WPT INDUSTRIAL REAL ESTATE INVESTMENT TRUST

MANAGEMENT'S DISCUSSION AND ANALYSIS

OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

FOR THE YEAR ENDED DECEMBER 31, 2014

March 12, 2015

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PART I

BASIS OF PRESENTATION

The following Management's Discussion and Analysis ("**MD&A**") is prepared as at March 12, 2015 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 December 31, 2014 and 2013, for the year ended December 31, 2014 and the period from March 4, 2013 to December 31, 2013. This MD&A should be read in conjunction with the REIT's audited consolidated financial statements and accompanying notes for the year ended December 31, 2014 and the period from March 4, 2013 to December 31, 2013. These documents, as well as additional information relating to the REIT (including the REIT's annual information form for the year ended December 31, 2013) (the "**Annual Information Form**") can be accessed at www.wptreit.com and at www.sedar.com.

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

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**"), debt to EBITDA, AFFO payout ratio, debt-to-gross book value, interest coverage ratio, fixed charge coverage ratio, and any related per unit amounts used by management to measure, compare and explain the operating results and financial performance of the REIT are not recognized terms under IFRS, and therefore should not be construed as alternatives to net income (loss) and comprehensive income (loss) or cash flow from operating activities calculated in accordance with IFRS. Management believes that these terms are relevant measures in comparing the REIT's performance to industry data and the REIT's ability to earn and distribute cash returns to holders of the REIT's trust units ("**REIT Units**"). These terms are defined below and are reconciled to the consolidated financial statements of the REIT for the three months and year ended December 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 (loss) in accordance with IFRS, (i) plus or minus fair value adjustments to investment properties; (ii) plus or minus gains or losses from sales of investment properties; (iii) plus or minus other fair value adjustments; (iv) plus amortization of tenant incentives; (v) plus transaction costs expensed as a result of the purchase of an investment property being accounted for as a business combination; (vi) plus distributions on redeemable or exchangeable units treated as interest expense; (vii) plus or minus any negative goodwill or goodwill impairment; (viii) plus deferred income tax expense, after adjustments for equity accounted entities and joint ventures calculated to reflect FFO on the same basis as consolidated investment properties; and (ix) adjustments for property taxes accounted for under IFRIC 21. FFO has been prepared consistently with the definition presented in the white paper on funds from operations prepared by the Real Property Association of Canada for all periods presented.

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

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

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

Debt to EBITDA is defined as the average rolling twelve month consolidated debt balance (excluding mark-to-market adjustments and financing costs) divided by a rolling twelve month EBITDA.

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.

Interest coverage ratio is defined as year-to-date EBITDA divided by the sum of the REIT's year-to-date interest on mortgages payable and interest on bank indebtedness.

Fixed charge coverage ratio is defined as year-to-date EBITDA divided by the sum of the REIT's year-to-date interest on mortgages payable, interest on bank indebtedness, and principal repayments of mortgages payable.

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 and continued and increased demand within the industrial investment property real estate market, the effect of Welsh's experience in the U.S. industrial real estate market on tenant retention and future acquisitions by the REIT, the future growth potential of the REIT and its properties, anticipated amounts of expenses, results of operations, future prospects and opportunities, the demographic and industry trends remaining unchanged, no change in legislative or regulatory matters, future levels of indebtedness, the tax laws in both Canada and the United States as currently in effect remaining unchanged, current levels of volatility in the demand for space in the distribution sub-segment remaining unchanged, the continued availability of capital, the current economic conditions remaining unchanged and increased tenant demand for industrial investment properties and declining vacancy rates in the markets in which the REIT's investment properties are located.

When relying on forward-looking statements to make decisions, the REIT cautions readers not to place undue reliance on these statements, as forward-looking statements involve significant risks and uncertainties and should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not the times at or by which such performance or results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including but not limited to those factors discussed under the "Risk Factors" section of this MD&A.

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

OVERVIEW

The REIT is an unincorporated, open-ended real estate investment trust established pursuant to a declaration of trust dated March 4, 2013, under the laws of the Province of Ontario, (the "**Declaration of Trust**"), as amended and restated on April 26, 2013. A copy of the Declaration of Trust is available on the REIT's website at www.wptreit.com and 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 December 31, 2014, there were 14,210,619 REIT Units outstanding.

The REIT was formed for the purpose of acquiring and owning primarily industrial investment properties located in the U.S., with a particular focus on distribution industrial real estate. As at December 31, 2014, the REIT owned a portfolio of investment properties consisting of 12,770,313 square feet of gross leasable area (''**GLA**''), comprised of 40 industrial investment properties and two office investment properties, located in 12 states in the U.S.

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

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

On July 15, 2013, the REIT indirectly acquired from a third party, a 100% leased, 1,262,648 square foot single-tenant industrial investment property located in Pontoon Beach, Illinois (the "**Illinois Property**") for a purchase price of $53,000 (exclusive of closing costs). The purchase price was satisfied by (i) the assumption by the Partnership of a senior secured promissory note, payable to Welsh, in the principal amount of $31,800 and (ii) the issuance by the Partnership of 2,192,347 Class B Units to Welsh. On September 28, 2013, the REIT repaid the senior secured promissory note to Welsh with proceeds received from a third party variable interest rate mortgage payable in the principal amount of $31,800. On August 12, 2014, the REIT refinanced this variable interest rate mortgage payable with proceeds from a new, six-year, $31,800 mortgage payable bearing a fixed interest rate of 3.40%.

On August 12, 2013, the TSX accepted the REIT's notice of intention to make a normal course issuer bid for a portion of its outstanding REIT Units. Pursuant to the notice, the REIT could purchase for cancellation up to a maximum of 1,140,000 REIT Units, or approximately 10% of the public float, over the 12-month period commencing August 15, 2013. Subject to certain prescribed exemptions and any block purchases made in accordance with the rules of the TSX, the number of REIT Units that could be purchased pursuant to the bid was subject to a daily maximum of 9,195 REIT Units. REIT Units purchased under the normal course issuer bid were cancelled following purchase. During the period from March 4, 2013 to December 31, 2013, the REIT purchased for cancellation 697,800 REIT Units for $5,679 under the normal course issuer bid at an average price of $8.14. During the year ended December 31, 2014, the REIT did not purchase any REIT Units for cancellation under this normal course issuer bid. The normal course issuer bid expired on August 12, 2014 and was not renewed.

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

On April 4, 2014, the REIT indirectly acquired from Welsh, a 100% leased, 300,000 square foot industrial investment property located in Hebron, Kentucky (the "**Kentucky Property**"), for a purchase price of $13,300 (exclusive of closing costs and acquisition fee). The purchase price was paid in cash using a portion of the $32,347 gross proceeds from the Offering. The Kentucky Property was acquired by an affiliate of Welsh from a third party on March 3, 2014. Pursuant to a call right granted to the REIT in respect of the Kentucky Property, the REIT delivered notice to Welsh requiring Welsh to sell the Kentucky Property to the REIT for a purchase price equal to Welsh's cost of acquisition plus certain expenses incurred by Welsh in connection with its acquisition of the Kentucky Property.

On April 29, 2014, the REIT indirectly acquired from a third party, 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 costs and acquisition fee). The purchase price was satisfied with proceeds of the Offering, proceeds from a new, $28,325 five-year mortgage payable bearing a fixed interest rate of 3.41%, and cash on hand.

On June 18, 2014, the REIT indirectly acquired from Welsh, a 100% leased, 936,000 square foot industrial investment property located in Shepherdsville, Kentucky (the "**Louisville Property**") for a purchase price of $45,396 (exclusive of closing costs and fair value adjustment to Class B Units issued). The purchase price was satisfied by the issuance of 2,165,605 Class B Units to Welsh and proceeds from a new, $24,915 eight-year mortgage payable bearing a fixed interest rate of 3.77%.

On June 27, 2014, the REIT indirectly acquired from a third party, a 100% leased, 127,800 square foot industrial investment property located in Hebron, Kentucky (the "**OIA Property**") for a purchase price of $5,500 (exclusive of closing costs and acquisition fee). The purchase price was satisfied with cash on hand and proceeds from the Revolving Facility.

The REIT declared monthly distributions throughout the quarter and year ended December 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 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 and well located industrial properties located in U.S. markets.

STRATEGIC FOCUS AND OUTLOOK

The U.S. industrial real estate sector is comprised primarily of single-story properties located in or near major cities. Industrial 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 a 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 stability 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 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 properties are often lower than the costs associated with properties within the overall industrial real estate market due to the generic nature of distribution properties, reducing the costs associated with leasing vacant and renewal space.

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

Geographically, the REIT's portfolio is primarily concentrated in the Midwestern and Southeastern 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. continues to remain important for most large companies as a result of increasing labor costs and instability 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 (completion expected in early 2016), 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. Approximately one-third of all demand for state-of-the-art distribution space remains tied to multi-channel e-commerce retailers. E-commerce supply chain design and distribution 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 continued demand for distribution space.

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 properties are creating attractive investment opportunities for the REIT, particularly for recently constructed distribution 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 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 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) maintaining and increasing occupancy levels; (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 properties in major distribution markets primarily in the Midwestern United States. The objective of the REIT's external growth initiatives are to expand the REIT's portfolio in order to enhance geographic diversity, improve the sustainability of cash flow, and mitigate risks associated with concentrated exposure to any one geographic region. Management anticipates that such diversification will reduce the REIT's cost of capital, further facilitating growth and reducing borrowing costs.

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

- Degree to which the acquisition will be accretive to AFFO per unit over both the short term and long term.
- Whether the properties are located in close proximity to major transportation infrastructure and close to population centers with available and affordable labor, primarily in the Midwestern and Southeastern regions of the U.S.
- Whether the properties are situated within municipalities, counties, or states that provide economic incentives to tenants and/or landlords.
- Whether the 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.

- Properties are evaluated as to ceiling clear 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 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 properties provide the REIT with the ability to accommodate a multitude of uses and industries, thereby quickly and efficiently filling vacant space.

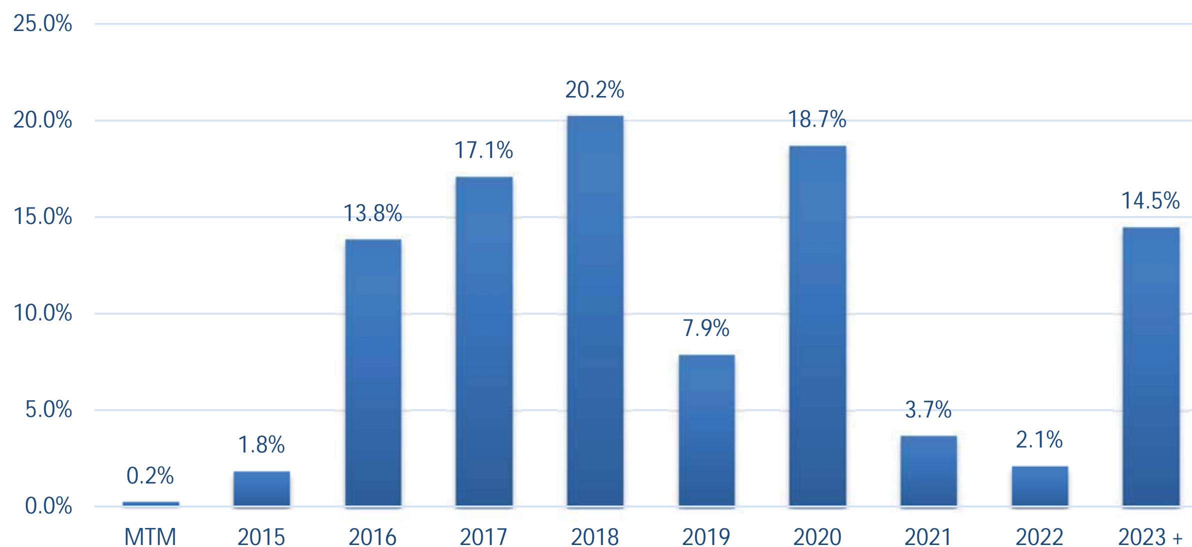
ASSETS

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 December 31, 2014, the REIT owned a portfolio of 40 industrial and two office investment properties totaling 12,770,313 square feet of GLA with an occupancy rate across the portfolio of 99.1%.

The majority of the REIT's investment properties were constructed relatively recently, and the portfolio has a weighted average age of approximately 12 years. As a result, management believes that the REIT's 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 ceiling clear height of approximately 31 feet. High ceiling clear 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**"):

Lease Expiration (% of GLA) by Year

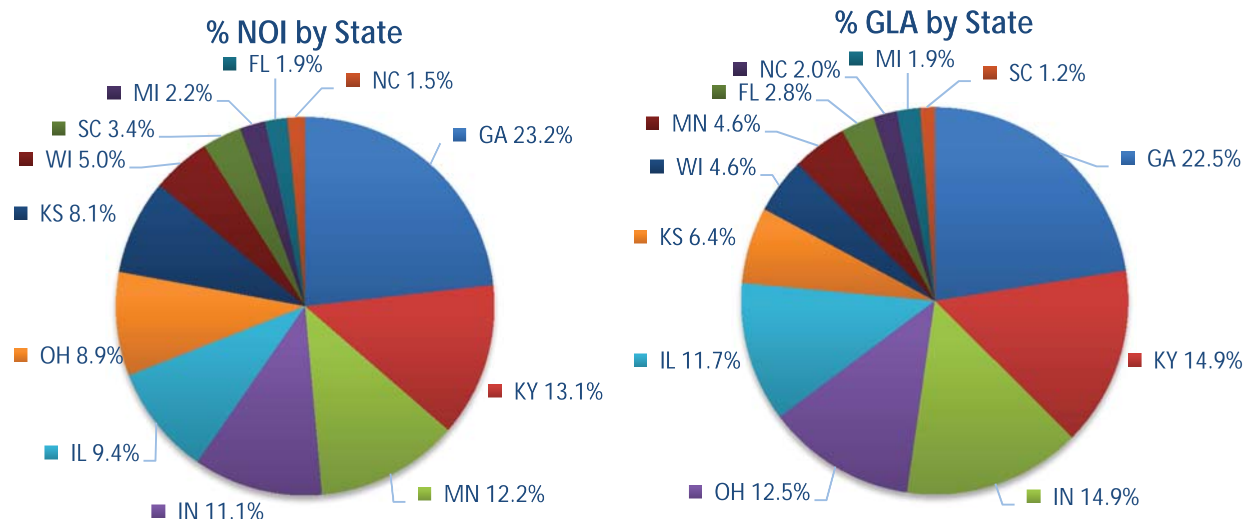


Leases expiring	3	5	17	11	15	9	10	5	2	6

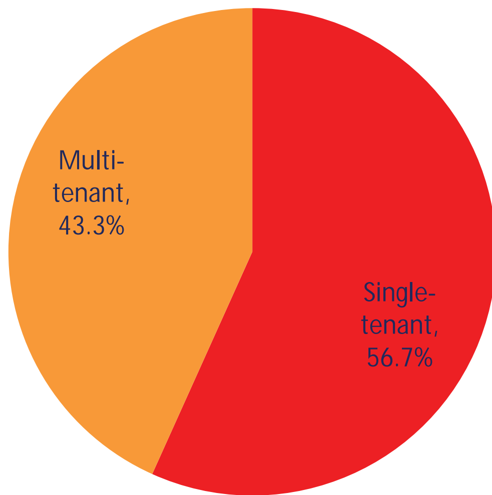
The REIT's investment properties are geographically diversified as follows (GLA in thousands) as at December 31, 2014:

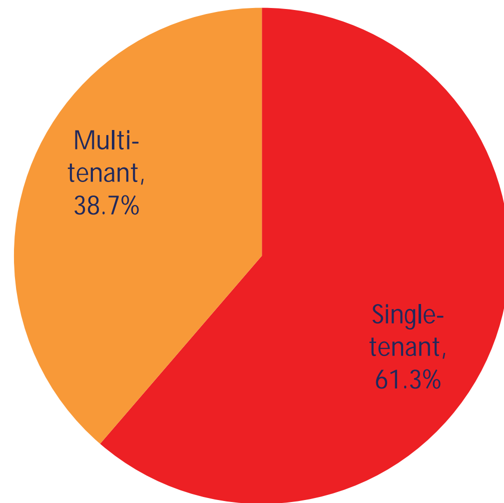
State	Number of Investment Properties	Number of Tenants	Owned GLA (sq ft.)	% of Owned GLA
Georgia	8	14	2,868.3	22.5%
Kentucky	4	5	1,907.3	14.9%
Indiana	3	6	1,896.5	14.9%
Ohio	4	4	1,590.5	12.5%
Illinois	3	5	1,492.1	11.7%
Kansas	4	6	827.1	6.4%
Minnesota	6	21	586.3	4.6%
Wisconsin	4	8	589.7	4.6%
Florida	3	6	356.3	2.8%
North Carolina	1	1	252.5	2.0%
Michigan	1	2	247.9	1.9%
South Carolina	1	5	155.8	1.2%
Total	**42**	**83**	**12,770.3**	**100.0%**

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

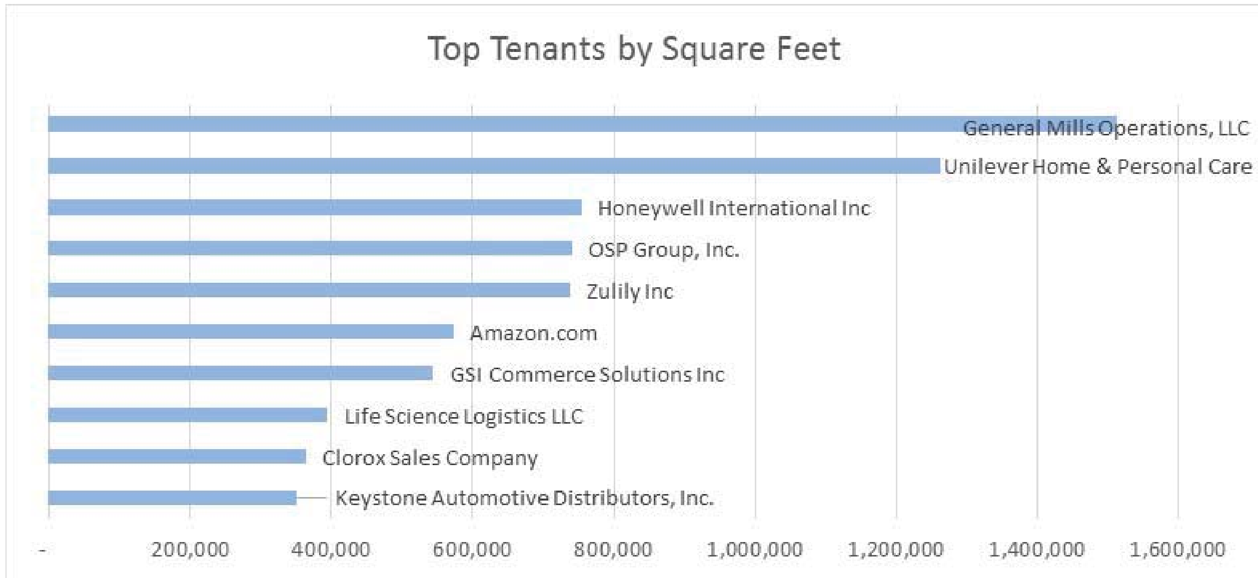


The following charts show the breakout of the REIT's portfolio between single and multi-tenant investment properties based on percentage of NOI for the three months ended December 31, 2014 and a percentage of GLA as at December 31, 2014:





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



The top ten tenants by square feet represent 56.6% of total GLA as at December 31, 2014.

The top ten tenants by annualized contractual base rent represent 44.9% of total contractual base rent as at December 31, 2014. The REIT's largest tenant, General Mills Operations, LLC, accounted for 7.9% of the REIT's total contractual base rent for the three months ended December 31, 2014.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

	Three months ended				Year ended
(In thousands of USD, except where noted)	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014	December 31, 2014
Operating Results:					
Investment properties revenue	$ 15,431	$ 15,227	$ 13,846	$ 12,847	$ 57,351
NOI (1)	$ 11,796	$ 11,610	$ 10,480	$ 9,432	$ 43,318
FFO (1), (2)	$ 7,623	$ 7,431	$ 6,541	$ 5,928	$ 27,523
AFFO (1), (3)	$ 6,363	$ 6,234	$ 5,155	$ 4,816	$ 22,568
FFO per Unit (1), (4), (7)	$ 0.259	$ 0.252	$ 0.238	$ 0.249	$ 1.000
AFFO per Unit (1), (4), (7)	$ 0.216	$ 0.212	$ 0.188	$ 0.202	$ 0.820
Distributions:					
Distributions per Unit (7), (8)	$ 0.175	$ 0.175	$ 0.175	$ 0.175	$ 0.70
Distributions declared (7), (8)	$ 5,148	$ 5,148	$ 4,896	$ 4,161	$ 19,353
AFFO payout ratio (1)	80.9%	82.6%	95.0%	86.4%	85.7%
Weighted-average number of Units (4), (7)	29,435,733	29,435,714	27,441,017	23,791,909	27,537,258

As at	December 31, 2014	December 31, 2013
Operational Information:		
Number of investment properties	42	38
GLA	12,770,313	9,879,961
Occupancy	99.1%	96.4%
Average remaining lease term (years)	4.6	5.0
Fair value of investment properties	$ 633,056	$ 493,006
Ratios:		
Weighted-average effective interest rate (5)	3.9%	4.0%
Variable interest rate debt as percentage of total debt	17.7%	29.1%
Variable interest rate debt as a percentage of total debt adjusted for interest rate cap (6)	2.1%	9.9%
Debt-to-gross book value (1)	50.8%	52.9%
Interest coverage ratio (1)	3.3x	3.2x
Fixed charge coverage ratio (1)	2.8x	2.8x
Debt to EBITDA (1)	7.6x	8.0x
Unit Information:		
REIT Units outstanding	14,210,619	10,732,200
Class B Units outstanding	15,225,314	13,059,709
Welsh Retained Interest (7) (assuming all Class B Units held are redeemed for REIT Units)	54.3%	54.9%
REIT Unit price	$ 10.95	$ 8.69

(1) NOI, FFO, AFFO, FFO per Unit, AFFO per Unit, AFFO payout ratio, EBITDA, debt-to-gross book value, interest coverage ratio, fixed charge coverage ratio and debt to 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) Reconciliations of FFO to net income (loss) can be found on page 17. The reconciliations of FFO to net income (loss) for the three months ended September 30, 2014, June 30, 2014 and March 31, 2014 can be found in the REIT's MD&A for the three months ended September 30, 2014, June 30, 2014 and March 31, 2014, respectively.
(3) Reconciliations of AFFO to FFO can be found on page 17. The reconciliations of AFFO to FFO for the three months ended September 30, 2014, June 30, 2014 and March 31, 2014 can be found in the REIT's MD&A for the three months ended September 30, 2014, June 30, 2014 and March 31, 2014, respectively.
(4) Includes REIT Units and Class B Units (collectively, the "**Units**").
(5) Includes mortgages payable, bank indebtedness, mark-to-market adjustments and financing costs.
(6) Includes $56,900 outstanding under the Revolving Facility, adjusted for interest rate cap covering a principal amount of $50,000.
(7) Excludes options and DTUs outstanding under the REIT's equity compensation plans.
(8) Includes distributions on REIT Units and Class B Units.

Application of IFRIC 21

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

The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation. In the United States, jurisdictions have the power through legislation to levy property taxes, and therefore, property taxes are within the scope of IFRIC 21. The adoption of IFRIC 21 requires that the REIT recognize a liability for a levy when a triggering event as specified in legislation, occurs. The triggering event for property taxes occurred in the first quarter of 2014 when property tax obligations were imposed. Due to the application of IFRIC 21, the REIT determined that a total of $5,706 should be accrued and expensed in the first quarter of 2014 for property taxes payable. Prior to IFRIC 21, these costs were accrued and expensed on a pro rata basis evenly throughout the reporting period. The accrual of property taxes has been recorded as a separate component of the REIT's investment properties, and therefore an equal and offsetting adjustment has been recognized in the fair value adjustment to investment properties in net income (loss) and comprehensive income (loss). The property tax accrual and fair value adjustment to investment properties have reversed over the fiscal year, except for investment properties acquired in 2014. The IFRIC 21 balance as at December 31, 2014 was $364 and relates only to investment properties acquired in 2014. IFRIC 21 has been adopted retrospectively, resulting in a $1,881 and $4,755 decrease in the fair value adjustment to investment properties for the three months ended December 31, 2013 and for the period from March 4, 2013 to December 31, 2013, respectively, with an equal decrease in real estate tax expense

RESULTS OF OPERATIONS

The results of operations of the REIT are not directly comparable to the prior periods ended December 31, 2013 as the REIT was established on March 4, 2013 and had no material operations prior to the completion of its IPO on April 26, 2013. This resulted in the REIT having only 250 days of operations during the period from March 4, 2013 to December 31, 2013 as compared to 365 days of operation during the year ended December 31, 2014. Notwithstanding the foregoing, the following tables compare actual results for the three months and year ended December 31, 2014 to the three months and the 250 day period ended December 31, 2013. The principal reasons for the variances between the financial figures presented in such year-over-year periods are the difference in the number of days of operations during such comparative periods as well as four investment property acquisitions made by the REIT subsequent to December 31, 2013. See below in the "Variance Explanation" tables for the impact of the acquisition of these investment properties:

	Three months ended December 31, 2014	Three months ended December 31, 2013	Variance	Year ended December 31, 2014	Period from March 4, 2013 to December 31, 2013	Variance
Investment properties revenue	$ 15,431	$ 12,649	$ 2,782	$ 57,351	$ 33,659	$ 23,692
Investment properties operating expenses	1,586	1,398	188	13,669	3,901	9,768
Fair value adjustment to investment properties – IFRIC 21	2,049	1,881	168	364	4,755	(4,391)
Net operating income (1)	11,796	9,370	2,426	43,318	25,003	18,315
Other (income) and expenses						
General and administrative	1,238	1,013	225	4,098	2,750	1,348
Fair value adjustment to investment properties	529	1,219	(690)	(16,044)	(1,765)	(14,279)
Finance costs	19,526	11,268	8,258	53,018	(3,614)	56,632
Net income (loss) and comprehensive income (loss)	$ (9,497)	$ (4,130)	$ (5,367)	$ 2,246	$ 27,632	$ (25,386)

(1) Non-IFRS measure. See "Non-IFRS Measures" section of this MD&A.

Investment properties revenue

Investment properties revenue includes contractual base rent to be received from operating leases recognized on a straight-line basis over the term 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 December 31, 2014, investment properties revenue was higher by $2,782, as compared to the three months ended December 31, 2013 for the following reasons:

Variance Explanation	Three months ended December 31, 2014
Investment property acquisitions completed after December 31, 2013, which includes a one-time $220 easement payment at the Atlanta Property.	$ 2, 571
Increase in occupancy and higher recoveries of operating expenses of the Initial Properties.	211
Total variance	$ 2,782

For the year ended December 31, 2014, investment properties revenue was higher by $23,692, as compared to the period from March 4, 2013 to December 31, 2013 for the following reasons:

Variance Explanation		Year ended December 31, 2014
Investment property acquisitions completed after December 31, 2013, which includes a one-time $220 easement payment at the Atlanta Property.	$	6,025
Difference resulting from the current period having 365 days as compared to 250 days in the prior period for the Initial Properties.		14,782
Difference resulting from owning the Illinois Property for 365 days in the current period as compared to 169 days in the prior period.		2,368
Increase in occupancy and higher recoveries of operating expenses of the Initial Properties.		517
Total variance	$	23,692

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 December 31, 2014, investment properties expenses were higher by $188, as compared to the three months ended December 31, 2013 for the following reasons:

Variance Explanation		Three months ended December 31, 2014
Investment property acquisitions completed after December 31, 2013.	$	301
Adjustments for property taxes accounted for under IFRIC 21.		(168)
Higher operating expenses of the Initial Properties.		55
Total variance	$	188

For the year ended December 31, 2014, investment properties expenses were higher by $9,768, as compared to the period from March 4, 2013 to December 31, 2013 for the following reasons:

Variance Explanation		Year ended December 31, 2014
Investment property acquisitions completed after December 31, 2013.	$	672
Adjustments for property taxes accounted for under IFRIC 21.		4,391
Difference resulting from the current period having 365 days as compared to 250 days in the prior period for the Initial Properties.		3,916
Difference resulting from owning the Illinois Property for 365 days in the current period as compared to 169 days in the prior period.		500
Higher operating expenses of the Initial Properties.		289
Total variance	$	9,768

Net operating income

For the three months ended December 31, 2014, net operating income was higher by $2,426, as compared to the three months ended December 31, 2013 for the following reasons:

Variance Explanation		Three months ended December 31, 2014
Investment property acquisitions completed after December 31, 2013, which includes a one-time $220 easement payment at the Atlanta Property.	$	2,270
Increase in occupancy and higher recoveries of operating expenses of the Initial Properties.		156
Total variance	$	2,426

For the year ended December 31, 2014, net operating income was higher by $18,315, as compared to the period from March 4, 2013 to December 31, 2013 for the following reasons:

Variance Explanation		Year ended December 31, 2014
Investment property acquisitions completed after December 31, 2013, which includes a one-time $220 easement payment at the Atlanta Property.	$	5,353
Difference resulting from the current period having 365 days as compared to 250 days in the prior period for the Initial Properties.		10,866
Difference resulting from owning the Illinois Property for 365 days in the current period as compared to 169 days in the prior period.		1,868
Increase in occupancy and higher recoveries of operating expenses of the Initial Properties.		228
Total variance	$	18,315

General and administrative expense

General and administrative expenses consist of asset management fees, professional fees, deferred compensation expense, trustee fees, and other miscellaneous expenses. For the three months ended December 31, 2014, general and administrative expenses were higher by $225, as compared to the three months ended December 31, 2013 for the following reasons:

Variance Explanation		Three months ended December 31, 2014
Additional asset management fees as a result of investment property acquisitions completed after December 31, 2013.	$	90
Deferred compensation expense, of which $228 is due to an increase in fair value of units outstanding under the DUIP and the Plan.		254
Lower investor relations costs, travel expenses and other costs.		(119)
Total variance	$	225

For the year ended December 31, 2014, general and administrative expenses were higher by $1,348, as compared to the period from March 4, 2013 to December 31, 2013 for the following reasons:

Variance Explanation		Year ended December 31, 2014
Additional asset management fees as a result of investment property acquisitions completed after December 31, 2013.	$	182
Difference in asset management fees due to owning the Illinois Property for 365 days in the current period as compared to 169 days in the prior period.		70
Difference resulting from the current period having 365 days as compared to 250 days in the prior period.		1,193
Deferred compensation expense, of which $207 is due to an increase in fair value of units outstanding under the DUIP and the Plan.		338
Professional fees incurred during the third quarter of 2013 as a result of regulatory requirements related to the Illinois Property.		(321)
Lower investor relations costs, travel expenses and other costs.		(114)
Total variance	$	1,348

Fair value adjustment to investment properties

The REIT has selected the fair value method of accounting to account for real estate classified as investment properties. As a result, subsequent to initial recognition, investment properties are carried at fair value, with gains and losses arising from changes in fair value recognized in the consolidated statements of net income (loss) and comprehensive income (loss) during the year in which they arise. For the three months ended December 31, 2014 and 2013, the REIT recognized a fair value decrease to investment properties of $529 and $1,219, respectively, as a result of the write-off of capitalized lease incentives and amortization of straight-line rent. For the year ended December 31, 2014 and for the period from

March 4, 2013 to December 31, 2013, the REIT recognized a fair value increase in investment properties of $16,044 and $1,765, respectively, mainly due to marginal cap rate compression in certain markets, lease renewals and increased occupancy at certain properties, partially offset by the write-off of capitalized lease incentives and amortization of straight-line rent. 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, the gain or loss on the change in fair value of financial liabilities designated as fair value through profit and loss, including Class B Units and other financial instruments, amortization associated with the mark-to-market adjustments and financing costs incurred in connection with obtaining long-term financings. For the three months ended December 31, 2014, finance costs were higher by $8,258, as compared to the three months ended December 31, 2013 for the following reasons:

Variance Explanation		Three months ended December 31, 2014
Fair value adjustment to Class B Units and financial instruments due to an increase in REIT Unit price from $10.05 as at September 30, 2015 to $10.95 as at December 31, 2014.	$	7,301
Distributions paid on Class B Units issued in connection with investment property acquisitions completed after December 31, 2013.		379
Interest expense on mortgages payable and Revolving Facility related to investment property acquisitions completed after December 31, 2013.		550
Differences in amortization of finance costs and mark-to-market adjustments.		63
Other.		(35)
Total variance	$	8,258

For the year ended December 31, 2014, finance costs were higher by $56,632, as compared to the period from March 4, 2013 to December 31, 2013 for the following reasons:

Variance Explanation		Year ended December 31, 2014
Fair value adjustment to Class B Units and financial instruments due to an increase in REIT Unit price from $8.69 as at December 31, 2013 to $10.95 as at December 31, 2014.	$	47,509
Distributions paid on Class B Units issued in connection with investment property acquisitions completed after December 31, 2013.		884
Interest expense on mortgages payable and Revolving Facility related to investment property acquisitions completed after December 31, 2013.		1,314
Difference resulting from the current period having 365 days as compared to 250 days in the prior period for the Initial Properties.		5,333
Differences in mortgage interest and distributions paid on Class B Units as related to the Illinois Property due to owning the Illinois Property for 365 days in the current period as compared to 169 days in the prior period.		1,537
Other.		55
Total variance	$	56,632

Reconciliation of Non-IFRS Measures

The reconciliation of non-IFRS measures to net income (loss) and comprehensive income (loss) for the three months and year ended December 31, 2014 are presented below and are compared to the three months ended December 31, 2013 and the period from March 4, 2013 to December 31, 2013:

	Three months ended December 31, 2014	Three months ended December 31, 2013	Variance	Year ended December 31, 2014	Period from March 4, 2013 to December 31, 2013	Variance
Investment properties revenue	$ 15,431	$ 12,649	$ 2,782	$ 57,351	$ 33,659	$ 23,692
Investment properties operating expenses	1,586	1,398	188	13,669	3,901	9,768
Fair value adjustment to investment properties – IFRIC 21	2,049	1,881	168	364	4,755	(4,391)
Net operating income	**11,796**	**9,370**	**2,426**	**43,318**	**25,003**	**18,315**
Other (income) and expenses						
General and administrative	1,238	1,013	225	4,098	2,750	1,348
EBITDA	10,558	8,357	2,201	39,220	22,253	16,967
Fair value adjustment to investment properties	529	1,219	(690)	(16,044)	(1,765)	(14,279)
Finance costs	19,526	11,268	8,258	53,018	(3,614)	56,632
Net income (loss) and comprehensive income (loss)	**$ (9,497)**	**$ (4,130)**	**$ (5,367)**	**$ 2,246**	**$ 27,632**	**$ (25,386)**
Add/(Deduct):						
Fair value adjustment to investment properties	529	1,219	(690)	(16,044)	(1,765)	(14,279)
Fair value adjustments on Class B Units and financial instruments	13,701	6,400	7,301	31,137	(16,372)	47,509
Fair value adjustment to deferred compensation	227	(42)	269	164	(42)	206
Fair value adjustment to investment properties – IFRIC 21	2,049	1,881	168	364	4,755	(4,391)
Property taxes accounted for under IFRIC 21	(2,049)	(1,881)	(168)	(364)	(4,755)	4,391
Distributions on Class B Units treated as interest expense	2,663	2,284	379	10,020	5,952	4,068
FFO	**$ 7,623**	**$ 5,731**	**$ 1,892**	**$ 27,523**	**$ 15,405**	**$ 12,118**
Add/(Deduct):						
Leasing cost reserve (1)	(716)	(514)	(202)	(2,670)	(1,641)	(1,029)
Capital expenditure reserve (2)	(223)	(182)	(41)	(860)	(558)	(302)
Amortization of mark-to-market adjustments	(170)	(207)	37	(778)	(548)	(230)
Amortization of financing costs	162	136	26	798	347	451
Deferred compensation expense	248	264	(16)	936	458	478
Amortization of straight-line rent	(616)	(562)	(54)	(2,519)	(1,578)	(941)
Amortization of tenant incentives	55	14	41	138	16	122
AFFO	**$ 6,363**	**$ 4,680**	**$ 1,683**	**$ 22,568**	**$ 11,901**	**$ 10,667**
FFO per Unit (basic)	$ 0.259	$ 0.241	0.018	$ 1.000	$ 0.659	0.341
AFFO per Unit (basic)	$ 0.216	$ 0.197	0.019	$ 0.820	$ 0.509	0.311

(1) The leasing cost reserve is a weighted average rate of approximately $0.22 per square foot and $0.24 per square foot as at December 31, 2014 and 2013, respectively, based on a five-year average of expected leasing commissions and tenant improvements on the portfolio.
(2) The capital expenditure reserve is a weighted average rate of approximately $0.07 per square foot and $0.08 per square foot as at December 31, 2014 and 2013, respectively, based on the five year average of expected capital expenditures on the portfolio.

FFO

For the three months ended December 31, 2014, FFO was higher by $1,892, as compared to the three months ended December 31, 2013 for the reasons described in the following table:

Variance Explanation		Three months ended December 31, 2014
Investment property acquisitions completed after December 31, 2013, which includes a one-time $220 easement payment at the Atlanta Property.	$	1,602
Increase in occupancy and higher recoveries of operating expenses of the Initial Properties.		290
Total variance	$	1,892

For the year ended December 31, 2014, FFO was higher by $12,118, as compared to the period from March 4, 2013 to December 31, 2013 for the reasons described in the following table:

Variance Explanation		Year ended December 31, 2014
Investment property acquisitions completed after December 31, 2013, which includes a one-time $220 easement payment at the Atlanta Property.	$	3,780
Difference resulting from the current period having 365 days as compared to 250 days in the prior period for the Initial Properties.		6,787
Difference resulting from owning the Illinois Property for 365 days in the current period as compared to 169 days in the prior period, including reduced professional fees as a result of regulatory requirements related to the Illinois Property during the third quarter of 2013.		1,329
Increase in occupancy and higher recoveries of operating expenses of the Initial Properties.		222
Total variance	$	12,118

AFFO

For the three months ended December 31, 2014, AFFO was higher by $1,683, as compared to the three months ended December 31, 2013 for the reasons described in the following table:

Variance Explanation		Three months ended December 31, 2014
Investment property acquisitions completed after December 31, 2013, which includes a one-time $220 easement payment at the Atlanta Property.	$	1,390
Increase in occupancy, contractual base rent increases, and higher recoveries of operating expenses of the Initial Properties.		372
Other.		(79)
Total variance	$	1,683

For the year ended December 31, 2014, AFFO was higher by $10,667, as compared to the period from March 4, 2013 to December 31, 2013 for the reasons described in the following table:

Variance Explanation		Year ended December 31, 2014
Investment property acquisitions completed after December 31, 2013, which includes a one-time $220 easement payment at the Atlanta Property.	$	3,197
Difference resulting from the current period having 365 days as compared to 250 days in the prior period for the Initial Properties.		5,419
Difference resulting from owning the Illinois Property for 365 days in the current period as compared to 169 days in the prior period, including reduced professional fees as a result of regulatory requirements related to the Illinois Property during the third quarter of 2013.		1,425
Increase in occupancy, contractual base rent increases, and higher recoveries of operating expenses of the Initial Properties.		626
Total variance	$	10,667

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 number of all outstanding REIT Units and Class B Units, which amounted to 29,435,733 Units and 23,797,779 Units for the three months ended December 31, 2014 and December 31, 2013, respectively. The weighted average number of all outstanding REIT Units and Class B Units amounted to 27,537,258 and 23,381,561 for the year ended December 31, 2014 and for the period from March 4, 2013 to December 31, 2013, respectively. The increase in the weighted average number of units outstanding is due to the Offering of 3,478,200 Units on April 4, 2014, 2,165,605 Class B Units issued in connection with the Louisville Property acquisition on June 18, 2014, and 697,800 REIT Units purchased for cancellation under the normal course issuer bid during the period from March 4, 2013 to December 31, 2013.

For the three months ended December 31, 2014, FFO per Unit and AFFO per Unit were higher by $0.018 and $0.019, respectively, as compared to the three months ended December 31, 2013. The increase in FFO per Unit and AFFO per Unit is mainly due to the four investment property acquisitions made by the REIT subsequent to December 31, 2013. The increase was partially offset by a 23.7% increase in the weighted average number of units outstanding mainly due to the Offering on April 4, 2014 and Class B Units issued in connection with the Louisville Property acquisition on June 18, 2014.

For the year ended December 31, 2014, FFO per Unit and AFFO per Unit were higher by $0.341 and $0.311, respectively, as compared to the period from March 4, 2013 to December 31, 2013. The increase in FFO per Unit and AFFO per Unit is mainly due to (i) the current period having 365 days as compared to 250 days in the prior period, (ii) the four investment property acquisitions made by the REIT subsequent to December 31, 2013, and (iii) owning the Illinois Property for 365 days during the current period as compared to 169 days in the prior period. The increase was partially offset by a 17.8% increase in the weighted average number of units outstanding due to the Offering on April 4, 2014, Class B Units issued in connection with the Louisville Property acquisition on June 18, 2014, and 697,800 REIT Units purchased for cancellation under the normal course issuer bid during the period from March 4, 2013 to December 31, 2013.

Distribution Policy

The REIT's Declaration of Trust provides the Board of Trustees with discretion to determine the percentage amount of the REIT's income to be distributed. Amounts retained in excess of the declared distributions are used to fund leasing costs and capital expenditure requirements. Fluctuations in working capital that are deemed to be timing differences are disregarded in determining distributions. The REIT also normalizes the impact of leasing costs, which fluctuate with lease maturities, renewal terms and the type of investment property being leased, and excludes the impact of transaction costs expensed on business combinations. The REIT's AFFO payout ratio for the three months and year ended December 31, 2014 was 80.9% and 85.7%, respectively. The REIT's AFFO payout ratio for the three months ended December 31, 2013 and for the period from March 4, 2013 to December 31, 2013 was 88.9% and 94.4%, respectively. The reduced AFFO payout ratios for the three months and year ended December 31, 2014 as compared to the three months ended December 31, 2013 and the period from March 4, 2013 to December 31, 2013 were mainly due to an increase in AFFO due to the four

investment property acquisitions made by the REIT subsequent to December 31, 2013, despite the increase in the weighted average number of Units outstanding from December 31, 2013 to December 31, 2014.

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 issuances. The Declaration of Trust provides that the REIT cannot incur or assume any indebtedness that would cause total indebtedness levels to exceed 60% of gross book value (or 65% of gross book value including convertible debentures). Management of the REIT targets an indebtedness level at or below 55% of gross book value. As at December 31, 2014 and 2013, the REIT's debt-to-gross book value ratio was 50.8% and 52.9%, respectively, (total outstanding principal amounts of mortgages payable and Revolving Facility of $321,359 and $260,662 as at December 31, 2014 and 2013, respectively, divided by a gross book value of $633,056 and $493,006 as at December 31, 2014 and 2013, respectively). The REIT has no convertible debentures outstanding.

The REIT uses cash flow from operations and debt level indicators to assess its ability to meet its financing obligations. For the year ended December 31, 2014, the REIT's interest coverage ratio was 3.3 times (excluding adjustments for property taxes accounted for under IFRIC 21), demonstrating an ability to more than adequately cover interest expense requirements. The REIT's weighted average effective interest rate on all indebtedness as at December 31, 2014 was 3.9%.

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

		Year ended December 31, 2014		Period from March 4, 2013 to December 31, 2013
Cash provided by/(used in):				
Operating activities	$	37,247	$	20,927
Financing activities	$	61,694	$	51,813
Investing activities	$	(99,341)	$	(66,814)
Increase (decrease) in cash and cash equivalents during the period	$	**(400)**	$	**5,926**
Cash and cash equivalents, beginning	$	5,926	$	-
Cash and cash equivalents, end	$	**5,526**	$	**5,926**

Cash flows from operating activities for the year ended December 31, 2014 and for the period from March 4, 2013 to December 31, 2013 of $37,247 and $20,927, respectively, primarily related to the operation of investment properties.

In accordance with National Policy 41-201 - *Income Trusts and Other Indirect Offerings*, the REIT is required to provide the following additional disclosure relating to cash distributions:

	Three months ended December 31, 2014	Year ended December 31, 2014	Period from March 4, 2013 to December 31, 2013
Cash flows provided by operating activities	**$ 9,492**	**$ 37,247**	**$ 20,927**
Less: Interest paid (excluding distributions on Class B Units classified as finance costs incurred)	(3,152)	(11,635)	(6,881)
	6,340	25,612	14,046
Distributions paid (1)	5,148	19,024	9,845
Excess of cash flows provided by operating activities over distributions paid	**1,192**	**6,588**	**4,201**
Cash flows provided by operating activities	**9,492**	**37,247**	**20,927**
Change in non-cash working capital	980	692	180
Less: Interest expense and Class B Unit issuance costs (2)	(3,170)	(11,841)	(7,007)
Less: Leasing cost reserve and capital expenditure reserve	(939)	(3,530)	(2,199)
AFFO (3)	**$ 6,363**	**$ 22,568**	**$ 11,901**
Distributions declared (1)	$ 5,148	$ 19,353	$ 11,233
AFFO payout ratio (3)	80.9%	85.7%	94.4%

(1) Includes distributions on REIT Units and distributions on Class B Units.

(2) Includes interest on mortgages payable, bank indebtedness interest, and Class B Unit issuance costs included in finance costs.

(3) Management considers AFFO and AFFO payout ratio to be key measures of the REIT's performance. As an alternative measure of cash flows from operations, AFFO (defined on page 3) represents a measure of cash generated from operating activities, after deducting a reserve for normalized maintenance capital expenditures, tenant inducements and leasing commissions, and is considered to be indicative of the REIT's ability to pay distributions to unitholders. However, AFFO and AFFO payout ratio are not defined by IFRS, do not have standardized meanings, and may not be comparable to similarly titled measures presented by other industries or trusts.

While cash flows from operating activities are generally sufficient to cover distribution requirements, timing of expenses and fluctuations in non-cash working capital may result in a shortfall.

Cash flows provided by financing activities for the year ended December 31, 2014 and for the period from March 4, 2013 to December 31, 2013 of $61,694 and of $51,813, respectively, primarily related to net proceeds from the issuance of REIT Units and the exercise of the underwriters' over-allotment, proceeds from mortgages payable, and proceeds from the Revolving Facility, partially offset by the repayment of mortgages payable and the Revolving Facility, the payment of financing costs, and interest expense on mortgages payable and bank indebtedness as well as distributions to Unitholders.

Cash flows used in investing activities for the year ended December 31, 2014 and for the period from March 4, 2013 to December 31, 2013 of $99,341 and $66,814, respectively, primarily related to cash paid for acquisitions of investment properties, additions to investment properties, and changes in capital escrow amounts required to be held in connection with certain mortgages payable.

Investment Properties

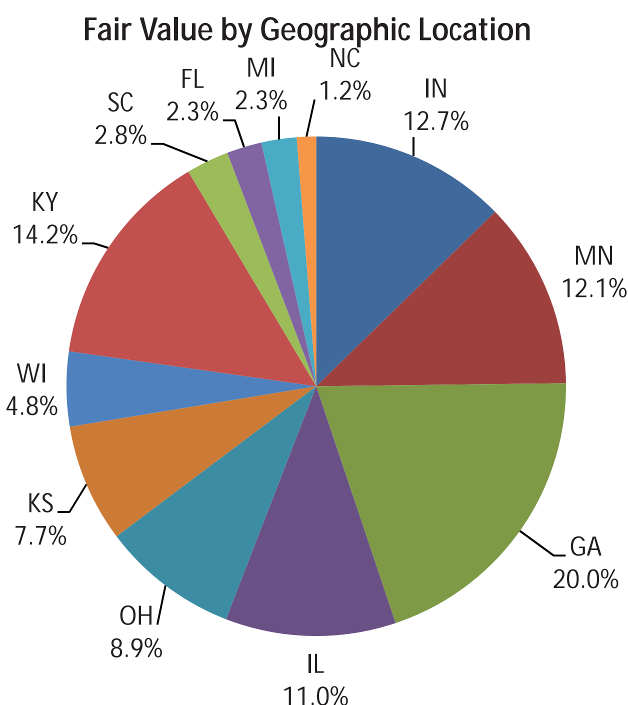
Investment properties include land, building, improvements to the investment property and all direct leasing costs incurred in obtaining and retaining property tenants. The fair value of these investment properties is reviewed regularly by management with reference to independent property valuations and market conditions existing at the reporting date, using generally accepted market practices. Judgment is also applied in determining the extent and frequency of independent third party appraisals. The REIT determines the fair value of an investment property at the end of each reporting period using a combination of the following methods: (i) an internal valuation using the discounted cash flow model, which discounts the expected future cash flows, including a terminal value, based on the application of a terminal

capitalization rate to the assumed final year's estimated cash flows, and reviewing the key assumptions from previous appraisals and updating the value for changes in the property cash flow, physical condition and changes in market conditions, and (ii) appraisals by an independent third party, according to professional appraisal standards and IFRS.

Management retained an independent third party appraiser to appraise each investment property contained within the portfolio at the time of the IPO, and has obtained appraisals on each investment property subsequently acquired. Additionally, the REIT obtained current independent third party appraisals for 12 existing properties in the portfolio during the third quarter of 2014.

As at December 31, 2014, the fair value of investment properties was $633,056 ($493,006 as at December 31, 2013), implying a weighted-average, terminal capitalization rate of 7.07% (7.53% as at December 31, 2013).

		December 31, 2014
State		**Fair Value**
Georgia	$	126,900
Kentucky		89,946
Indiana		80,400
Minnesota		76,665
Illinois		69,800
Ohio		56,070
Kansas		48,535
Wisconsin		30,600
South Carolina		17,425
Florida		14,415
Michigan		14,400
North Carolina		7,900
Total	**$**	**633,056**



Mortgages Payable and Revolving Facility

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 consist of the following:

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

As at December 31, 2014, approximately 40.4% of the REIT's outstanding mortgages payable were payable to a single financial institution, of which 17.7% matures in 2021 and 22.7% matures in 2023.

As at December 31, 2014, mortgages payable bear interest at various rates ranging from 3.40% to 5.80% (2.42% to 5.80% as at December 31, 2013), and have a weighted average effective interest rate of 4.21% (4.33% as at December 31, 2013), with maturity dates ranging from 2016 - 2024. As at December 31, 2014, there were no mortgages payable with variable interest rates.

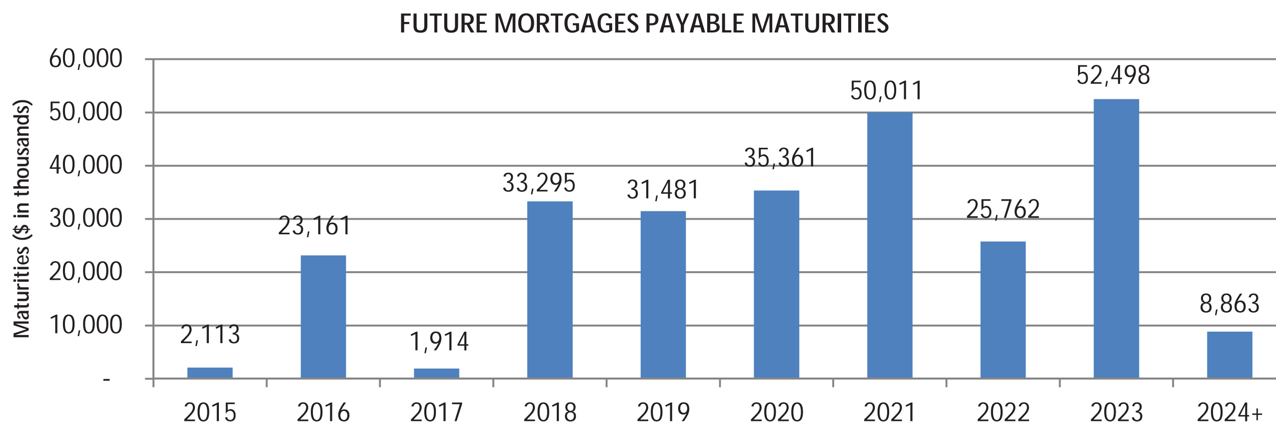
During the year ended December 31, 2014, the REIT entered into two new, fixed interest rate mortgages payable totaling $53,240 as a result of investment property acquisitions. On April 8, 2014, the REIT repaid one variable interest rate mortgage payable in the amount of $3,180. On July 10, 2014, the REIT used the proceeds from a new, $11,000 mortgage payable with a fixed interest rate of 4.03%, in addition to cash on hand, to pay off an existing mortgage payable with an outstanding balance of $11,205 and a maturity of July 10, 2014. On August 12, 2014, the REIT refinanced its last variable interest rate mortgage payable in the amount of $31,800 with proceeds from a new, six-year, $31,800 mortgage payable bearing a fixed interest rate of 3.40%.

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

As at December 31, 2014	Weighted Average Maturing Effective Interest Rate	Scheduled Mortgage Repayments	Principal Mortgage Maturities	Revolving Facility	Total Repayments
2015	-	2,113	-	-	2,113
2016	3.4% (1)	2,182	20,979	56,900	80,061
2017	-	1,914	-	-	1,914
2018	4.5%	2,976	30,319	-	33,295
2019	3.4%	3,156	28,325	-	31,481
2020	3.4%	3,561	31,800	-	35,361
2021	5.1%	3,319	46,692	-	50,011
2022	3.8%	2,228	23,534	-	25,762
2023	3.7%	416	52,082	-	52,498
2024	4.0%	186	8,677	-	8,863
Totals		$ 22,051	$ 242,408	56,900	$ 321,359
Mark-to-market adjustment, net					3,378
Financing costs, net					(1,561)
Total					323,176

(1) Includes one mortgage payable with an interest rate of 5.8% and the Revolving Facility with an interest rate of 2.67% as at December 31, 2014.

The following chart shows the future maturities of mortgages payable as at December 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 December 31, 2014 and December 31, 2013, the Revolving Facility interest rate was 2.67% and 2.42%, respectively.

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

Variable interest rate debt as a percentage of total debt was 17.7% and 29.1% as at December 31, 2014 and December 31, 2013, respectively.

On April 26, 2013, the REIT entered into an interest rate cap, which expires on May 1, 2015, and covers up to a principal amount of $50,000 of the REIT's variable interest rate debt and provides for a LIBOR cap of 50-basis points. The percentage of variable interest rate indebtedness outstanding and not covered under this interest rate cap was 2.1% and 9.9% of the total portfolio indebtedness as at December 31, 2014 and at December 31, 2013, respectively.

Commitments and Contingencies
Leasing Cost Reserve
The REIT uses management's best estimate of leasing costs on expected lease maturities within the portfolio over a forward-looking five-year period to calculate the leasing costs reserve used in the REIT's AFFO calculation (see "Reconciliation of Non-IFRS Measures" section of this MD&A). Management currently estimates leasing costs to be approximately $0.22 per square foot of the portfolio GLA. 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 and disposes of investment properties and as the forward-looking five-year period is rolled forward annually.

The following tables shows actual leasing costs as compared to reserved leasing costs since the date of inception:

Leasing Costs		For the period from March 4, 2013 to June 30, 2013	For the three months ended September 30, 2013	For the three months ended December 31, 2013	For the period from March 4, 2013 to December 31, 2013		For the three months ended March 31, 2014	For the three months ended June 30, 2014	For the three months ended September 30, 2014	For the three months ended December 31, 2014	For the year ended December 31, 2014		Since inception
Reserved	$	435	692	514	1,641	$	603	638	713	716	2,670	$	4,311
Actual	$	25	329	347	701	$	-	133	375	814	1,322	$	2,023
Excess (shortfall)	$	410	363	167	940	$	603	505	338	(98)	1,348	$	2,288

Capital Expenditure Reserve
The REIT's policy is to engage third party consultants 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 currently estimates capital expenditures to be approximately $0.07 per square foot of the portfolio GLA. 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 and disposes of investment properties and as the forward-looking five-year period is rolled forward annually. .

The following tables shows actual capital expenditures as compared to reserved capital expenditures since the date of inception:

Capital Expenditures		For the period from March 4, 2013 to June 30, 2013	For the three months ended September 30, 2013	For the three months ended December 31, 2013	For the period from March 4, 2013 to December 31, 2013		For the three months ended March 31, 2014	For the three months ended June 30, 2014	For the three months ended September 30, 2014	For the three months ended December 31, 2014	For the year ended December 31, 2014		Since inception
Reserved	$	154	222	182	558	$	202	212	223	223	860	$	1,418
Actual	$	115	90	167	372	$	24	92	114	93	323	$	695
Excess	$	39	132	15	186	$	178	120	109	130	537	$	723

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

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

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

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

The 10,867,362 Class B Units issued in connection with the IPO and the 2,165,605 Class B Units issued as partial consideration for the Louisville Property are entitled to distributions per unit in an amount equal to the distributions per unit declared in respect of the REIT Units, and are redeemable by the holder thereof for cash or REIT Units (on a one-for-

one basis, subject to customary anti-dilution adjustments), as determined by the general partner of the Partnership in its sole discretion. The Class B Units are puttable and, therefore, meet the definition of a financial liability under IAS 32, *Financial Instruments – Presentation,* and are accordingly classified as long-term liabilities in the consolidated statements of financial position.

The 2,192,347 Class B Units issued in connection with the Illinois Property acquisition on July 15, 2013 were not redeemable for REIT Units until the REIT received all necessary acceptances and approvals from the TSX and received REIT Unitholder approval. REIT Unitholder approval was received on May 15, 2014 and the TSX approved the issuance of these Class B Units and the listing on the TSX of the underlying REIT Units for which these Class B Units may be redeemed. As a result, these Class B Units are 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. Therefore, as at December 31, 2014, these Class B Units are classified as long-term liabilities in the consolidated statements of financial position.

As at December 31, 2014, Welsh held 15,225,314 Class B Units and 752,700 REIT Units, representing an effective ownership interest in the REIT of approximately 54.3% assuming all Class B Units are redeemed for REIT Units (excluding options and DTUs outstanding under the REIT's equity compensation plans).

As at December 31, 2014, ownership of the REIT was as follows:

	REIT Units	Class B Units	Total Units	% of Total
Welsh's retained interest	752,700	15,225,314	15,978,014	54.3%
REIT Units	13,457,919	-	13,457,919	45.7%
Total	**14,210,619**	**15,225,314**	**29,435,933**	**100.0%**

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 March 4, 2013	-	-
Grant - May 29, 2013	390,000	$ 10.14
Outstanding as at December 31, 2013	390,000	$ 10.14
Exercisable as at December 31, 2013	-	$ 10.14
Grant - May 27, 2014	200,000	$ 9.81
Exercised	(3,333)	$ 10.14
Forfeited or expired	(16,667)	$ 10.14
Outstanding as at December 31, 2014	570,000	$ 10.02
Exercisable as at December 31, 2014	123,333	$ 10.14

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

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

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 statements of income (loss) and comprehensive income (loss). Total compensation expense attributable to these options for the three months and year ended December 31, 2014, was $154 and $157, respectively. Total compensation expense attributable to these options for the three months ended December 31, 2013 and for the period from March 4, 2013 to December 31, 2013 was $24 and $67, respectively. As at December 31, 2014, fair value adjustments were determined using the Black-Scholes option pricing model with the following assumptions:

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

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 ("**DTUs**") to trustees, officers, employees, consultants and service providers, as well as employees of such service providers. DTUs are defined as notional units with a fair value based on the REIT Units' closing price per the TSX. The maximum number of REIT Units reserved for issuance under the DUIP is 5% of the total number of REIT Units issued and outstanding from time to time. Vested DTUs may be redeemed in whole or in part for units of the REIT issued from treasury or cash. All DTUs granted to officers and employees vest as to one-fifth on the first anniversary of the grant date, and one-fifth on each of the four following anniversaries. Whenever cash distributions are paid to REIT unitholders, additional DTUs are credited to the participant's outstanding DTU balance based on the 5-day volume-weighted average price on the grant date. These additional units vest on the same schedule as their corresponding DTUs.

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

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

The total fair value of DTUs granted to officers and employees as at December 31, 2014 and 2013 was $1,358 and $456, respectively. As at December 31, 2014 and 2013, a total of 11,273 and -0- DTUs granted to officers and employees had vested, respectively.

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

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

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

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

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

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 statements of income (loss) and comprehensive income (loss). Total compensation expense recognized for the three months and year ended December 31, 2014 was $321 and $943, respectively, related to these instruments. These amounts include adjustments based on the fair value of the REIT Units as at December 31, 2014. Total compensation expense related to these instruments for the three months ended December 31, 2013 and for the period from March 4, 2013 to December 31, 2013 was $198 and $349, respectively.

PART III

DISCLOSURE AND INTERNAL CONTROLS

Disclosure Controls and Procedures
Management is responsible for establishing and maintaining a system of disclosure controls and procedures to provide reasonable assurance that (i) all 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, and (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.

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 as defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**"). As required by NI 52-109, the REIT's Chief Executive Officer and Chief Financial Officer have evaluated, or caused to be evaluated under their direct supervision, the effectiveness of the REIT's disclosure controls and procedures, and concluded that they are effective as at December 31, 2014.

Internal Controls over Financial Reporting
Management is also responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.
The REIT's Chief Executive Officer and Chief Financial Officer have designed, or caused to be designed under their supervision, the REIT's internal controls over financial reporting. As required by NI 52-109, and using the criteria established by the Committee of Sponsoring Organization of the Treadway Commission ("**COSO 1992**"), the Chief Executive Officer and Chief Financial Officer have evaluated, or caused to be evaluated under their direct supervision, the effectiveness of the REIT's internal controls over financial reporting and concluded that they are effective and that there were no material weaknesses that have been identified as at December 31, 2014.

Changes in Disclosure and Internal Controls
To the best of the knowledge and belief of the REIT's Chief Executive Officer and Chief Financial Officer, no significant changes were made in the REIT's disclosure controls and procedures or internal controls over financial reporting during the year ended December 31, 2014 that have materially affected, or are reasonably likely to materially affect, the REIT's disclosure controls and procedures or internal controls over financial reporting.

Inherent Limitation
Disclosure controls and procedures and internal controls over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of their inherent limitations. Disclosure controls and procedures and internal controls over financial reporting are processes that involve human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human errors. Disclosure controls and procedures and internal controls 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 disclosure controls and procedures and internal controls over financial reporting. However, these inherent limitations are known features of the disclosure and financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

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 dated March 20, 2014 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.

RELATED PARTY TRANSACTIONS

Related party transactions with Welsh are set forth below:

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

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

- Asset management fees at 0.25% of gross book value, as defined in the asset management agreement. Asset management fees payable to Welsh as at December 31, 2014 and December 31, 2013 were $126 and $105, respectively.

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

- Construction management fee. With respect to any capital project with costs in excess of $100 undertaken by the REIT or any of its affiliates, a construction management fee equal to 5.0% of aggregate tenant improvements, capital expenditures and construction costs incurred in respect of such capital project. Construction management fees payable to Welsh as at December 31, 2014 and 2013 were $71 and $0.

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

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

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

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

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

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

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

Out-of-pocket costs and expenses
The REIT reimburses Welsh for all reasonable actual out-of-pocket costs and expenses incurred in connection with the performance of the services described in the asset management agreement or such other services that the REIT and Welsh agree in writing are to be provided from time to time by Welsh. As at December 31, 2014 and December 31, 2013, the net payable due to Welsh was $87 and $17, respectively, related to these reimbursements.

PART VI

SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies, including significant judgments and critical accounting estimates made by management of the REIT, is described in note 2 of the REIT's audited consolidated financial statements for the year ended December 31, 2014.

PART VII

SUBSEQUENT EVENTS

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

(b) On January 28, 2015, the REIT issued 4,312,500 REIT Units (including REIT Units issued pursuant to the exercise in full of the over-allotment option granted to the underwriters by the REIT) at a price of $10.80 per REIT Unit to a syndicate of underwriters on a bought deal basis for gross proceeds to the REIT of approximately $46,575 (the "**Bought Deal**"). Underwriters' fees related to the Bought Deal were approximately $1,863. The REIT Units were offered in Canada pursuant to a short form prospectus filed on January 21, 2015 with the securities commissions and other similar regulatory authorities in each of the provinces and territories of Canada. As at March 12, 2015, the total number of REIT Units and Class B Units issued and outstanding was 33,748,433, of which Welsh's retained interest in the REIT was 47.3%.

(c) On February 20, 2015, the REIT indirectly acquired from a third party vendor, a 100% leased, 2,327,018 square foot portfolio of six industrial investment properties located in Memphis, Tennessee (the "**Memphis Portfolio**"), for a purchase price of $86,250 (exclusive of closing costs and acquisition fee). The purchase price was paid in cash using a portion of the net proceeds from the Bought Deal and a new, $51,750 five-year mortgage payable bearing a fixed interest rate of 2.87%.

(d) On March 12, 2015, Welsh sold a 770,640 square foot property in Indianapolis, Indiana to an unrelated third party. The REIT declined to acquire the property due to the potential acquisition being non-accretive for an indeterminable amount of time; which did not align with the REIT's investment criteria.