January 28, 2015 (including REIT Units issued through underwriter's over-allotment, and net of issue costs)	4,312,500	44,274
As at March 31, 2015	18,523,119	$ 170,064

(a) Distributions:

The REIT declared distributions to unitholders of record in the amount of $3,240 ($0.17 per Unit) and $1,877 ($0.17 per Unit) for the three months ended March 31, 2015 and 2014, respectively. Total distributions payable as at March 31, 2015 and December 31, 2014 were $1,080 and $828, respectively.

(b) Deferred Unit Incentive Plan:

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

(In thousands of U.S. dollars, except per unit amounts)

DTU balance based on the 5-day volume-weighted average price on the grant date. These additional units vest on the same schedule as their corresponding DTUs.

Officer and Employee Grants

A summary of DTUs granted to officers of the REIT and employees of Welsh under the DUIP is set forth below:

	DTUs Granted
Total as at December 31, 2013	52,462
May 27, 2014 grant	65,000
DTUs granted through distributions	6,566
Total as at December 31, 2014	124,028
DTUs granted through distributions	1,936
Total as at March 31, 2015	125,964

The total fair value of DTUs granted to officers and employees as at March 31, 2015 and December 31, 2014 was $1,512 and $1,358, respectively. As at March 31, 2015 and December 31, 2014, a total of 11,449 and 11,273 DTUs granted to officers and employees had vested, respectively.

Trustee and Other Grants

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

(In thousands of U.S. dollars, except per unit amounts)

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

	DTUs Granted
Total as at December 31, 2013	10,732
DTUs granted for services rendered	37,802
DTUs granted through distributions and 50% match	13,394
Total as at December 31, 2014	61,928
DTUs granted through distributions	965
Total as at March 31, 2015	62,893

An additional 27,219 DTUs (11,208 vested) with a fair value of $187 had been earned as at March 31, 2015, but not yet granted.

The total fair value of DTUs granted to trustees as at March 31, 2015 and December 31, 2014 was $711 and $624, respectively. As at March 31, 2015 and December 31, 2014, a total of 51,242 and 50,456 DTUs granted to trustees had vested, respectively.

The movement in the DUIP balance was as follows:

As at December 31, 2013	$	349
Deferred compensation expense		807
Fair value adjustments		136
As at December 31, 2014	$	1,292
Deferred compensation expense		242
Fair value adjustments		143
As at March 31, 2015	$	1,677

Total compensation expense recognized for the three months ended March 31, 2015 and 2014 was $385 and $197, respectively. These amounts include adjustments based on the fair value of the REIT Units as at March 31, 2015 and 2014.

(In thousands of U.S. dollars, except per unit amounts)

(c) Unit option plan:

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. These options vest as to one-third on the first anniversary of the grant date, and one-third on each of the second and third anniversaries.

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

	Number of options	Weighted average exercise price
Outstanding, December 31, 2013	390,000	$ 10.14
Grant - May 27, 2014	200,000	$ 9.81
Exercised	(3,333)	$ 10.14
Forfeited or expired	(16,667)	$ 10.14
Outstanding, December 31, 2014 and March 31, 2015	570,000	$ 10.02
Exercisable, December 31, 2014 and March 31, 2015	123,333	$ 10.14

During the three months ended March 31, 2015, there were no options exercised. During the year ended December 31, 2014, there was a non-cash exercise of 3,333 options, resulting in the issuance of 219 REIT Units.

The total fair value of options granted as at March 31, 2015, December 31, 2014 and as at the grant date was $612, $355 and $327, respectively. The aggregate intrinsic value of exercisable options as at March 31, 2015 and December 31, 2014 was $244 and $114, respectively. The weighted average remaining contractual life for outstanding options and for exercisable options as at March 31, 2015 was 8.5 years and 8.2 years, respectively.

(In thousands of U.S. dollars, except per unit amounts)

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

Balance, December 31, 2013	$	67
Deferred compensation expense		129
Fair value adjustments		28
Balance, December 31, 2014	$	224
Deferred compensation expense		26
Fair value adjustments		197
Balance, March 31, 2015	$	447

Total compensation expense recognized for the three months ended March 31, 2015 and 2014 was $223 and $24, respectively. These amounts include adjustments based on the fair value of the options as at March 31, 2015 and 2014. As at March 31, 2015, fair value adjustments were determined using the Black-Scholes option pricing model with the following assumptions:

Average expected option term	5.35 years
Risk-free interest rate	1.54%
Expected volatility	15.32%
Dividend yield	5.83%

12. Related party transactions:

Related party transactions with Welsh are set forth below:

	Three months ended March 31,			
		2015		2014
Fees earned under asset management agreement (1)				
Acquisition fees	$	867	$	-
Asset management fees	$	400	$	305
Construction management fees	$	58	$	-
Fees earned under property management agreement (2)	$	382	$	307
Other				
Class B Unit distributions paid (3)	$	2,663	$	2,157
REIT Unit distributions paid (4)	$	132	$	-
Office rent (5)	$	265	$	260

(1) On April 26, 2013, the REIT entered into an asset management agreement with Welsh, under which Welsh provides certain asset management services to the REIT and its subsidiaries. The asset management agreement provides for the following fees:

- Asset management fees at 0.25% of gross book value, as defined in the asset management agreement. Asset management fees payable to Welsh as at March 31, 2015 and December 31, 2014 were $149 and $126, respectively.

- Acquisition fee. An acquisition fee equal to: (i) 1.0% of the purchase price paid for the first $100,000 of investment properties acquired by the REIT or any of its affiliates in each fiscal year; (ii) 0.75% of the purchase price paid for the next $100,000 of investment properties acquired by the REIT or any of its affiliates in each fiscal year; and (iii) 0.50% of the purchase price paid in excess of $200,000 for investment properties acquired by the REIT or any of its affiliates in each fiscal year.

- Construction management fee. With respect to any capital project with costs in excess of $100 undertaken by the REIT or any of its affiliates, a construction management fee equal to 5.0% of aggregate tenant improvements, capital expenditures and construction costs incurred in respect of such capital project. Construction management fees payable to Welsh as at March 31, 2015 and December 31, 2014 were $58 and $71, respectively.

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

Property management fees are described below for all investment properties owned by the REIT.

- 2% of the gross property revenue for all single-tenant industrial investment properties;

- 3% of the gross property revenue for all multi-tenant industrial investment properties; and

- 4% of the gross property revenue for all office investment properties.

(3) As at March 31, 2015 and December 31, 2014, there were 15,225,314 Class B Units held by Welsh. Distributions payable to Welsh on Class B Units as at March 31, 2015 and December 31, 2014 were $888. As at March 31, 2014, $127 of distributions payable to Welsh on Class B Units related to the July 15, 2013 acquisition were held in escrow until REIT Unitholder

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approval was received by the REIT and TSX approval was received for 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. REIT Unitholder approval and TSX approval was received on May 15, 2014, at which time Welsh was entitled to receive those distributions held in escrow.

(4) As part of the April 2014 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 payable to Welsh on these REIT Units as at March 31, 2015 and December 31, 2014 were $44.

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

Out-of-pocket costs and expenses
The REIT reimburses Welsh for all reasonable actual out-of-pocket costs and expenses incurred in connection with the performance of the services described in the asset management agreement or such other services that the REIT and Welsh agree in writing are to be provided from time to time by Welsh. As at March 31, 2015 and December 31, 2014, the net payable due to Welsh was $75 and $87, respectively, related to these reimbursements.

13. Finance costs:

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

	Three months ended March 31, 2015	Three months ended March 31, 2014
Interest on mortgages payable incurred at stated rate	$ 2,929	$ 2,339
Revolving Facility interest	330	287
Amortization of financing costs	156	135
Amortization of mark-to-market adjustments on fixed interest rate mortgages payable	(168)	(207)
Distributions on Class B Units	2,663	2,284
Fair value adjustment on Class B Units and financial instruments	15,987	10,577
	$ 21,897	$ 15,415

14. Segment reporting:

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

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

15. Commitment and contingencies:

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

(b) The REIT has a contingent obligation to expand the gross leasable area at two of its investment properties at the option of the tenant. Management estimates the cost associated with these expansions, should they occur, of roughly $11,000 in the aggregate. Such expansions are conditional on mutual agreement between the tenants and the REIT with regard to the base rental rates to be charged for occupying such expansion space. The obligations of roughly $1,000 and $10,000 will terminate at expiration of the underlying leases, inclusive of lease renewal options, on August 31, 2029 and August 31, 2031, respectively.

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

(d) In conjunction with the acquisition of 35 industrial investment properties from Welsh at IPO (the “Initial Properties”), $29,500 of self-funded industrial revenue bonds ("Bonds") were assumed. The authorized amount of the Bonds is $29,500, of which $29,500 was outstanding as at March 31, 2015 and December 31, 2014. In connection with the Atlanta Property acquisition on April 29, 2014, $40,170 of Bonds were assumed. The authorized amount of the Bonds is $41,500, of which $40,170 was outstanding as at March 31, 2015 and December 31, 2014, respectively. The Bonds provide for real estate tax abatement for the acquired investment properties. Through a series of transactions, the REIT is both the bondholder and the obligor of the Bonds. Therefore, in accordance with IAS 32, the Bonds are not recorded in the consolidated statements of financial position.

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16. Fair value measurement:

(a) Fair value of financial instruments:

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

	Carrying amount	Fair value
Mortgages payable – As at March 31, 2015	$ 315,685	$ 324,202
Mortgages payable – As at December 31, 2014	$ 264,459	$ 271,624

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

(i) Mortgages payable:

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

(ii) Interest rate swap:

The REIT was party to an interest rate swap agreement to limit exposure to the fluctuations in its LIBOR-based variable interest payments on a mortgage payable. The swap covered the notional amount of $3,550 at a fixed interest rate of 5.5% and expired on April 1, 2014. The interest rate swap was not designed as a hedge for accounting purposes. The REIT recognized an adjustment to interest expense in the amount of $19 for the three months ended March 31, 2014. The interest rate swap fair value was determined by a model-derived valuation, in which significant inputs and value drivers were observable in active markets for a similar instrument, i.e., Level 2 inputs. Changes in fair value were recognized as adjustments to interest expense in the accompanying consolidated statements of net loss and comprehensive loss. The interest rate swap was not renewed upon its expiration as the related mortgage payable was repaid in full on April 8, 2014.

(iii) Interest rate cap:

On May 1, 2015, the interest rate cap expired, which covered a principal amount of up to $50,000 of the REIT's variable interest rate debt and provided for a LIBOR cap of 50-basis points. The fair value of the interest rate cap was an asset of $0 as at March 31, 2015 and December 31, 2014, and was included in the accompanying consolidated statements of financial position within the other non-current assets caption. The REIT recognized an adjustment to interest expense in the amount of $0 and $18 for the three months ended March 31, 2015 and 2014, respectively. The interest rate cap fair value was determined by a model-derived valuation in which significant inputs and value drivers were observable in active markets for a similar instrument, i.e., Level 2 inputs. Changes in fair value were recognized as adjustments to interest expense in the accompanying consolidated statements of loss and comprehensive loss.

As at March 31, 2015, the outstanding principal balance of $49,900 related to the Revolving Facility was subject to a variable interest rate. An interest rate cap, which expired May 1, 2015, hedged against the risk of fluctuating interest rates of $50,000 in outstanding principal balances, resulting in no aggregate exposure of the outstanding principal balance as at March 31, 2015.

(iv) Deferred compensation:

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

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

(v) Class B Units:

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

(vi) Other financial assets and liabilities:

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

17. Capital management:

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

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

Part of the REIT's objectives in securing mortgages for its investment properties and managing its long-term debt is to stagger the maturities in order to mitigate short-term volatilities in the debt markets. The REIT's declaration of trust stipulates that the REIT shall not incur indebtedness greater than 60% of gross book value. As at March 31, 2015 and December 31, 2014, the REIT's debt-to-gross book value ratio was 50.8% (total outstanding principal balance of mortgages payable and the Revolving Facility of $365,585 and $321,359 as at March 31, 2015 and December 31, 2014, respectively, divided by gross book value of $719,723 and $633,056 as at March 31, 2015 and December 31, 2014, respectively). The REIT has no convertible debentures outstanding.

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

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

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

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

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

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

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

The REIT is also required to meet certain diversification covenants under the Revolving Facility. In addition, certain mortgages payable require the REIT to meet financial covenant ratios (note 8).

The REIT complied with all financial covenants as at March 31, 2015 and December 31, 2014.

18. Financial risk management:

Risk Management:

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

(a) Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk consists of interest rate risk, currency risk and other market price risk. There is interest rate risk associated with the REIT's fixed interest rate mortgages payable due to the expected requirement to refinance such mortgages payable in the year of maturity. In order to manage exposure to interest rate risk, the REIT endeavors to manage maturities of fixed interest rate mortgages payable, and match the nature of the mortgages payable with the cash flow characteristics of the underlying asset. This risk is also minimized through the REIT having all of its mortgages payable in fixed term arrangements. Additionally, the interest rate cap on the Revolving

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Facility minimized the REIT's interest rate risk. As such, the REIT's cash flows are not significantly impacted by a change in market interest rates.

As described in note 16(a)(iii), up to $50,000 of the collective outstanding principal balance of the variable interest rate Revolving Facility was subject to an interest rate cap on LIBOR of 50-basis points. The interest rate cap expired on May 1, 2015.

The REIT has no material exposure to currency risk.

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

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

19. Supplementary cash flow information:

Change in non-cash working capital comprises the following:

	Three months ended March 31, 2015	2014
Amounts receivable	$ (735)	$ (483)
Prepaid expenses	206	18
Restricted cash	(325)	(1,932)
Amounts payable and accrued liabilities	549	1,156
Security deposits	(14)	-
	$ (319)	$ (1,241)