WPT INDUSTRIAL REAL ESTATE INVESTMENT TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS

OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION FOR THE

THREE MONTHS ENDED MARCH 31, 2014

May 14, 2014

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BASIS OF PRESENTATION

This Management's Discussion and Analysis ("**MD&A**") is prepared as of May 14, 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 months ended March 31, 2014. The REIT was established on March 4, 2013 and had no material operations prior to April 26, 2013. Because the REIT had no material operations prior to the completion of its Initial Public Offering ("**IPO**") on April 26, 2013, the discussion in this MD&A provides a comparison to the REIT's financial forecast ("**Forecast**") provided in the REIT's final prospectus dated April 18, 2013 (the "**Prospectus**"), for the three months ended March 31, 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 three months ended March 31, 2014, audited consolidated financial statements and accompanying notes for the period from March 4, 2013 to December 31, 2013, and the Forecast. 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 ("IFRIC") 21, Levies, which provides guidance on accounting for levies in accordance with the requirements of 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 realty 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 realty tax obligations, the REIT has removed the cash flows related to the realty 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. As the REIT acquired all of its properties subsequent to the date realty taxes were imposed in respect of the prior period, there was no impact to the comparative financial statements upon the adoption of IFRIC 21.

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 and comprehensive income 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 months ended March 31, 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 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 International Financial Reporting Interpretations Committee ("**IFRIC**") 21 . FFO has been prepared consistently with the definition presented in the white paper on funds from operations prepared by 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, adjusted for property taxes accounted for under IFRIC 21. Accordingly, NOI excludes certain expenses included in the determination of net income and comprehensive income such as interest expense.

EBITDA is defined as earnings before interest, taxes, depreciation and amortization, adjusted for property taxes accounted for under IFRIC 21.

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 (as amended and restated on April 26, 2013 and as may be amended and restated from time to time) (the "**Declaration of Trust**") under the laws of the Province of Ontario. 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 March 31, 2014, there were 10,732,200 units of the REIT 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 March 31, 2014, the REIT indirectly owned a portfolio of investment properties consisting of 9,879,961 square feet of gross leasable area (''**GLA**''), comprised of 36 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**"), indirectly 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 June 28, 2013, the REIT Units were approved for trading in the United States on the OTCQX.

On July 15, 2013, the REIT indirectly 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 indirect 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.

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 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 months ended March 31, 2014, the REIT did not purchased 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.

The REIT declared monthly distributions throughout the quarter ended March 31, 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 attractive 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. External growth will be facilitated by: (i) a right of first opportunity to acquire additional investment properties from Welsh; (ii) the reputation and experience of Welsh's acquisitions team; (iii) a disciplined acquisition program; (iv) strategic market analysis; and (v) extensive investment due diligence and oversight.

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 March 31, 2014, the REIT indirectly owned a portfolio of 36 industrial and two office investment properties totaling 9,879,961 square feet of GLA and an occupancy rate across the portfolio of 96.1%.

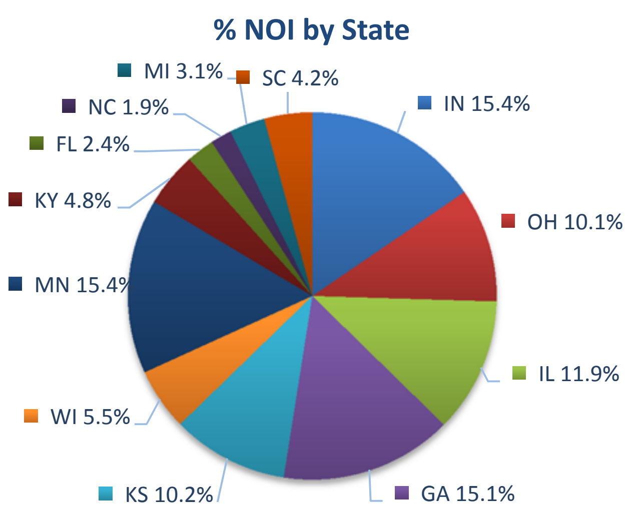
The majority of the REIT's investment properties were constructed relatively recently, and the portfolio has a weighted average age of approximately 13 years. As a result, management believes that the investment properties will, on average, require less maintenance capital expenditures and be more attractive 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.

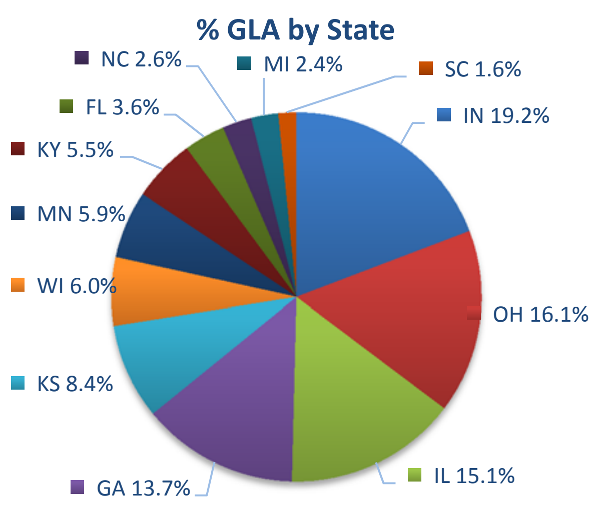
Future lease expirations are shown in the chart below, including those leases which are month-to-month ("**MTM**"):

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

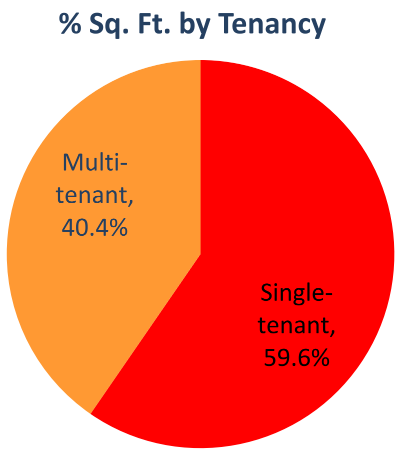
			March 31, 2014	
State	**Number of Investment Properties**	**Number of Tenants**	**Owned GLA (sq ft.)**	**% of Owned GLA**
Indiana	3	6	1,896.5	19.2%
Ohio	4	4	1,590.5	16.1%
Illinois	3	5	1,492.1	15.1%
Georgia	7	14	1,355.7	13.7%
Kansas	4	6	827.1	8.4%
Wisconsin	4	7	589.7	6.0%
Minnesota	6	21	586.3	5.9%
Kentucky	1	1	543.5	5.5%
Florida	3	5	356.3	3.6%
North Carolina	1	1	252.5	2.5%
Michigan	1	2	233.9	2.4%
South Carolina	1	5	155.8	1.6%
Total	**38**	**77**	**9,879.9**	**100.0%**

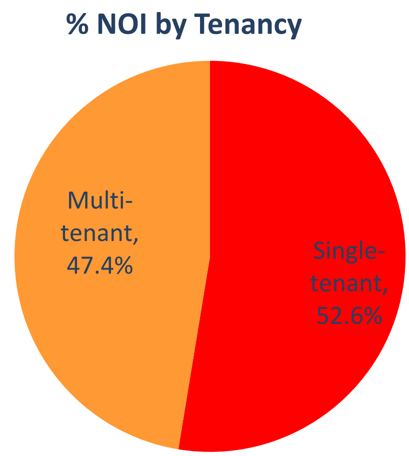
The following charts show both the NOI for the three months ended March 31, 2014 and GLA as at March 31, 2014 of the REIT's portfolio:



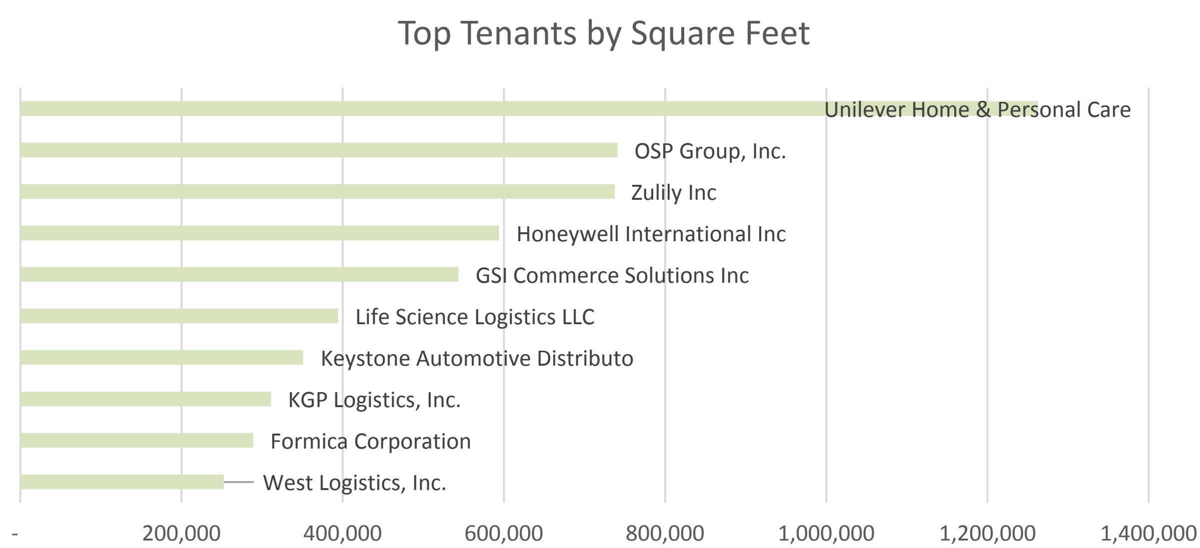


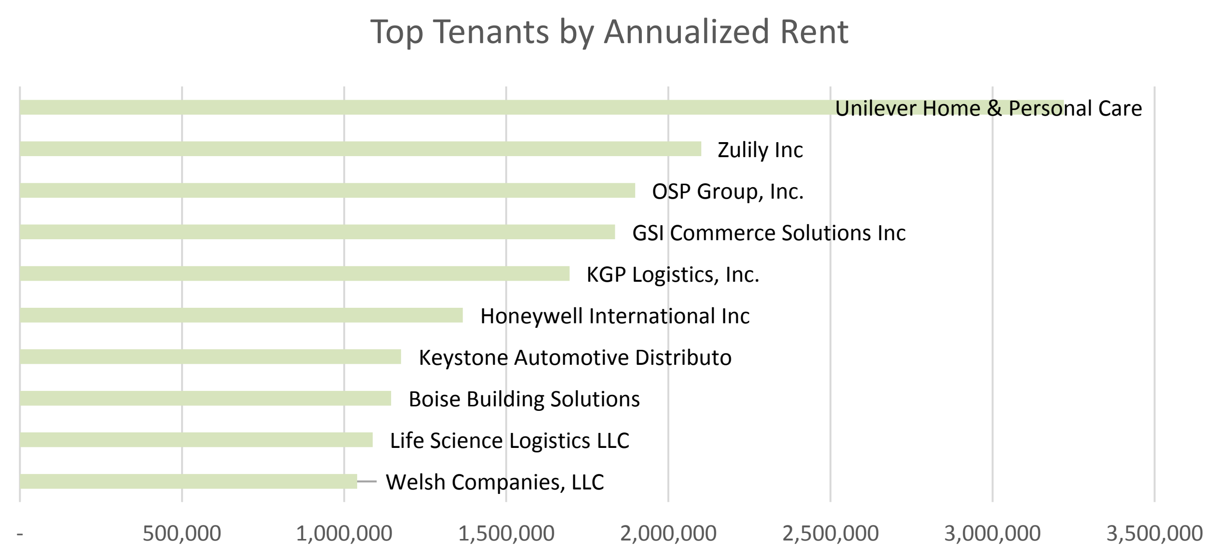
The following charts show the breakout of the REIT's portfolio between single and multi-tenant investment properties based on a percentage of GLA as at March 31, 2014 and percentage of NOI for the three months ended March 31, 2014:





The following charts highlight the top ten tenants by square feet and annualized rent (shown in whole dollars) as at March 31, 2014:




Top Tenants by Annualized Rent
Unilever Home & Personal Care
Zulily Inc
OSP Group, Inc.
GSI Commerce Solutions Inc
KGP Logistics, Inc.
Honeywell International Inc
Keystone Automotive Distributo
Boise Building Solutions
Life Science Logistics LLC
Welsh Companies, LLC
-
500,000
1,000,000
1,500,000
2,000,000
2,500,000
3,000,000
3,500,000

FINANCIAL AND OPERATIONAL HIGHLIGHTS

(In thousands of USD, except where noted)	Three months ended March 31, 2014	Three months ended December 31, 2013	Three months ended September 30, 2013	Period from March 4, 2013 to June 30, 2013
Operating Results:				
Investment properties revenue	$ 12,847	$ 12,649	$ 12,577	$ 8,433
NOI (1), (2)	$ 9,432	$ 9,370	$ 9,370	$ 6,263
FFO (1), (3)	$ 5,928	$ 5,731	$ 5,686	$ 3,988
AFFO (1), (4)	$ 4,816	$ 4,680	$ 4,264	$ 2,957
FFO per Unit (1)	$ 0.249	$ 0.241	$ 0.236	$ 0.180
AFFO per Unit (1)	$ 0.202	$ 0.197	$ 0.177	$ 0.140
Distributions:				
Distributions per Unit	$ 0.175	$ 0.175	$ 0.175	$ 0.127
Distributions declared	$ 4,161	$ 4,161	$ 4,234	$ 2,838
AFFO payout ratio (1)	86.4%	88.9%	99.3%	96.0%
Weighted-average number of Units (5)	23,791,909	23,797,779	24,069,551	21,322,362

As at	**March 31, 2014**	**December 31, 2013**
Operational Information:		
Number of real estate investment properties	38	38
GLA	9,879,961	9,879,961
Occupancy	96.1%	96.4%
Average remaining lease term (years)	4.9	5.0
Ratios:		
Weighted-average effective interest rate (6)	4.0%	4.0%
Variable rate debt as percentage of total debt	29.1%	29.1%
Variable rate debt as a percentage of total debt adjusted for interest rate cap (7)	9.9%	9.9%
Debt-to-gross book value	52.4%	52.9%
Interest coverage ratio (9)	3.2x	3.2x
Fixed charge coverage ratio (9)	2.7x	2.8x
Debt to EBITDA (1,8, 9)	7.6x	8.0x
Unit Information:		
REIT Units outstanding at period end	10,732,200	10,732,200
Class B Units outstanding at period end	13,059,709	13,059,709

Welsh Retained Interest at period end (on fully-diluted basis assuming all Class B Units held are redeemed for REIT Units)	54.9%	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, adjusted for property taxes accounted for under IFRIC 21.

(3) The reconciliation of FFO to net income can be found on page 15.

(4) The reconciliation of AFFO to FFO can be found on page 15.

(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 $44,000 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, adjusted for property taxes accounted for under IFRIC 21 and is annualized for purposes of this metric.

(9) Excludes adjustments for property taxes accounted for under IFRIC 21.

PART II

RESULTS OF OPERATIONS

Comparison to Financial Forecast

The following table compares actual results for the three months ended March 31, 2014 to the Forecast for the three months ended March 31, 2014. The Forecast was based on forecasted results of the Initial Properties and did not contemplate or account for either the acquisition of the Illinois property on July 15, 2013 or the effect of IRFIC 21. For purposes of this MD&A, the actual results included in the tables below include the results of operations of the Initial Properties and the Illinois property acquired on July 15, 2013. See below in the "Variance Explanation" tables for the impact of the acquisition of the Illinois property:

	For the three months ended March 31, 2014		
	Actual	**Forecast**	**Variance**
Investment properties revenue	$ 12,847	11,309	1,538
Investment properties operating expenses	9,121	3,070	6,051
Net investment properties income	3,726	8,239	(4,513)
Other (income) and expenses			
General and administrative	949	579	370
Fair value adjustment to investment properties	(8,242)	-	(8,242)
Finance costs	15,415	4,265	11,150
Net income and comprehensive income	$ (4,396)	3,395	(7,791)

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 March 31, 2014, investment properties revenue was higher by $1,538, as compared to Forecast for the following reasons:

Variance Explanation		Three months ended March 31, 2014
Investment property revenue earned from the Illinois property.	$	1,114
Straight-line rent adjustments.		156
Differences in actual recoverable expenses as compared to the Forecast at certain investment properties.		113
Unrealized vacancy assumed in the Forecast.		155
Total variance	$	1,538

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 March 31, 2014, investment properties expenses were higher by $6,051, as compared to Forecast for the following reasons:

Variance Explanation		Three months ended March 31, 2014
Investment property operating expenses of the Illinois property.	$	243
Adjustments for property taxes accounted for under IFRIC 21.		5,706
Differences in repair and maintenance costs and in actual recoverable expenses as compared to the Forecast at certain investment properties.		102
Total variance	$	6,051

Net investment properties income

For the three months ended March 31, 2014, net investment properties income was $4,513 lower, respectively, as compared to Forecast for the following reasons:

Variance Explanation		Three months ended March 31, 2014
Net investment properties income attributed to the Illinois property acquired July 15, 2013.	$	871
Straight-line rent adjustments.		156
Unrealized vacancy assumed in the Forecast.		155
Adjustments for property taxes accounted for under IFRIC 21.		(5,706)
Differences in repair and maintenance costs and in actual recoverable expenses as compared to the Forecast at certain investment properties.		11
Total variance	$	(4,513)

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 March 31, 2014, general and administrative expenses were $370 higher, as compared to Forecast for the following reasons:

Variance Explanation		**Three months ended March 31, 2014**
General and administrative costs related to additional asset management fees, as a result of the Illinois property acquisition.	$	32
Executive and Trustee deferred compensation expense in excess of Forecast.		146
Audit and tax fees incurred in excess of Forecast, as a result of timing differences.		95
Legal fees incurred in excess of Forecast due to timing of work related to the Annual Information Form and management information circular.		61
Investor relations and other costs in excess of Forecast.		36
Total variance	$	370

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 March 31, 2014, the REIT recognized a fair value increase to investment properties of $8,242, of which $5,706 relates to adjustments for property taxes accounted for under IFRIC 21, $2,536 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. As is customary, the Forecast did not contain assumptions regarding changes in fair value. 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 March 31, 2014, finance costs were $11,150 higher, as compared to Forecast for the following reasons:

Variance Explanation		**Three months ended March 31, 2014**
Fair value adjustment to Class B Units.	$	10,577
Differences in distributions paid on Class B Units as compared to Forecast due to issuance of Class B Units in connection with the Illinois asset acquisition.		383
Interest expense on mortgage payable related to the Illinois.		208
Other		(18)
Total variance	$	11,150

Reconciliation of Non-IFRS Measures

The reconciliation of non-IFRS measures to net income and comprehensive income for the three months ended March 31, 2014, is presented below and is compared to the Forecast for the three months ended March 31, 2014:

	For the three months ended March 31, 2014		
	Actual	**Forecast**	**Variance**
Investment properties revenue	$ 12,847	11,309	1,538
Investment properties operating expenses	9,121	3,070	6,051
Net investment properties income	**3,726**	**8,239**	**(4,513)**
Other (income) and expenses			
General and administrative	949	579	370
EBITDA	**2,777**	**7,660**	**(4,883)**
Fair value adjustment to investment properties	(8,242)	-	(8,242)
Finance costs	15,415	4,265	11,150
Net (loss) income and comprehensive (loss) income	**$ (4,396)**	**3,395**	**(7,791)**
Add/(Deduct):			
Fair value adjustment to investment properties	(8,242)	-	(8,242)
Other fair value adjustments	10,576	-	10,576
Property taxes accounted for under IFRIC 21	5,706	-	5,706
Distributions on Class B Units treated as interest expense	2,284	1,902	382
FFO	**$ 5,928**	**5,297**	**631**
Add/(Deduct):			
Leasing cost reserve (1)	(603)	(600)	(3)
Capital expenditure reserve (2)	(202)	(211)	9
Amortization of mark-to-market mortgages payable premium	(207)	(200)	(7)
Amortization of financing charges	135	104	31
Deferred compensation expense	222	-	222
Amortization of straight-line rent	(480)	(257)	(223)
Amortization of tenant incentives	23	31	(8)
AFFO	**$ 4,816**	**4,164**	**652**
FFO per Unit (basic and diluted)	$ 0.249	0.254	(0.005)
AFFO per Unit (basic and diluted)	$ 0.202	0.200	0.002

(1) The leasing cost reserve is a weighted average rate of approximately $0.24 per square foot, 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 $0.08 per square foot, based on the five year average of expected capital expenditures on the portfolio.

FFO

For the three months ended March 31, 2014, FFO was $631 higher, as compared to Forecast for the reasons described in the following table:

Variance Explanation		Three months ended March 31, 2014
FFO attributable to the Illinois property acquired July 15, 2013.	$	631
Net investment properties income variance attributable to straight-line rent adjustments, unrealized vacancy assumed in the Forecast and differences in repair and maintenance costs and in actual recoverable expenses as compared to Forecast at certain investment properties.		322
General and administrative attributable to executive and Trustee deferred compensation expense in excess of Forecast, audit and tax fees incurred in excess of Forecast as a result of timing and timing of legal fees related to the Annual Information Form and the REIT's management information circular dated April 14, 2014.		(339)
Other		17
Total variance	$	631

AFFO

For the three months ended March 31, 2014, AFFO was $652 higher, as compared to Forecast for the reasons described in the following table:

Variance Explanation		Three months ended March 31, 2014
AFFO attributable to the Illinois property acquired July 15, 2013.	$	568
Net investment properties income variance attributable to unrealized vacancy assumed in the Forecast and differences in repair and maintenance costs and in actual recoverable expenses as compared to the Forecast at certain investment properties.		158
General and administrative attributable audit and tax fees incurred in excess of Forecast as a result of timing and timing of legal fees related to the Annual Information Form and the REIT's management information circular dated April 14, 2014.		(117)
Other		43
Total variance	$	652

As at March 31, 2014, all trustees elected to receive their trustee fees in the form of DTUs, which is considered deferred compensation and an add-back to AFFO. Trustee fees were assumed to be paid in cash and included in general and administrative expenses in the Forecast.

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 23,791,909 Units for the three months ended March 31, 2014. For the three months ended March 31, 2014, FFO per unit was $0.005 lower, as compared to Forecast, as a result of an increase in the number of weighted average units outstanding due to the issuance of the underwriters' overallotment. AFFO per Unit for the three months ended March 31, 2014 was $0.002 higher, as compared to Forecast, as a result of the acquisition of the Illinois property.

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 months ended March 31, 2014 was 86.4%.

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). As at March 31, 2014, the REIT's debt-to-gross book value ratio was 52.4% (total outstanding principal amounts of mortgages payable and Revolving Facility of $260,131, divided by a gross book value of $496,161). 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%	$	28,350
60%	$	93,914

The REIT uses cash flow from operations and debt level indicators to assess its ability to meet its financing obligations. For the three months ended March 31, 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 March 31, 2014 was 4.0%.

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

		Three months ended March 31, 2014
Cash provided by/(used in):		
Operating activities	$	7,006
Investing activities	$	(84)
Financing activities	$	(7,191)
Decrease in cash and cash equivalents during the period	$	(269)
Cash and cash equivalents, beginning	$	5,926
Cash and cash equivalents, end	$	5,657

Cash flows from operating activities for the three months ended March 31, 2014 of $7,006 primarily related to the operation of the investment properties.

Cash flows used in investing activities for the three months ended March 31, 2014 of $(84) primarily related to cash paid for additions to investment properties, partially offset by increases in capital escrow amounts required to be held in connection with certain mortgages payable.

Cash flows used in financing activities for the three months ended March 31, 2014 of $(7,191) primarily related to cash used to pay interest expense on mortgages payable and bank indebtedness as well as distributions to Unitholders.

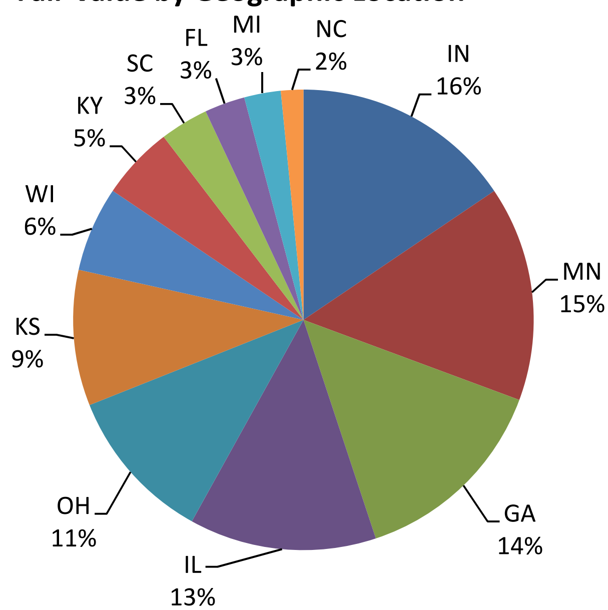
Investment Properties

Investment properties include land, building, improvements to investment properties and all direct leasing costs incurred in obtaining property tenants. As at March 31, 2014, the fair value of our investment property portfolio was $496,161, representing a weighted-average, terminal capitalization rate of 7.44%.

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% - 9.75%. The REIT retained an independent third-party appraiser to appraise each investment property contained within the portfolio and intends to engage third-party appraisers to prepare valuations on a portion of the portfolio annually, commencing after March 31, 2014, such that the entire portfolio is appraised on a regular basis. The fair value of investment properties by geographic region is as follows:

		March 31, 2014
State		**Fair Value**
Indiana	$	77,100
Minnesota		74,950
Georgia		70,750
Illinois		65,236
Ohio		54,150
Kansas		47,275
Wisconsin		29,625
Kentucky		25,600
South Carolina		16,825
Florida		14,100
Michigan		12,750
North Carolina		7,800
Total	$	496,161

Fair Value by Geographic Location



Mortgages Payable

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 consisted of the following:

		March 31, 2014		December 31, 2013
Mortgages payable	$	216,131	$	216,662
Mark-to-market adjustment, net		3,948		4,156
Financing costs, net		(542)		(606)
Total		219,537		220,212
Less: Current portion		(16,326)		(16,382)
Long-term mortgages payable	$	203,211	$	203,830

As at March 31, 2014, approximately 49.7% of our outstanding mortgages payable were payable to a single financial institution.

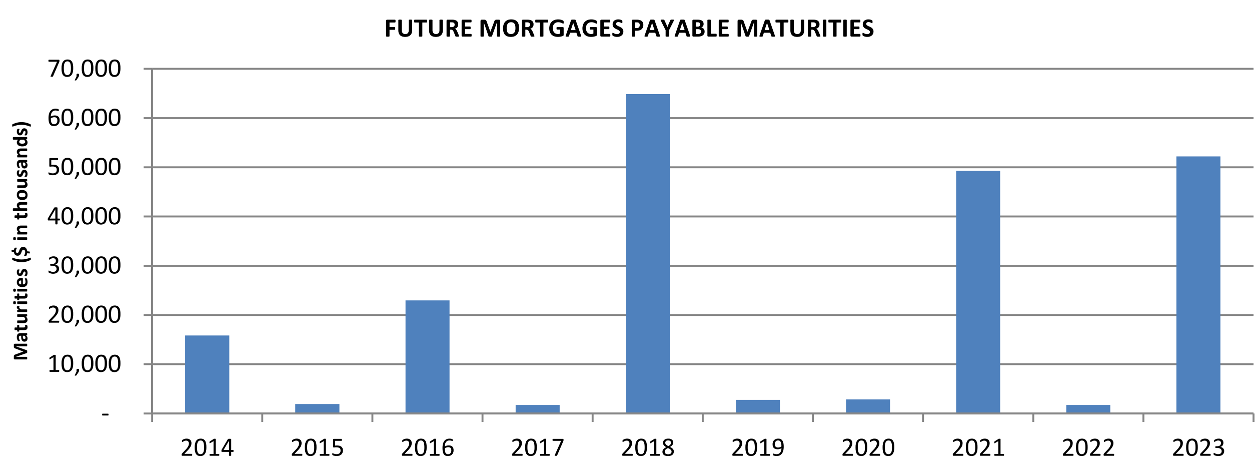
Variable rate debt as a percentage of total debt was 29.1% as at March 31, 2014 and December 31, 2013.

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 9.9% of the total portfolio indebtedness as at March 31, 2014 and at December 31, 2013.

Mortgages payable bear interest at a weighted average effective interest rate of 4.3% as at March 31, 2014 and December 31, 2013, and mature between 2014 and 2023. The scheduled mortgage payments, principal maturities and weighted average effective interest rates are as follows:

As at March 31, 2014	**Weighted Average Maturing Effective Interest Rate**		**Scheduled Mortgage Repayments**		**Principal Maturities**		**Total Repayments**
Remainder of 2014	5.7%	$	1,444	$	14,407	$	15,851
2015	N/A		1,917		-		1,917
2016	5.8%		1,978		20,979		22,957
2017	N/A		1,702		-		1,702
2018	3.5%		2,756		62,119		64,875
2019	N/A		2,739		-		2,739
2020	N/A		2,859		-		2,859
2021	5.1%		2,589		46,692		49,281
2022	N/A		1,722		-		1,722
2023	3.7%		146		52,082		52,228
Totals		$	19,852	$	196,279	$	216,131
Mark-to-market adjustment, net							3,948
Financing costs, net							(542)
Total						$	219,537

The following chart shows the future maturities of mortgages payable as at March 31, 2014:



Revolving Facility

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, 2014 and December 31, 2013, the Revolving Facility interest rate was 2.40% and 2.42%, respectively.

As at March 31, 2014, the REIT had borrowing availability on the Revolving Facility of $60,990 with $44,950 outstanding in draws and a letter of credit, leaving $16,040 remaining in availability.

Commitments and Contingencies

Leasing Cost Reserve

The REIT uses management's best estimate of leasing costs on expected lease rollovers 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 $0.24 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 months ended March 31, 2014, actual leasing costs were $0 as compared to $603 reserved on page 17.

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 $0.08 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 months ended March 31, 2014, actual capital expenditures were $162 as compared to $202 reserved on page 17.

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.

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 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 REIT Units are puttable and, therefore, the Class B Units issued in connection with the IPO meet the definition of a financial liability under IAS 32 and are accordingly classified as long-term liabilities.

The 2,192,347 Class B Units issued in connection with the acquisition of the industrial investment property on July 15, 2013 are not redeemable for REIT Units unless and until the REIT has received all necessary acceptances and approvals from the TSX for the issuance and listing on the TSX of the underlying REIT Units, including obtaining REIT Unitholder approval (to be sought at the REIT's May 15, 2014 annual and special meeting of unitholders). The TSX has conditionally 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. However, the payment of distributions on these Class B Units are being held in escrow as of February 25, 2014 until REIT Unitholder approval is received by the REIT for the issuance and listing on the TSX of the underlying REIT Units. Once REIT Unitholder approval is received and TSX listing approval has been received, these Class B Units will be entitled to receive those distributions held in escrow.

In addition, Welsh, as the holder of the Class B Units, holds a limited liquidity right. Subject to certain limitations, the liquidity right allows for Welsh to compel the REIT to purchase for cancellation all or any portion of the Class B Units issued in connection with the July 15, 2013 acquisition. Should Welsh exercise the liquidity right, the REIT may need to fund the purchase via an equity offering, in which case Welsh would receive the gross proceeds of the equity offering less any applicable costs. The liquidity right associated with these Class B Units expires upon approval from the TSX for the issuance and listing on the TSX of the underlying REIT Units. These Class B Units are classified as current liabilities in the condensed consolidated interim statements of financial position.

As at March 31, 2014, Welsh held 13,059,709 Class B Units, representing an effective ownership interest in the REIT of approximately 54.9% 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 March 31, 2014, ownership of the REIT was as follows:

	REIT Units	**Class B Units**	**Total Units**	**% of Total**
Welsh's retained interest	-	13,059,709	13,059,709	54.9%
REIT Units	10,732,200	-	10,732,200	45.1%
Total	10,732,200	13,059,709	23,791,909	100.0%

Effective April 26, 2013, the REIT adopted a unit option plan (the "Plan"). Under the terms of the Plan, the Board of Trustees may from time to time, at its discretion, grant trustees, officers, employees and consultants options to purchase REIT Units, 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 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 and comprehensive income. Compensation expense attributable to these options for the three months ended March 31, 2014, was $24. These amounts were determined based on the fair value of the options at the end of the period using the Black-Scholes option pricing model with the following assumptions:

Expected option term	5.6 years
Risk-free interest rate	2.02%
Expected volatility	20.00%
Dividend yield	7.36%

Effective April 26, 2013, the REIT adopted a Deferred Unit Incentive Plan ("**DUIP**") that provides for the granting of deferred trust units ("**DTU**") 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.

On May 29, 2013, the Board of Trustees granted 50,000 DTUs to certain officers of the REIT and employees of Welsh. 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.

As at March 31, 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 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 three months ended March 31, 2014, 211 additional DTUs were granted to trustees through distributions.

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 and comprehensive income. Compensation expense for the three months ended March 31, 2014 was $197, related to these instruments.

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 three months ended March 31, 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

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. Total asset management fees paid to Welsh under the Asset Management Agreement for the three months ended March 31, 2014 were $305.

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 three months ended March 31, 2014 were $307.

As the sole unitholder of all Class B Units, Welsh received cash distributions for the three months ended March 31, 2014 of $2,157. As at March 31, 2014, distributions payable to Welsh related to the Class B Units issued as part of the IPO of approximately $633 were recorded in the condensed consolidated interim financial statements. On February 25, 2014, the Board approved the escrow of distributions on the Class B Units associated with the July 15, 2013 acquisition until REIT Unitholder approval is received by the REIT for the issuance and listing on the TSX of the underlying REIT Units, beginning with the February 28, 2014 distribution payable on March 17, 2014. As a result, $127 of distributions on these Class B Units were held in escrow as at March 31, 2014. In addition, distributions payable to Welsh on these Class B Units as at March 31, 2014 were $128.

The REIT has a lease with an affiliate of Welsh at an investment property located at 4350 Baker Road, Minnetonka, MN. Rental revenue earned by the REIT from the affiliate of Welsh for the three months ended March 31, 2014 was $260. The lease commenced on June 1, 2008 and expires on May 31, 2020, with annual rent increases of 2%.

In addition, the REIT will reimburse 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, 2014, the net payable due to Welsh was $15 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 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 approximately $7,000 of the REIT Units being offered, being 752,700 REIT Units, at the offering price of $9.30 per REIT Unit, pursuant to the exercise of its pre-emptive right under the agreement of limited partnership governing the Partnership.

The REIT Units were offered in Canada pursuant to a short form prospectus filed on March 28, 2014 with the securities commissions and other similar regulatory authorities in each of the provinces and territories of Canada.

On April 4, 2014, the REIT indirectly, through the Partnership, 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 and transaction costs and an acquisition fee). The purchase price was paid in cash using a portion of the net proceeds of the Offering. The Kentucky Property was acquired by an affiliate of Welsh from a third party vendor on March 3, 2014. Pursuant to a call right granted to the REIT in respect of the Kentucky Property, the REIT delivered notice to Welsh requiring Welsh to sell the Kentucky Property to the REIT for a purchase price equal to Welsh's cost of acquisition plus certain expenses incurred by Welsh in connection with its acquisition of the Kentucky Property.

On April 14, 2014, the REIT entered into an agreement to indirectly, through the Partnership, acquire from Welsh, a 100% leased 936,000 square foot industrial investment property located in Shepherdsville, Kentucky (the "Louisville Property") for a purchase price of approximately $45,400 (exclusive of closing and transaction costs). The purchase price will be satisfied by (i) the issuance of approximately $20,400 Class B Units (2,165,605 Class B Units) to Welsh; and (ii) $25,000 in cash, to be funded by a new, fixed rate mortgage payable to be placed on the Louisville Property at closing of the acquisition. The acquisition is expected to close in June 2014.

On April 29, 2014, the REIT indirectly, through the Partnership, purchased from a third party vendor, a 100% leased 1,512,552 square foot industrial investment property located in Atlanta, Georgia (the "Atlanta Property") for a purchase price of $51,500 (exclusive of closing and transaction costs and an acquisition fee). The Atlanta Property acquisition was financed with the net proceeds from the Offering and a new, $28,325 property-level mortgage payable.