*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or any state securities laws and may not be offered or sold in the U.S. or to U.S. persons unless the securities are registered under the U.S. Securities Act or an exemption from such registration is available.*

PROSPECTUS

Initial Public Offering April 18, 2013

WPT INDUSTRIAL REAL ESTATE INVESTMENT TRUST

US$100,000,000

10,000,000 Units

The price per Unit is stated in U.S. dollars.

This prospectus qualifies the distribution of 10,000,000 trust units ("**Units**") of WPT Industrial Real Estate Investment Trust (the "**REIT**"), a newly created, unincorporated, open-ended real estate investment trust established under the laws of the Province of Ontario.

The REIT has been formed to own and operate an institutional-quality portfolio of primarily industrial properties located in the U.S., with a particular focus on warehouse and distribution industrial real estate. On closing of the offering described in this prospectus (the "**Closing**"), the REIT will indirectly acquire (the "**Acquisition**") from Welsh Property Trust, LLC ("**Welsh**") a portfolio of properties consisting of approximately 8.6 million square feet of gross leasable area ("**GLA**"), comprised of 35 industrial properties and two office properties, located in 12 states in the U.S. (collectively, the "**Initial Properties**"). See "The Initial Properties" and "The Acquisition". The REIT's portfolio will generate cash flow in U.S. dollars and the distributions made on the Units following Closing will be denominated in U.S. dollars.

The objectives of the REIT are to: (i) provide Unitholders with an opportunity to invest in a portfolio of institutional-quality industrial properties in attractive U.S. markets, with a particular focus on warehouse and distribution industrial real estate; (ii) provide Unitholders with predictable, sustainable and growing cash distributions on a tax-efficient basis; (iii) enhance the value of the REIT's portfolio and maximize the long-term value of the Units through the active management of the REIT's properties; and (iv) significantly expand the asset base of the REIT through accretive acquisitions of stabilized, high quality industrial properties located in attractive U.S. markets. See "The REIT — Objectives of the REIT".

At the time of Closing, it is expected that Welsh will hold an approximate 52.1% effective interest in the REIT on a fully diluted basis, assuming all Class B Units (as defined below) held by Welsh are redeemed for Units (approximately 48.6% if the Over-Allotment Option is exercised in full). Welsh, as the limited partner, will own all of the Class B partnership units ("**Class B Units**") of WPT Industrial, LP (the "**Partnership**"), a Delaware limited partnership, which will be the REIT's operating subsidiary. The Class B Units are economically equivalent to Units and redeemable by the holder thereof for cash or 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. See "Retained Interest" and "The Partnership".

Welsh, a privately held real estate investment management company, will be the external asset manager and property manager of the REIT. The Welsh organization was founded in 1977 and has extensive experience in the acquisition, management and disposition of industrial and office real estate assets in attractive markets throughout the U.S. Since 2005, Welsh and its predecessors have completed real estate transactions with an aggregate value in excess of $1 billion, representing 20 million square feet of GLA. With deep market knowledge and an extensive network of relationships in the industrial segment of the U.S. real estate market, Welsh will directly support the REIT's strategic growth initiatives. Moreover, Welsh will bring significant experience and continuity to the management of the Initial Properties. See "Arrangements with Welsh".

Price US$10.00 per Unit

	Price to the Public[1]	Underwriters' Fee	Net Proceeds to the REIT[2]
Per Unit	US$10.00	US$0.60	US$9.40
Total[3]	US$100,000,000	US$6,000,000	US$94,000,000

Notes:

(1) The price of the Units was established by negotiation between the REIT, Welsh and the Underwriters.

(2) Before deducting expenses of the Offering estimated at approximately US$6.6 million which, together with the Underwriters' fee, will be paid from the proceeds of the Offering.

(3) The REIT has granted to the Underwriters an option, exercisable in whole or in part and at any time up to 30 days after Closing, to purchase up to an additional 1,500,000 Units on the same terms as set forth above solely to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total price to the public, Underwriters' fee and net proceeds to the REIT will be US$115,000,000, US$6,900,000 and US$108,100,000, respectively. See "Plan of Distribution". This prospectus qualifies the distribution of the Over-Allotment Option and the Units issuable on the exercise thereof. A purchaser who acquires Units forming part of the Underwriters' over-allocation position acquires those Units under this prospectus, regardless of whether the position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. The REIT will contribute the net proceeds, if any, from the issue of Units on exercise of the Over-Allotment Option to the Partnership to reduce debt, acquire additional industrial properties and/or for general trust purposes.

(continued on next page)

3003 Reeves Road
Plainfield (Indianapolis), Indiana
GLA: Approximately 741,100 sq. ft.
CLEAR CEILING HEIGHT: 36 feet

6579 West 350 North
Greenfield (Indianapolis), Indiana
GLA: Approximately 629,200 sq. ft.
CLEAR CEILING HEIGHT: 32 feet

An Institutional Quality U.S. Industrial Portfolio

535 Shingle Oak Drive
West Chicago (Chicago), Illinois
GLA: Approximately 150,000 sq. ft.
CLEAR CEILING HEIGHT: 30 feet

1105 East Northfield Drive
Brownsburg (Indianapolis), Indiana
GLA: Approximately 526,200 sq. ft.
CLEAR CEILING HEIGHT: 32 feet

6766 Pontius Road
Groveport (Columbus), Ohio
GLA: Approximately 754,000 sq. ft.
CLEAR CEILING HEIGHT: 32-37 feet

7515 Hartman Industrial Way
Austell (Atlanta), Georgia
GLA: Approximately 113,700 sq. ft.
CLEAR CEILING HEIGHT: 28 feet

Institutional-Quality, Geographically Diversified Portfolio

37 Properties in **12** States **8.6** M sq. ft. of GLA

- State-of-the-art warehouse and distribution properties
- 12 years weighted-average age
- Approximately 31 ft. weighted-average clear ceiling height
- 96.3%[1] weighted-average occupancy

STRATEGICALLY LOCATED IN KEY DISTRIBUTION MARKETS

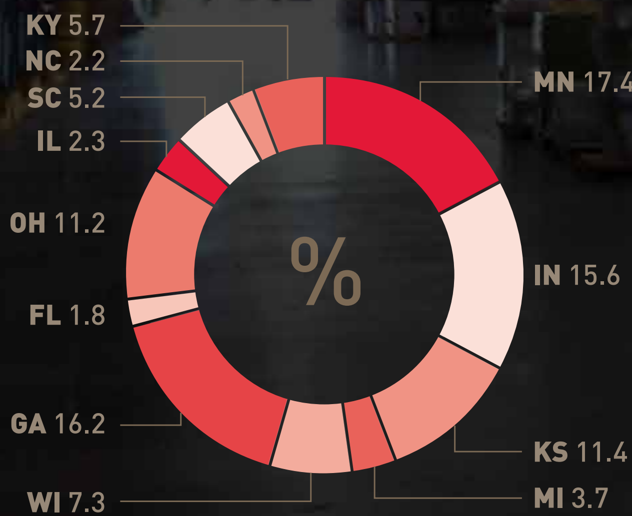
MAJOR RAIL INFRASTRUCTURE

MAJOR INTERSTATE HIGHWAYS

MARKETS CONTAINING INITIAL PROPERTIES

OTHER MAJOR DISTRIBUTION MARKETS

PORTFOLIO FORECAST NOI BY STATE[2]



[1] As of February 1, 2013

[2] Projected for the 12-month period ending March 31, 2014

2440-2450 Midpoint Drive
Edwardsville (Kansas City), Kansas
GLA: Approximately 225,000 sq. ft.
CLEAR CEILING HEIGHT: 30 feet

3051 Creekside Parkway
Obetz (Columbus), Ohio
GLA: Approximately 737,500 sq. ft.
CLEAR CEILING HEIGHT: 32-34 feet

600 Hartman Industrial Court
Austell (Atlanta), Georgia
GLA: Approximately 525,600 sq. ft.
CLEAR CEILING HEIGHT: 32 feet

6600 Pritchard Road
Jacksonville, Florida
GLA: Approximately 126,100 sq. ft.
CLEAR CEILING HEIGHT: 30 feet

Investment Highlights

- Attractive and Stable Yield.
- Focus on the Warehouse and Distribution Sub-Segment of the U.S. Industrial Real Estate Market.
- Geographically Diversified Properties Located in Major Distribution Markets.
- High-Quality, Stabilized Portfolio.
- Experience of Management and the Board of Trustees.
- Significant Alignment of Interests.
- Platform for Accretive Growth.
- Organic Growth Opportunities.

(continued from cover)

Underwriters' Position	Maximum Size or Number of Securities Available	Exercise Period	Exercise Price
Over-Allotment Option	Option to acquire up to 1,500,000 Units	30 days from Closing	US$10.00 per Unit

There is no market through which the Units may be sold and purchasers may not be able to resell securities purchased under this prospectus. This may affect the pricing of the Units in the secondary market, the transparency and availability of trading prices, the liquidity of the Units and the extent of issuer regulation. See "Risk Factors". The Toronto Stock Exchange (the "TSX") has conditionally approved the listing of the Units under the symbol WIR.UN. Listing is subject to the REIT fulfilling all of the requirements of the TSX on or before July 8, 2013. See "Plan of Distribution".

A return on a purchaser's investment in Units is not comparable to the return on an investment in a fixed income security. The recovery of a purchaser's initial investment is at risk, and the anticipated return on a purchaser's investment is based on many performance assumptions. Although the REIT intends to make distributions from AFFO to Unitholders, these distributions may be reduced or suspended. The actual amount distributed will depend on numerous factors including the financial performance of the REIT's properties, debt covenants and other contractual obligations, working capital requirements and future capital requirements, all of which are subject to a number of risks. The market value of the Units may decline if the REIT is unable to meet its AFFO targets in the future, and that decline may be material. See "Presentation of Financial Information — Non-IFRS Measures". It is important for a purchaser of Units to consider the particular risk factors, described in the "Risk Factors" section of this prospectus, which may affect the REIT and its business, the real estate industry and the Offering, and therefore the stability of distributions that a purchaser of Units receives.

Because the REIT will be treated as a real estate investment trust for U.S. federal income tax purposes, distributions paid by the REIT to Canadian investors that are made out of the REIT's current or accumulated earnings and profits (as determined under U.S. federal income tax principles) generally will be subject to U.S. withholding tax at a rate of 15% for investors that qualify for the benefits under the U.S.-Canada Income Tax Convention (1980), as amended (the "**Treaty**"). To the extent a Canadian investor is subject to U.S. withholding tax in respect of distributions paid by the REIT on the Units out of the REIT's current or accumulated earnings and profits, the amount of such tax generally will be eligible for foreign tax credit or deduction treatment, subject to the detailed rules and limitations under the Tax Act. Distributions in excess of the REIT's current and accumulated earnings and profits that are distributed to Canadian investors that have not owned (or been deemed to own) more than 5% of the outstanding Units generally will not be subject to U.S. withholding tax, although there can be no assurances that withholding on such amounts will not be required. The REIT estimates that approximately 69% of the monthly cash distributions to be paid to Unitholders in 2013 will be made out of the REIT's current or accumulated earnings and profits and, accordingly, will be subject to U.S. withholding tax. The composition of distributions for U.S. federal income tax purposes may change over time, which may affect the after-tax return to Unitholders. Qualified residents of Canada that are tax-exempt entities established to provide pension, retirement or other employee benefits (including trusts governed by a RRSP, a RRIF but excluding trusts governed by a TFSA, a RESP or a RDSP) may be eligible for an exemption from U.S. withholding tax. The foregoing is qualified by the more detailed summary in this Prospectus. See "Certain Canadian Federal Income Tax Considerations" and "Certain U.S. Federal Income Tax Considerations". See also "Risk Factors — Tax-Related Risks".

The after-tax return from an investment in Units to Unitholders subject to Canadian federal income tax will depend, in part, on the composition for Canadian federal income tax purposes of distributions paid by the REIT, portions of which may be fully or partially taxable or may constitute tax deferred returns of capital (i.e., returns that initially are non-taxable but which reduce the adjusted cost base of the Unitholders' Units). The REIT estimates that approximately 72% of the monthly cash distributions to be made by the REIT to Unitholders will be tax deferred for Canadian federal income tax purposes in 2013. The composition of distributions for Canadian federal income tax purposes may change over time, thus affecting the after-tax return to Unitholders.

CIBC World Markets Inc., RBC Dominion Securities Inc., BMO Nesbitt Burns Inc., Scotia Capital Inc., TD Securities Inc., National Bank Financial Inc., Canaccord Genuity Corp. and Raymond James Ltd., as principals, conditionally offer the Units, subject to prior sale, if, as and when issued by the REIT and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters on behalf of the REIT by Goodmans LLP, Briggs and Morgan, P.A. (with respect to U.S. matters) and Shearman & Sterling LLP (with respect to U.S. income tax matters), and on behalf of the Underwriters by Davies Ward Phillips & Vineberg LLP. The Underwriters may engage in market stabilization activities as described under "Plan of Distribution". Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The closing of the Offering is expected to occur on April 26, 2013 but in any event no later than May 10, 2013. Registrations and transfers of Units will be effected electronically through the non-certificated inventory ("**NCI**") system administered by CDS Clearing and Depository Services Inc. ("**CDS**"). Beneficial owners of Units will not, except in certain limited circumstances, be entitled to receive physical certificates evidencing their ownership of Units. See "Plan of Distribution" and "Declaration of Trust — Non-Certificated Inventory System".

The Underwriters may offer the Units at lower prices than stated above. See "Plan of Distribution".

Welsh Property Trust, LLC, which has acted as a promoter, is organized under the laws of a foreign jurisdiction and resides outside Canada. Although the promoter has appointed GODA Incorporators, Inc., 333 Bay Street, Suite 3400, Toronto, Ontario M5H 2S7, as its agent for service of process in Ontario, it may not be possible for investors to enforce judgments obtained in Canada against the promoter. See "Risk Factors".

The REIT is not a trust company and is not registered under applicable legislation governing trust companies as it does not carry on or intend to carry on the business of a trust company. The Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of that statute or any other legislation.

CIBC World Markets Inc., RBC Dominion Securities Inc. and BMO Nesbitt Burns Inc. are affiliates of Canadian chartered banks that, pursuant to a non-binding indicative term sheet, may commit to provide the Partnership with a portion of the Revolving Facility at Closing. Consequently, the REIT may be considered a "connected issuer" of CIBC World Markets Inc., RBC Dominion Securities Inc. and BMO Nesbitt Burns Inc. under applicable Canadian securities laws. Net proceeds from the issue of Units on exercise of the Over-Allotment Option (if any) may be used to pay down amounts drawn under the Revolving Facility (if any). See "Debt Strategy and Indebtedness" and "Plan of Distribution".

References to Canadian dollars or "**Cdn$**" are to Canadian currency and references to U.S. dollars, "**$**" or "**US$**" are to U.S. currency. The price per Unit being offered pursuant to this prospectus (and the distributions made on such Units following Closing) are in U.S. dollars.

All capitalized terms referred to above are defined elsewhere in this prospectus including under "Glossary of Terms".

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MEANING OF CERTAIN REFERENCES

In this prospectus, it is assumed that the Offering has been completed and the transactions described under "The Acquisition" have been completed, except where the context otherwise requires. References to the "**REIT**" in this prospectus includes its Subsidiaries, unless the context otherwise requires. Except as otherwise stated in this prospectus, all dollar amounts in this prospectus, including the price per Unit, are stated in U.S. dollars and references to dollars, "**$**" or "**US$**" are to U.S. currency. References to Canadian dollars or "**Cdn$**" are to Canadian currency.

Certain terms used in this prospectus are defined under "Glossary of Terms".

Unless otherwise indicated, the disclosure in this prospectus assumes that the Over-Allotment Option is not exercised.

References to "management" in this prospectus means the persons acting in the capacities of the REIT's Chief Executive Officer, Chief Financial Officer and General Counsel and Secretary. Any statements in this prospectus made by or on behalf of management are made in such persons' capacities as officers of the REIT and not in their personal capacities.

ELIGIBILITY FOR INVESTMENT

In the opinion of Goodmans LLP, counsel to the REIT, and Davies Ward Phillips & Vineberg LLP, counsel to the Underwriters, based on the current provisions of the Tax Act, and subject to the provisions of any particular Exempt Plan, provided that the REIT qualifies at all times as a "mutual fund trust" (as defined in the Tax Act) or the Units are listed on a "designated stock exchange" (as defined in the Tax Act, which includes the TSX), the Units will be a qualified investment for trusts governed by a RRSP, RESP, RRIF, DPSP, RDSP and a TFSA (collectively, "**Exempt Plans**").

Notwithstanding the foregoing, if the Units are a "prohibited investment" (as defined in the Tax Act) for a trust governed by a TFSA, RRSP or RRIF, the holder or annuitant thereof will be subject to a penalty tax as set out in the Tax Act. The Units will not be a prohibited investment for a TFSA, RRSP or RRIF provided the holder or annuitant of such Exempt Plan, as the case may be, (i) deals at arm's length with the REIT, for purposes of the Tax Act, (ii) does not have a "significant interest" (as defined in the Tax Act) in the REIT, and (iii) does not have a "significant interest" (as defined in the Tax Act) in a corporation, partnership or trust with which the REIT does not deal at arm's length. Generally, a holder or annuitant will have a significant interest in the REIT if the holder or annuitant and/or persons not dealing at arm's length with the holder or annuitant own, directly or indirectly, 10% or more of the fair market value of the Units. The Minister of Finance (Canada) released draft legislation on December 21, 2012 (the "**December 2012 Proposals**") that proposes to delete the condition in (iii) above. In addition, pursuant to the December 2012 Proposals, Units will not be a "prohibited investment" if the Units are "excluded property" as defined in the December 2012 Proposals for trusts governed by a TFSA, RRSP and RRIF. Prospective purchasers who intend to hold Units in a TFSA, RRSP or RRIF are advised to consult their personal tax advisors.

MARKET AND INDUSTRY DATA

This prospectus includes market and industry data and forecasts that were obtained from third-party sources, industry publications and publicly available information as well as industry data prepared by management on the basis of its knowledge of the industrial property industry in which the REIT will operate (including management's estimates and assumptions relating to the industry based on that knowledge). Management's knowledge of the U.S. real estate industry has been developed through its experience and participation in the industry. Management believes that its industry data is accurate and that its estimates and assumptions are reasonable, but there can be no assurance as to the accuracy or completeness of this data. Third-party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. Although management believes it to be reliable, neither the REIT nor the Underwriters have independently verified any of the data from management or third-party sources referred to in this prospectus, or analyzed or verified the underlying studies or surveys relied upon or referred to by such sources, or ascertained the underlying economic assumptions relied upon by such sources.

CERTAIN INFORMATION

Graphs and tables demonstrating the historical performance of the Initial Properties contained in this prospectus are intended only to illustrate past performance and are not necessarily indicative of future performance. Please note that numbers contained in graphs and tables are subject to rounding.

RELIANCE

Prospective investors should rely only on information contained in this prospectus and should not rely on parts of the information contained in this prospectus to the exclusion of others. None of the REIT, Welsh nor the Underwriters has authorized any other person to provide prospective investors with different information. If a prospective investor is provided with different or inconsistent information, the prospective investor should not rely on such information. Neither the REIT nor the Underwriters is making an offer to sell Units in any jurisdiction where such an offer or sale is prohibited. Unless otherwise stated, the information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of Units. The REIT's business, financial condition, results of operations and prospectus may have changed since the date of this prospectus.

PRESENTATION OF FINANCIAL INFORMATION

Non-IFRS Measures

Funds from operations ("**FFO**"), adjusted funds from operations ("**AFFO**") and net operating income ("**NOI**") are not measures recognized under IFRS and do not have standardized meanings prescribed by IFRS. FFO, AFFO and NOI are supplemental measures of a Canadian real estate investment trust's performance and the REIT believes they are relevant measures of the ability of the REIT to earn and distribute cash returns to investors in the Units and to evaluate the REIT's performance. The IFRS measurement most directly comparable to FFO, AFFO and NOI is net income. See "Forecast Non-IFRS Reconciliation" for a reconciliation of FFO, AFFO and NOI to net income.

"FFO" is defined as net income in accordance with IFRS, (i) plus or minus fair value adjustments on investment properties; (ii) plus or minus gains or losses from sales of investment properties; (iii) plus or minus other fair value adjustments; (iv) plus amortization of tenant incentives; (v) plus transaction costs expensed as a result of the purchase of a 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; and (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 properties. 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) adjusting for any differences resulting from recognizing property rental revenues or expenses on a straight-line basis; (iii) amortization of grant date fair value related to compensation incentive plans; (iv) adjusting for any non-cash compensation expense; and (v) deducting a reserve for normalized maintenance capital expenditures, tenant inducements and leasing commissions, as determined by the REIT. Other adjustments may be made to AFFO as determined by the 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 revenue from properties less property operating expenses as presented in the combined statements of income prepared in accordance with IFRS.

FFO, AFFO and NOI should not be construed as alternatives to net income and comprehensive income determined in accordance with IFRS as indicators of the REIT's performance. The REIT's method of calculating FFO, AFFO and NOI may differ from other issuers' methods and accordingly may not be comparable to measures used by other issuers.

FORWARD-LOOKING STATEMENTS

This prospectus contains 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", "occur", "be achieved" or "continue" and similar expressions identify forward-looking statements. Some of the specific forward-looking statements in this prospectus include, but are not limited to, statements with respect to the following:

- the closing of the Acquisition;
- the closing of the other transactions expected to occur at the time of Closing, which are described in this prospectus;
- the Partnership entering into the Revolving Facility;
- the intention of the REIT to pay predictable, sustainable and growing cash distributions;
- the ability of the REIT to execute its growth strategies;
- the forecasted financial results of the REIT for the periods set out in the financial forecast section of this prospectus;
- the expected increase in rental rates in the markets in which the Initial Properties are located;
- the expected occupancy level of the Initial Properties;
- the sale or development of vacant land on the Initial Properties;
- the expected tax treatment of the REIT and of the REIT's distributions to Unitholders; and
- the expected industry and demographic trends.

Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable by management of the REIT as of the date of this prospectus, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The REIT's estimates, beliefs and assumptions, which may prove to be incorrect, include the various assumptions set forth herein, including, but not limited to, the REIT's future growth potential, 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 as currently in effect remaining unchanged, the continual availability of capital, the current economic conditions remaining unchanged, and continued positive net absorption and declining vacancy rates in the markets in which the Initial 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, 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, the factors discussed under "Risk Factors". These forward-looking statements are made as of the date of this prospectus and, 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.

EXCHANGE RATE INFORMATION

The Initial Properties consist of properties located in the states of Florida, Georgia, Illinois, Indiana, Kansas, Kentucky, Michigan, Minnesota, North Carolina, Ohio, South Carolina and Wisconsin. The REIT discloses all financial information contained in this prospectus in U.S. dollars. The following table sets forth, for the periods indicated, the high, low, average and period-end noon spot rates of exchange for US$1.00, expressed in Canadian dollars, published by the Bank of Canada.

	Year ended December 31,		
	2012	**2011**	**2010**
	(Cdn$)	(Cdn$)	(Cdn$)
Highest rate during the period	1.0418	1.0604	1.0778
Lowest rate during the period	0.9710	0.9449	0.9946
Average rate for the period	0.9996	0.9891	1.0299
Rate at the end of period	0.9949	1.0170	0.9946

On April 17, 2013, the noon rate of exchange posted by the Bank of Canada for conversion of U.S. dollars into Canadian dollars was US$1.00 equals Cdn$1.0262.

PROSPECTUS SUMMARY

The following is a summary of the principal features of the Offering and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus.

The REIT

Overview

WPT Industrial Real Estate Investment Trust is a newly created, unincorporated, open-ended real estate investment trust established pursuant to the Declaration of Trust under the laws of the Province of Ontario. The REIT has been formed to own and operate an institutional-quality portfolio of primarily industrial properties located in the U.S., with a particular focus on warehouse and distribution real estate. The REIT's portfolio will initially consist of approximately 8.6 million square feet of GLA, comprised of 35 industrial properties and two office properties, located in 12 states in the U.S.

The REIT's portfolio will generate cash flow in U.S. dollars and the distributions made on the Units following Closing will be denominated in U.S. dollars. Thus, an investment in the Units will provide Canadian investors with direct exposure to U.S. currency. Management believes that the prevailing foreign exchange environment makes this an opportune time for Canadian investors to invest in U.S. properties while bearing limited risk of currency devaluation. Furthermore, paying distributions in U.S. dollars will avoid the cost and complexity of hedging arrangements.

See "The REIT — Overview", "The Initial Properties" and "The Acquisition".

Objectives of the REIT

The objectives of the REIT are to: (i) provide Unitholders with an opportunity to invest in a portfolio of institutional-quality industrial properties in attractive U.S. markets, with a particular focus on warehouse and distribution industrial real estate; (ii) provide Unitholders with predictable, sustainable and growing cash distributions on a tax-efficient basis; (iii) enhance the value of the REIT's portfolio and maximize the long-term value of the Units through the active management of the REIT's properties; and (iv) significantly expand the asset base of the REIT through accretive acquisitions of stabilized, high quality industrial properties located in attractive U.S. markets.

See "The REIT — Objectives of the REIT".

Market Opportunity

The REIT will provide investors with exposure to the industrial segment of the U.S. real estate market through the ownership of a portfolio of institutional-quality properties located in attractive U.S. markets. At the time of Closing, the REIT will be the only real estate investment trust in Canada to focus primarily on high quality industrial real estate in the U.S. Management believes that a focus on the warehouse and distribution sub-segment of the U.S. industrial real estate market provides investors with a compelling investment opportunity by providing them with, among other things: (i) exposure to the dynamic and growing U.S. economy; (ii) the opportunity to invest in an attractive real estate segment with compelling relative fundamentals; and (iii) the opportunity to earn attractive risk-adjusted returns.

In addition to providing investors with exposure to a portfolio of high quality industrial properties in attractive U.S. markets, the REIT will also benefit from Welsh's significant experience acquiring, managing and disposing of industrial properties. Welsh also maintains an extensive network of relationships with brokers, tenants and institutional and private owners of industrial real estate in a number of attractive U.S. markets. Welsh intends to leverage these relationships to promote tenant retention and source accretive acquisitions of new industrial properties for the REIT.

See "The REIT — Market Opportunity".

Investment Highlights

- ***Attractive and Stable Yield.*** The REIT intends to pay predictable, sustainable and growing monthly cash distributions, initially expected to provide Unitholders with an annual yield of approximately 7.0% based on an AFFO payout ratio of 90%. See "Distribution Policy" and "Presentation of Financial Information — Non-IFRS Measures".

- ***Focus on the Warehouse and Distribution Sub-Segment of the U.S. Industrial Real Estate Market.*** An ownership interest in a high quality, geographically diversified portfolio of primarily warehouse and distribution properties in attractive U.S. markets has the potential to offer compelling risk-adjusted investment returns. 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. Tenant responsibility for costs results in greater cash flow predictability and certainty for landlords relative to other segments of the real estate market. In addition, management believes that tenant demand for space in the warehouse and distribution sub-segment is less volatile than demand for space in the industrial real estate market generally. Goods distributed through warehouse and 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. Finally, the re-tenanting costs associated with warehouse and distribution properties are often lower than the costs associated with properties within the industrial real estate market generally, reducing the costs associated with leasing vacant and renewal space.

- ***Geographically Diversified Properties Located in Major Distribution Markets.*** The Initial Properties consist of an attractive mix of high quality industrial properties that are geographically diversified across the U.S., with no particular U.S. state accounting for more than 17.4% of forecast NOI for the 12-month period ending March 31, 2014. The majority of the Initial Properties are located in major U.S. distribution markets, including Atlanta, Chicago, Cincinnati, Columbus, Indianapolis, Jacksonville, Kansas City and Milwaukee. Demand for distribution space within these markets is increasing among suppliers, retailers, and third-party logistics companies, as they are generally characterized by a combination of access to interstate highway systems, airports, freight rail infrastructure, ample low cost and skilled labour, and proximity to major population centres. Management believes these characteristics are major demand drivers for prospective tenants in their evaluation and selection of locations for regional or national distribution centres.

- ***High Quality, Stabilized Portfolio.*** The Initial Properties consist of 37 high quality properties representing total GLA of approximately 8.6 million square feet and are primarily comprised of state-of-the-art warehouse and distribution properties. The buildings in the portfolio were constructed relatively recently, with a weighted average age of approximately 12 years, and are highly functional, with a weighted average clear ceiling height of approximately 31 feet. Only 4% of the GLA within the portfolio's industrial properties is represented by buildings with clear ceiling heights below 24 feet. The portfolio of Initial Properties is currently operating at stabilized occupancy levels, with a weighted average portfolio occupancy of 96.3% as of February 1, 2013. The Initial Properties have an average remaining lease term of approximately 5.0 years, with an average of 12.2% of GLA maturing each year between 2013 and 2017, and with almost 40% of GLA expiring in 2018 and beyond. The Initial Properties are leased to a diverse range of high quality tenants with no single sector representing more than 25% of the total base rent generated by the Initial Properties as of February 1, 2013.

- ***Experience of Management and the Board of Trustees.*** The REIT will be externally managed and operated by Welsh's team of seasoned real estate professionals. With a 35-year history in U.S. industrial real estate, the Welsh organization brings a wealth of operating and transactional experience, and offers a comprehensive suite of commercial real estate services, including asset and property management, leasing, acquisitions, dispositions and finance, as well as in-house legal and accounting capabilities. Notably, Welsh and its predecessors have been able to achieve a high rate of tenant retention within the portfolio of Initial Properties, having averaged 97% tenant retention since 2006. The creativity, breadth

of experience and industry relationships possessed by Welsh will position the REIT well for future success. In addition to the significant expertise and proven execution capabilities of Welsh, the REIT will also benefit from a majority-independent Board of Trustees comprised of individuals with extensive experience in the real estate industry, as well as governance, accounting and financial matters.

- ***Significant Alignment of Interests.*** At the time of Closing, Welsh will hold an effective 52.1% retained interest in the REIT (or 48.6% in the event that the Over-Allotment Option is exercised in full). This substantial retained ownership position will ensure that the interests of Welsh are strongly aligned with those of Unitholders. Welsh has agreed to retain 100% of such Units for 18 months following the completion of the Offering. Almanac Realty Investors, LLC ("**Almanac**"), formerly known as Rothschild Realty Managers, LLC, is a provider of growth capital to public and private real estate companies across the U.S. Almanac holds an interest in Welsh through a convertible note, under which approximately $183 million aggregate principal amount is currently outstanding. Assuming the conversion of the convertible note on the date hereof, Almanac would hold approximately 81% of the outstanding equity interests of Welsh. See "Retained Interest" and "The Partnership".

- ***Platform for Accretive Growth.*** Management believes the U.S. industrial real estate market is fragmented with a significant degree of non-institutional ownership. Furthermore, there are a substantial number of attractive distribution markets in the U.S. in which the REIT will not have a market presence immediately following completion of the Offering. Accordingly, management believes that the REIT will have significant opportunities to pursue acquisitive growth in existing and new markets. The REIT's disciplined external growth strategy will be facilitated by the established reputation and extensive acquisition expertise of Welsh. Welsh and its predecessors have a demonstrated ability to source new transactions, having completed real estate transactions with an aggregate value of over $1.0 billion since 2005. Welsh's acquisitions team has relationships that span the industrial real estate investment community — including relationships with brokers, tenants, lenders and owners of industrial real estate. Historically, Welsh has effectively leveraged these relationships to acquire properties through "off-market" sale transactions that have involved limited competitive bidding. In particular, since 2005, approximately 49% of the acquisitions completed by Welsh and its predecessors have been sourced through off-market transactions and approximately 44% have been purchased from repeat sellers.

- ***Organic Growth Opportunities.*** Management believes that the Initial Properties have the potential to generate substantial organic cash flow growth. The in-place leases at the Initial Properties provide for contractual increases in base rental rates averaging approximately 1.4% per annum, which will result in increasing revenues from these tenancies over time. Furthermore, management expects rental rates in the markets in which the Initial Properties are located will increase in future years as economic conditions in the U.S. continue to improve and demand for industrial space grows. Notably, market rents in these MSAs are significantly below their pre-recessionary levels, and management expects rents to improve in light of continuing positive net absorption and declining vacancy rates in these markets. The foregoing factors suggest a potential for material growth in rental revenues. In addition to the potential for future organic growth in rents, certain of the Initial Properties contain vacant land which management anticipates will support expansions totalling at least 500,000 square feet of GLA. This excess vacant land may in the future be developed or sold by the REIT, enhancing the REIT's value for the benefit of Unitholders.

See "The REIT — Investment Highlights" and "Risk Factors".

Growth Strategies of the REIT

Management believes there are opportunities to increase the cash flow and value of the Initial Properties through initiatives designed to enhance operations. The REIT will seek to improve the performance, value and long-term cash flow of its existing portfolio through a number of activities, including the following: (i) increasing rental rates; (ii) capitalizing on expansion opportunities; (iii) leveraging continuity of management and strong tenant relationships; (iv) continuing to implement active leasing programs; and (v) maintaining cost management and maintenance programs.

The REIT also intends to pursue a disciplined external growth strategy, targeting acquisitions of state-of-the-art warehouse and distribution properties in major distribution markets throughout the U.S. The objective of the REIT's external growth initiatives will be 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 market. Management anticipates that such diversification will reduce the REIT's cost of capital, further facilitating growth and reducing borrowing costs. External growth will be facilitated by the following: (i) a right of first opportunity to acquire additional properties from Welsh; (ii) the reputation and experience of Welsh's acquisitions team; (iii) a disciplined acquisition program; (iv) strategic market analysis; and (v) extensive investment due diligence and oversight. The REIT does not intend to acquire any additional office properties in the future.

See "Growth Strategies of the REIT".

Overview of Initial Properties

The REIT's portfolio of properties will initially consist of approximately 8.6 million square feet of GLA, comprised of 35 industrial properties and two office properties (one of which houses Welsh's head office) located throughout the U.S. The Initial Properties are located in 12 states: Florida (three properties); Georgia (seven properties); Illinois (two properties); Indiana (three properties); Kansas (four properties); Kentucky (one property); Michigan (one property); Minnesota (six properties); North Carolina (one property); Ohio (four properties); South Carolina (one property); and Wisconsin (four properties). With the exception of the two office properties, the Initial Properties represent an attractive mix of industrial properties, with a weighted average age of approximately 12 years. Management believes that the Initial Properties are well-located within major U.S. distribution markets and represent a compelling long-term investment opportunity given their characteristics, which include high occupancy rates, staggered lease and debt maturities, and significant geographic and tenant diversification.

List of Initial Properties

The following chart highlights certain information about the Initial Properties.

#	Initial Property	City	State	MSA	Year Built/ Renovated or Expanded	Clear Ceiling Height (feet)	Number of Tenants	Approx. Square Feet (000s)	Occupancy as of Feb. 1, 2013
DISTRIBUTION									
1.	6600 Pritchard Road	Jacksonville	Florida	Jacksonville	2009	30	1	126.1	66.8%
2.	5301 West 5th Street	Jacksonville	Florida	Jacksonville	1973	25(1)	2	121.3	100.0%
3.	5540 Broadway Avenue	Jacksonville	Florida	Jacksonville	1974	25(1)	1	106.0	52.8%
4.	600 Hartman Industrial Court	Austell	Georgia	Atlanta	2005	32	3	525.6	100.0%
5.	8 Mount Moriah Road	Auburn	Georgia	Atlanta	2007	28	1	155.0	100.0%
6.	1370 Discovery Industrial Court	Mableton	Georgia	Atlanta	2007	32	1	150.0	100.0%
7.	6751 Discovery Boulevard	Mableton	Georgia	Atlanta	2001/2006	30	1	115.0	100.0%
8.	7515 Hartman Industrial Way	Austell	Georgia	Atlanta	2008	28	2	113.7	100.0%
9.	535 Shingle Oak Drive	West Chicago	Illinois	Chicago	2007	30	1	150.0	100.0%
10.	3003 Reeves Road	Plainfield	Indiana	Indianapolis	2003	36	1	741.1	100.0%
11.	6579 West 350 North	Greenfield	Indiana	Indianapolis	2002	32	3	629.2	100.0%
12.	1105 East Northfield Drive	Brownsburg	Indiana	Indianapolis	2007	32	2	526.2	100.0%
13.	500 Sumner Way	New Century	Kansas	Kansas City	1983/1994/ 1998/2003	24	1	311.1	100.0%
14.	2440-2450 Midpoint Drive	Edwardsville	Kansas	Kansas City	2006	30	2	225.0	100.0%
15.	2401-2430 Midpoint Drive	Edwardsville	Kansas	Kansas City	2005	30	1	180.0	100.0%
16.	8500-8950 Hedge Lane Terrace	Shawnee	Kansas	Kansas City	1999	28(2)	2	111.0	100.0%
17.	40 Logistics Boulevard	Walton	Kentucky	Cincinnati	2007	32	1	543.5	100.0%
18.	25295 Guenther Road	Warren	Michigan	Detroit	1997/2008	32	2	233.9	100.0%
19.	224 North Hoover Road	Durham	North Carolina	Durham	1972/1975	24	1	252.5	100.0%
20.	6766 Pontius Road	Groveport	Ohio	Columbus	2006	35(3)	1	754.0	79.0%
21.	3051 Creekside Parkway	Obetz	Ohio	Columbus	2006	33(4)	1	737.5	100.0%
22.	325 Larsen Drive	Fond du Lac	Wisconsin	Fond du Lac	1996	42	1	234.0	100.0%
23.	1962 Queenland Drive	Mosinee	Wisconsin	Wausau	2007	28	1	106.0	100.0%
WAREHOUSE									
24.	1685 Boggs Road	Duluth	Georgia	Atlanta	1996	26	4	164.0	100.0%
25.	2940 Old Norcross Road	Duluth	Georgia	Atlanta	1994	24	3	132.4	100.0%
26.	115 West Lake Drive	Glendale Heights	Illinois	Chicago	1999	24	2	79.5	55.2%
27.	1880 Parkview Drive	Shoreview	Minnesota	Minneapolis	2003	20	1	71.5	100.0%
28.	707 West County Road E	Shoreview	Minnesota	Minneapolis	1973/2008	25	1	71.3	100.0%
29.	7401 Cahill Road	Edina	Minnesota	Minneapolis	1979/1991	18	3	45.7	100.0%
30.	3440 Symmes Road	Hamilton	Ohio	Cincinnati	2000	24	1	54.0	100.0%
31.	25 Enterprise Drive	Hamilton	Ohio	Cincinnati	2003	24	1	45.0	55.6%
32.	5200-5390 Ashland Way	Franklin	Wisconsin	Milwaukee	1999	24	3	155.3	100.0%
33.	N22 W23977 Ridgeview Parkway	Pewaukee	Wisconsin	Milwaukee	1988	24	3	94.4	100.0%
FLEX									
34.	3000 Ames Crossing Drive	Eagan	Minnesota	Minneapolis	2008	19	2	116.5	93.4%
35.	5910 Rice Creek Parkway	Shoreview	Minnesota	Minneapolis	2002	20	5	114.1	99.5%
OFFICE									
36.	4350 & 4400 Baker Road	Minnetonka	Minnesota	Minneapolis	2008	N/A	11	167.2	98.4%
37.	8085 Rivers Avenue	North Charleston	South Carolina	Charleston	1984/1996	N/A	5	155.8	100.0%
	Total Portfolio				2001/2002	31(5)	78	8,617.3	96.3%

Notes:

(1) Clear height ranges from 24' to 26'.

(2) Clear height ranges from 26' to 30'.

(3) Clear height ranges from 32' to 37'.

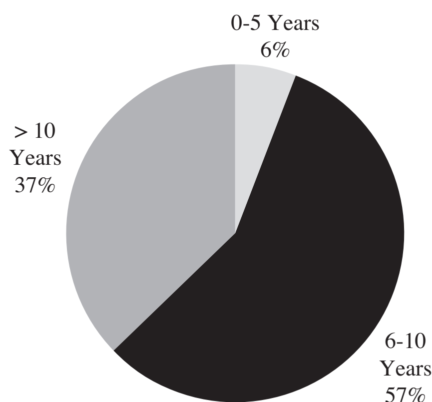
(4) Clear height ranges from 32' to 34'.

(5) Average clear height of the Initial Properties weighted by GLA.

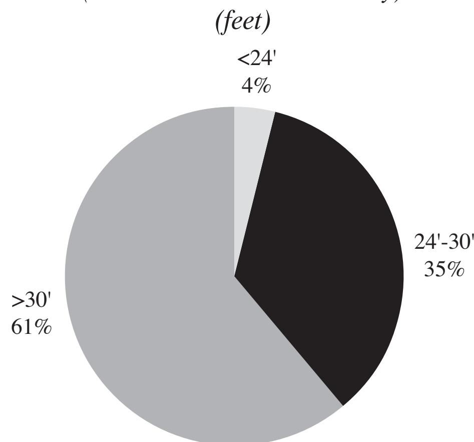
Portfolio Attributes

The Initial Properties were constructed relatively recently, and the portfolio has a weighted average age of approximately 12 years. Furthermore, approximately two-thirds of the Initial Properties, as measured by GLA, were constructed within the last ten years. As a result, management believes that the Initial Properties will, on average, require less maintenance expenditures and be more attractive to prospective tenants than comparable older properties. Furthermore, the Initial Properties are highly functional, with a weighted average clear ceiling height of approximately 31 feet (industrial properties only). Notably, only 4% of the GLA within the portfolio's industrial properties is represented by buildings with clear ceiling heights below 24 feet. High clear ceiling heights are an important feature to many industrial tenants, as this provides tenants with additional vertical space which can house additional racking and equipment, allowing the tenant to maximize storage space.

Portfolio Age by GLA



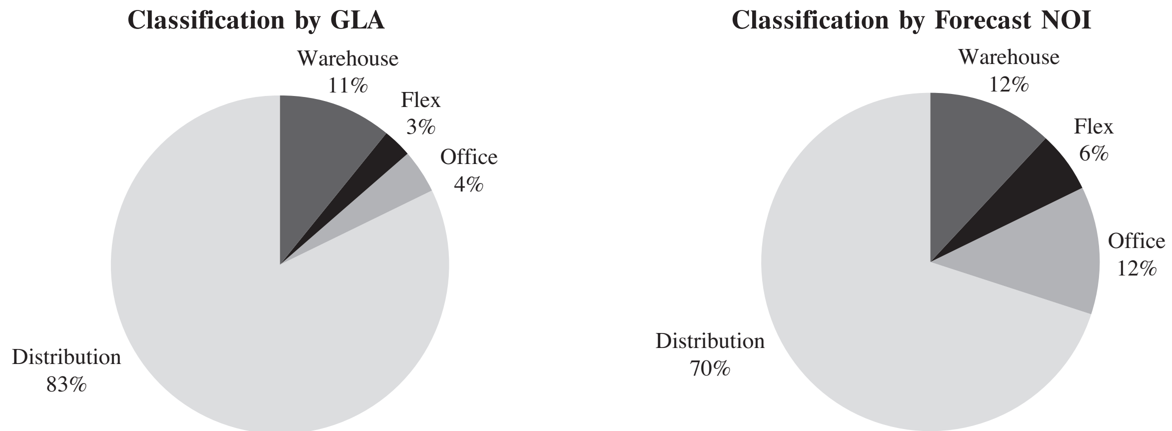
Portfolio Clear Ceiling Height by GLA
(Industrial Real Estate Only)
(feet)



Functionality Mix

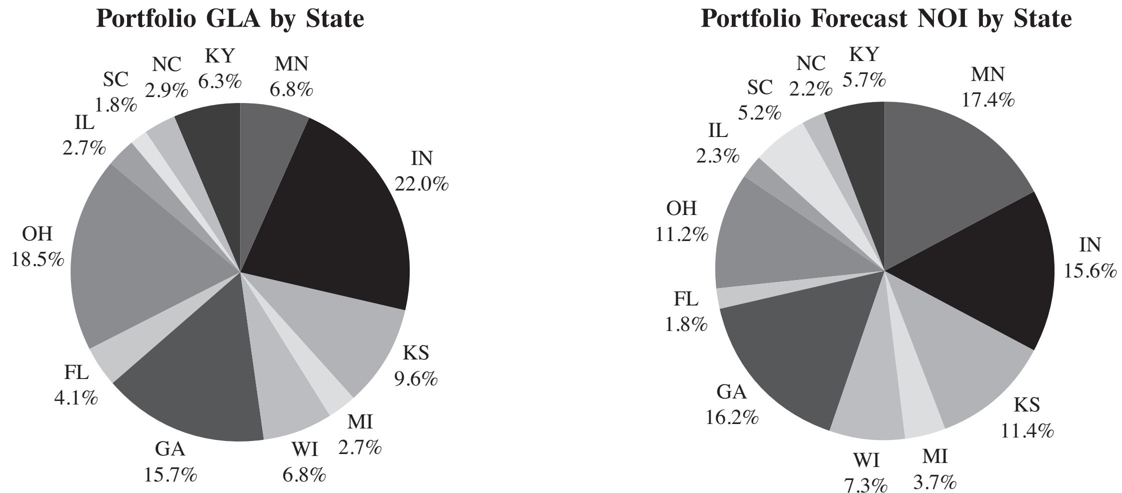
The majority of the Initial Properties, as measured by GLA and NOI, are warehouse and distribution facilities. Management believes that warehouse and distribution facilities represent a compelling investment opportunity within the broader U.S. industrial real estate segment based on their attractive characteristics, which include cash flow stability and increasing tenant demand as a result of broader trends in the U.S. economy. See "Characteristics of the U.S. Industrial Market". While warehouse and distribution properties account for the largest proportion of portfolio NOI and GLA, the Initial Properties also include two flex properties and two office properties, one of which houses Welsh's head office in addition to a number of other office tenants. The REIT does not intend to acquire any additional office properties in the future.

The following graphs illustrate the composition of the Initial Properties, as measured by GLA and NOI.



Geographic Composition

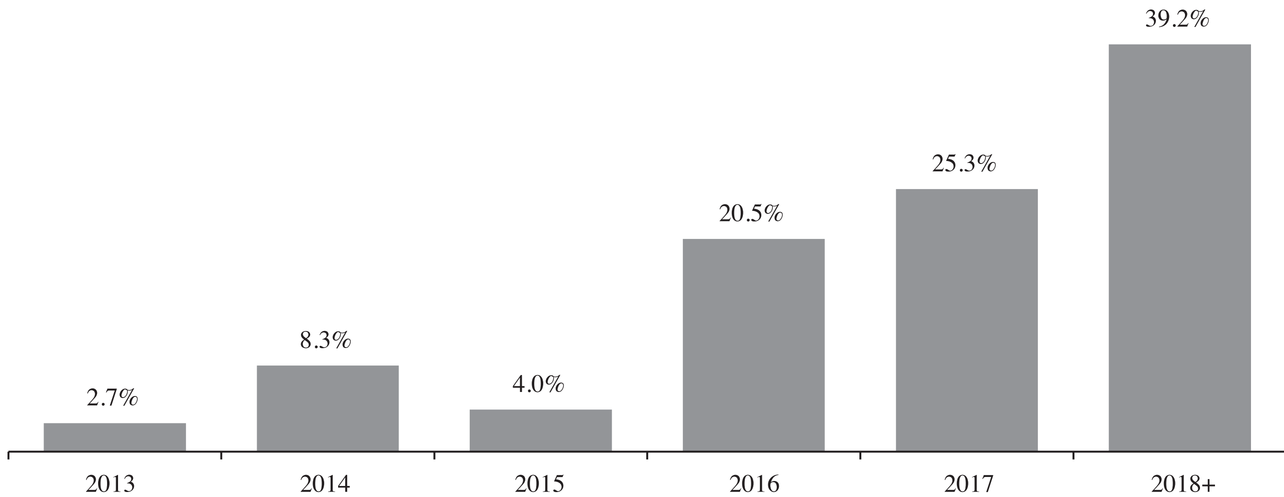
The Initial Properties are well diversified geographically within the U.S., with no individual state accounting for more than 17.4% of the forecast NOI for the 12-month period ending March 31, 2014. The Initial Properties are characterized by close proximity to the U.S. interstate highway system, often allowing for a predictable one — or two-day drive to a majority of the population of the continental U.S. The Initial Properties are also located in close proximity to freight rail infrastructure and, in some cases, major cargo airports. The following graphs illustrate the percentage of the Initial Properties, by GLA and NOI, located in each U.S. state.



Occupancy and Leasing

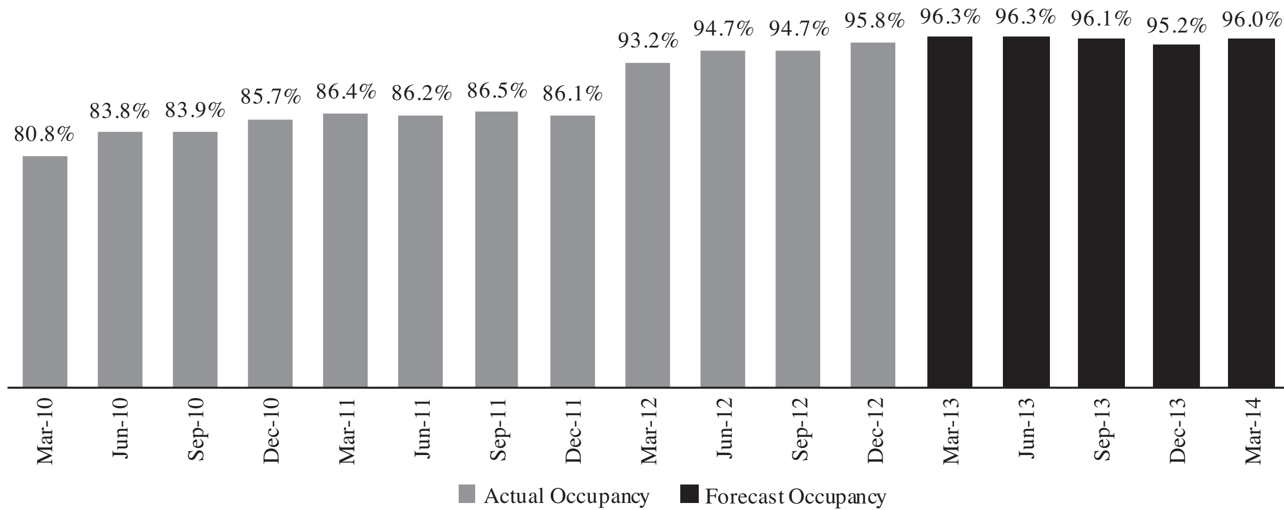
The Initial Properties are characterized by a staggered lease maturity profile, with a weighted average remaining lease term of approximately 5.0 years and with an average of 12.2% of GLA maturing each year between 2013 and 2017, and with almost 40% of GLA expiring in 2018 and beyond. The following graph illustrates the percentage of GLA of the Initial Properties subject to lease expirations in each year.

Lease Expiry Profile



The following chart presents the historical and forecast occupancy of the Initial Properties and, for certain properties, includes time periods when Welsh did not own the properties.

Initial Properties Historical and Forecast Occupancy

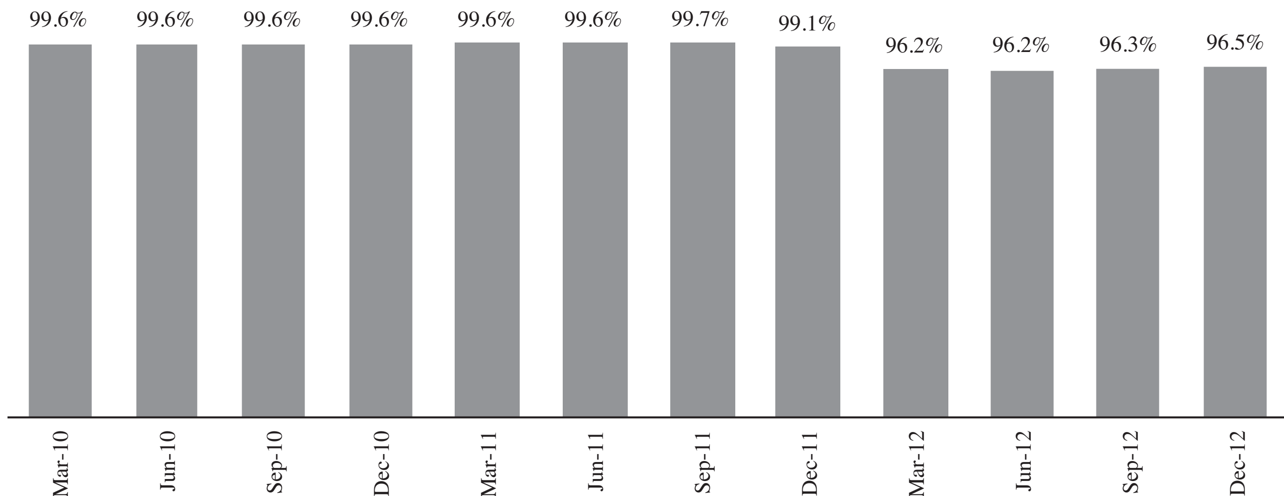


Almost all of the Initial Properties have achieved stabilized occupancy levels. The Initial Properties had a weighted average occupancy of 96.3% as of February 1, 2013. Occupancy within the portfolio has improved significantly since the U.S. economy emerged from the 2008/2009 recession and demand for industrial tenancies has increased. Portfolio occupancy over the 12-month period ending March 31, 2014 is forecast to average 95.7%.

The lower levels of historic occupancy observed within the portfolio were largely a function of the difficult economic environment created by the 2008/2009 recession. A number of the Initial Properties were developed prior to Welsh's ownership on a speculative basis and made available in the market during the recession. These assets suffered from high vacancies for longer-than-anticipated periods of time following their construction, as tenant demand for industrial space had softened substantially during the recession. Furthermore, the previous owners of such assets often remained unwilling to reduce rents in order to lease-up the vacant space.

The following chart presents the historical occupancy of those Initial Properties that were owned by Welsh during the periods shown.

Historical Occupancy
(Since Assumption of Management and Ownership by Welsh)



As a result of recent improvements in the U.S. economy, stronger industrial leasing markets and Welsh's assumption of the management and ownership of certain of these assets, almost all of the Initial Properties have now achieved stabilized occupancy levels. Welsh expects that the portfolio will maintain its current high level of occupancy over time, as Welsh has an excellent track record of managing its properties to low levels of vacancy. During the period from January 1, 2010 to December 31, 2012, under Welsh's stewardship, the weighted average occupancy of the Initial Properties was 98.5%.

The financial forecast (as prepared by the management of the REIT) does not contain any NOI or income attributable to the speculative lease-up of currently vacant space. The forecast NOI is comprised of in-place contractual lease agreements with the REIT's tenants and assumed releasing of space that expires during the forecast period at renewal rates based on various market leasing assumptions. This approach is demonstrated by the fact that the Initial Properties had a weighted average occupancy of 96.3% as of February 1, 2013, while occupancy over the 12-month period ending March 31, 2014 is forecast to average 95.7%.

Management believes that rents within all of the MSAs containing Initial Properties will rise, as each of these markets continues to exhibit positive net absorption and declining vacancy rates. As shown in the table below, CoStar Group, Inc.'s ("**CoStar**") reported statistics for current rents in the warehouse sub-segment within these MSAs are below pre-recessionary levels, suggesting potential future growth in rents as U.S. economic conditions improve. See "Characteristics of the U.S. Industrial Market".

Current Market Rents Relative to Peak Rents

Market	Peak Year	Peak Rents[1]	Current Rents[1]	Current Discount to Peak Rents
Atlanta	2008	$3.86	$3.38	(12%)
Chicago	2008	$4.95	$4.74	(4%)
Cincinnati	2007	$3.75	$3.24	(14%)
Columbus	2008	$3.18	$2.94	(8%)
Indianapolis	2007	$3.82	$3.66	(4%)
Jacksonville	2007	$4.45	$3.76	(16%)
Kansas City	2009	$4.07	$3.76	(8%)
Milwaukee	2008	$4.24	$4.04	(5%)
Minneapolis	2008	$5.85	$5.41	(8%)

Note:

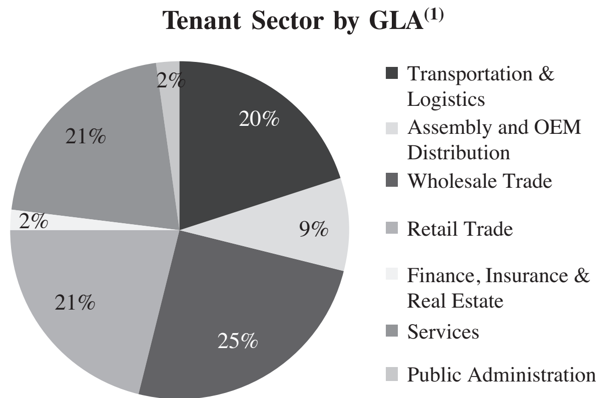
(1) CoStar.

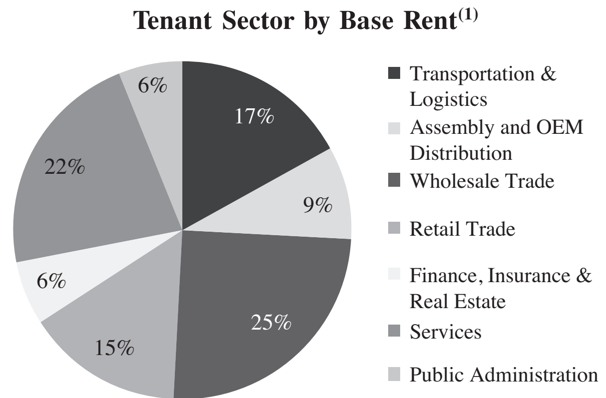
Tenant Composition

The 78 tenants occupying the Initial Properties represent an attractive mix of national, regional and local companies. These tenants operate in a multitude of industries and include third-party logistics companies, large warehouse companies and distribution companies, some of which are Fortune 500 companies. Due to the warehouse and distribution focus of the Initial Properties, the tenants are generally large consumers of space. The average size of tenancies within the Initial Properties is approximately 106,000 square feet of GLA. The large average size of the REIT's tenants is indicative of the scope and stability of the tenants' operations, as smaller, less creditworthy businesses are often unable to maintain tenancies of this size. In addition, many of the tenants have made substantial investments in equipment, leasehold improvements and infrastructure that have been installed within the Initial Properties, suggesting that such tenants have a higher likelihood of renewing their leases upon maturity.

The Initial Properties house a number of recognizable "household name" tenants, including: ADT Corporation (NYSE: ADT), Blount International, Inc. (NYSE: BLT), Brose Jefferson, Inc. (private), Brunswick Corporation (NYSE: BC), GSI Commerce Solutions, Inc. (a wholly owned subsidiary of eBay Inc.) (NASDAQ: EBAY), Emerson Electric Co. (NYSE: EMR), FedEx Corporation (NYSE: FDX), Honeywell International Inc. (NYSE: HON), Iron Mountain Inc. (NYSE: IRM), LifeScience Logistics, LLC (private), OfficeMax Incorporated (NYSE: OMX), RedCats USA, Inc. (private), ThyssenKrupp AG (FRA: TKA), Trimble Navigation Limited (NASDAQ: TRMB), Tyco International Ltd. (NYSE: TYC), United Parcel Service, Inc. (NYSE: UPS) and Zulily, Inc. (private).

The tenants within the Initial Properties are diversified across a wide range of industries. The largest economic sector within the portfolio represents only 25% of total GLA and 25% of total base rent as at February 1, 2013.

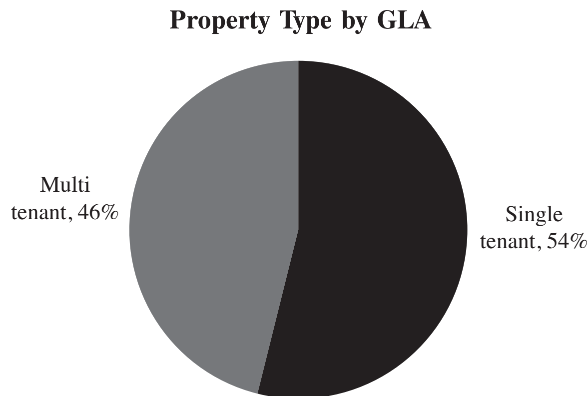


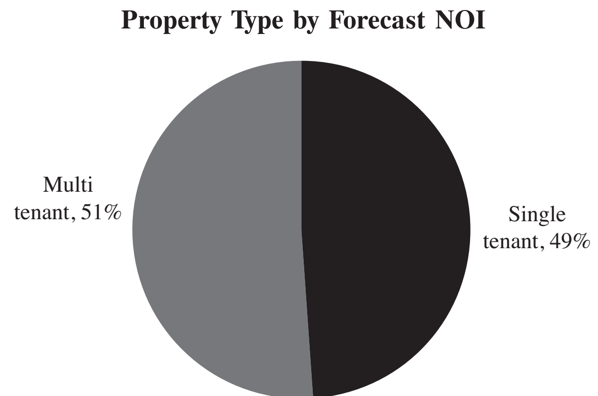


Note:

(1) As at February 1, 2013.

The Initial Properties are approximately equally divided between single and multi-tenant properties, as depicted in the graphs below. The REIT's single-tenant properties are highly functional and can easily be converted to multi-tenant properties.





See "The Initial Properties".

Assessment and Valuation of the Initial Properties

Welsh retained Altus Group U.S. Inc. (the "**Appraiser**") to provide an independent estimate of the fair market value of each of the Initial Properties (each an "**Appraisal**" and collectively the "**Appraisals**"). A copy of each of the Appraisals will be filed on SEDAR at www.sedar.com.

The Appraisals were each given as at February 15, 2013. Based on the Appraisals, the sum of the individual market values of the Initial Properties was estimated to be $452.8 million (inclusive of $3.5 million of excess land). On a portfolio basis, the estimated aggregate market value of the Initial Properties as at February 15, 2013 ranged between $460.8 million and $468.9 million, which includes a portfolio premium of 2% to 4%, applied to the industrial properties only, excluding land components and office properties. The Appraisals are subject to certain assumptions and limiting conditions.

The estimated fair market values of the Initial Properties were determined by the Appraiser using the income approach (primarily discounted cash flow as well as direct capitalization). The cost approach and the sales comparison approach were used as supplemental value estimates. These valuation methods are widely used by investors when acquiring properties of this nature. In appraising the Initial Properties, the Appraiser made certain standard assumptions, including, among other things, that title to the Initial Properties was good and marketable, that there were no issues or concerns such as, but not limited to, engineering, environmental, zoning, planning or related issues affecting the Initial Properties, and that there will be no change in market and economic conditions, physical building condition, legal/planning status or tenancy that would materially impact the value of the Initial Properties between the report date and the effective date of valuation. The Appraisals are based on various assumptions of future expectations and, while the Appraiser's internal forecasts of NOI for the Initial Properties are considered to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future.

See "Assessment and Valuation of the Initial Properties".

The Acquisition

The REIT will indirectly acquire the Initial Properties from Welsh pursuant to the Contribution Agreement. Welsh will contribute its interest in the equity of the limited liability companies and limited partnerships through which Welsh indirectly holds the Initial Properties (the "**Property SPEs**") to the Partnership in consideration for approximately $68.4 million in cash (subject to a working capital adjustment following Closing) and 10,867,362 Class B Units.

The Contribution Agreement will contain representations and warranties typical of those contained in purchase agreements for similar real estate assets negotiated between sophisticated purchasers and vendors acting at arm's length. Certain of the representations and warranties will be qualified as to knowledge (after reasonable inquiry), materiality and disclosure. Welsh will provide representations and warranties in favour of the REIT, US Holdco and the Partnership relating to Welsh, the Property SPEs and the Initial Properties. Welsh will also provide a representation and warranty that, to the best of its knowledge, this prospectus does not contain a misrepresentation (as defined in the *Securities Act* (Ontario) (the "**Securities Act**")), subject to exceptions for portions of the prospectus containing summaries or extracts of expert reports. Such representations and warranties will survive for a period of 18 months following the Closing; however, the representations and warranties regarding formation and status, power and due authorization and title to properties and securities will survive indefinitely, the representations and warranties regarding tax and environmental matters will survive for the applicable limitation periods and the representation and warranty regarding the prospectus will survive for three years from the Closing.

Welsh will indemnify the REIT, US Holdco and the Partnership for breaches of its covenants, representations and warranties under the Contribution Agreement; however, no claim under the indemnity may be made until all claims exceed $750,000. The aggregate maximum liability of Welsh will be limited to 35% of the gross proceeds of the Offering, estimated to be an aggregate of $35 million at Closing. As security for its obligations under the Contribution Agreement, Welsh will pledge to the REIT, as security agent for the REIT, US Holdco and the Partnership, for a period of 18 months following the Closing a number of Class B Units equivalent in value to 35% of the gross proceeds of the Offering. In addition, the REIT will obtain a seven-year prospectus liability insurance policy providing coverage to the Trustees and officers of the REIT, Welsh and the REIT (in such order of priority), subject to certain limits, deductibles and other terms and conditions.

There can be no assurance of recovery by the REIT, US Holdco or the Partnership from Welsh for any breach of the covenants, representations and warranties provided under the Contribution Agreement, as there can be no assurance that the assets of Welsh will be sufficient to satisfy such obligations. Only the REIT, US Holdco or the Partnership will be entitled to bring a claim or action against Welsh for misrepresentation or breach of contract under the Contribution Agreement and purchasers of Units under this prospectus will not have any contractual rights or remedies under the Contribution Agreement. Purchasers of Units will, however, have certain statutory rights against the REIT and Welsh, as promoter, under applicable securities laws.

See "Retained Interest", "Risk Factors" and "Purchasers' Statutory Rights".

The closing of the Acquisition will be conditional upon, among other things, the completion of the Offering and the receipt of all necessary consents and waivers from third parties, including the lenders of the Assumed Mortgages.

A purchaser of Units should refer to the terms of the Contribution Agreement for a complete description of the representations, warranties and indemnities being provided in favour of the REIT, and related limitations thereunder.

See "The Acquisition".

Board of Trustees and Executive Officers

The following table sets forth the name, municipality of residence, office held with the REIT and principal occupation during the five preceding years of each Trustee of the REIT:

Name and Municipality of Residence	Office with the REIT	Principal Occupation During Five Preceding Years
MILO D. ARKEMA[1] Minneapolis, Minnesota	Independent Trustee	Independent Consultant Accountant, Baker Tilly Virchow Krause, LLP
SARAH B. KAVANAGH[1] Toronto, Ontario	Independent Trustee	Commissioner, Ontario Securities Commission Former Vice Chair, Co-Head, Diversified Industry Group, Scotia Capital
HARRY ROSENBAUM[2] Toronto, Ontario	Independent Trustee	Founding Principal, Great Gulf Group of Companies Partner, Ashton Wood Homes
ANDREW M. SILBERSTEIN[2] Scarsdale, New York	Trustee	Partner, Almanac Realty Investors LLC Former Chief Investment Officer and Chief Operating Officer of Stoltz Real Estate
CHARLES B. SWANSON[2][4] Nanoose Bay, British Columbia	Independent Trustee	Corporate Director Former Vice President, Real Estate of bcIMC
ROBERT T. WOLF[1][3][6] Toronto, Ontario	Independent Trustee	Principal, RTW Capital Corporation
SCOTT T. FREDERIKSEN[5] Eden Prairie, Minnesota	Trustee and Chief Executive Officer	Chief Executive Officer of the REIT and Chief Executive Officer of Welsh Former Principal of Welsh Companies, LLC

Notes:

(1) Member of the Audit Committee.

(2) Member of the Compensation, Governance and Nominating Committee.

(3) Chair of the Audit Committee.

(4) Chair of the Compensation, Governance and Nominating Committee.

(5) Chair of the Board of Trustees.

(6) Lead Trustee of the Board of Trustees.

The following table sets forth the name, municipality of residence and office held with the REIT of each executive officer of the REIT on Closing:

Name and Municipality of Residence	Office with the REIT
SCOTT T. FREDERIKSEN Eden Prairie, Minnesota	Chief Executive Officer
DENNIS G. HEIEIE Apple Valley, Minnesota	Chief Financial Officer
MATTHEW J. CIMINO Minneapolis, Minnesota	General Counsel and Secretary

See "Governance of the REIT".

Restrictions on Ownership and Transfer of the Units

The Declaration of Trust contains restrictions on the ownership and transfer of the Units that are intended to assist the REIT in qualifying as a real estate investment trust for U.S. federal income tax purposes. In particular, the Declaration of Trust prohibits any person from actually, beneficially or constructively owning more than 9.8% of the Units, subject to any exemption granted by the Board. In addition, in order for the REIT to comply with its U.S. federal income tax withholding obligations under the *Foreign Investment in Real Property Tax Act of 1980* ("**FIRPTA**"), the Declaration of Trust provides that certain non-U.S. persons that otherwise would own more than 5% of the Units are subject to notice requirements and transfer restrictions. These ownership limits and transfer restrictions may delay or impede transfers of Units. See "Declaration of Trust — Restrictions on Ownership and Transfer" for a more detailed discussion of these ownership limits and transfer restrictions. In addition, a non-U.S. person that holds or has held, actually or constructively, more than 5% of the outstanding Units, as determined for U.S. federal income tax purposes, may be subject to additional U.S. taxes under FIRPTA in respect of their investment in Units. See "Certain U.S. Federal Income Tax Considerations".

Arrangements with Welsh

At the time of Closing, the REIT, the Partnership and Welsh will enter into certain agreements governing the relationships among such parties following Closing. These agreements are described below. See also "Arrangements with Welsh" and "Retained Interest".

Asset Management Agreement

Following Closing, Welsh will be the external asset manager of the properties directly or indirectly owned by the REIT and will provide the REIT and the Partnership with certain advisory and investment management services, including the services of the Chief Executive Officer, Chief Financial Officer and General Counsel and Secretary. Welsh will also provide in-house legal services to the REIT. Management believes the provision of in-house legal services will benefit the REIT through, among other things, improved internal controls and consistency in processes and documentation, lower external legal costs, enhanced responsiveness and more efficient transaction execution.

Welsh will be entitled to the following fees in consideration for providing the asset management services:

(a) ***Asset Management Fee***. An annual management fee, calculated and payable in cash on a monthly basis, equal to 0.25% of Gross Book Value, which in respect of the Initial Properties, will be the sum of the purchase prices reflected in the Contribution Agreement.

(b) ***Acquisition Fee***. An acquisition fee equal to: (i) 1.0% of the purchase price paid for the first $100 million of properties acquired by the REIT, the Partnership or any of their affiliates in each fiscal year; (ii) 0.75% of the purchase price paid for the next $100 million of properties acquired by the REIT, the Partnership or any of their affiliates in each fiscal year; and (iii) 0.50% of the purchase price paid in excess of $200 million for properties acquired by the REIT, the Partnership or any of their affiliates in each fiscal year (in all cases, other than the Initial Properties and properties owned by Welsh or any of its affiliates at the time of Closing).

(c) ***Construction Management Fee***. With respect to any capital project with costs in excess of $100,000 undertaken by the REIT, the Partnership or any of their 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, provided that such fee will not apply to repair and maintenance costs incurred in the ordinary course.

No disposition, financing, leasing or development fees will be payable to Welsh under the Asset Management Agreement. Additionally, no compensation expenses, including amounts in respect of salary or other compensation payable to employees of Welsh, will be directly billed to the REIT; however, the REIT will be responsible for any compensation paid pursuant to incentive compensation plans of the REIT. See “Executive Compensation”.

The Asset Management Agreement has an initial term of five years (the “**AMA Initial Term**”) subject to earlier termination and/or internalization (as described below). Upon completion of the AMA Initial Term, the Asset Management Agreement may be renewed upon the approval of a majority of the Independent Trustees in their sole discretion for an additional five-year term unless or until terminated in accordance with the provisions of the Asset Management Agreement. In the event that the term of the Asset Management Agreement is not renewed by the Independent Trustees, the REIT shall provide Welsh with at least 12 months written notice or, in lieu of such notice, shall pay Welsh an amount equal to 12 months of fees to be calculated based on the gross fees paid to Welsh under the Asset Management Agreement over the 12 months immediately preceding the end of the AMA Initial Term.

Subject to earlier termination, at such time as the REIT has achieved a fully-diluted market capitalization of $750 million based on the volume weighted average price of the Units on a recognized stock exchange over a 20 trading day period, the Asset Management Agreement shall be terminated and the management of the REIT shall be internalized, provided that the REIT shall provide Welsh with at least 12 months written notice of the internalization of management services of the REIT or, in lieu of such notice, shall pay Welsh an amount equal to 12 months of fees to be calculated based on the gross fees paid to Welsh under the Asset Management Agreement over the 12 months immediately preceding the date of termination of the Asset Management Agreement.

The REIT and the Partnership will have the right to terminate the Asset Management Agreement at any time upon: (i) a material breach by Welsh of any of the terms of the Asset Management Agreement, subject to 30 days’ prior written notice and provided that such breach is not cured within the notice period or within the subsequent 30-day period provided that Welsh has within such initial notice period commenced the curing of such breach and continues to diligently pursue the same to completion, subject to force majeure; (ii) an event of insolvency of Welsh (as defined in the Asset Management Agreement); or (iii) fraud or wilful misconduct of, or misappropriation of funds by, Welsh.

At any time after the AMA Initial Term, Welsh will have the right to terminate the Asset Management Agreement upon 180 days’ prior written notice. Welsh will also have the right to terminate the Asset Management Agreement at any time upon (i) a breach by the REIT and/or the Partnership of any of the terms of the Asset Management Agreement, subject to 30 days’ prior written notice (or five days’ prior written notice if such breach is in respect of a payment required to be made in accordance with the terms of the Asset Management Agreement) and provided that such breach is not cured within the notice period; or (ii) an event of insolvency in respect of the REIT or the Partnership (as defined in the Asset Management Agreement).

If a change in control of the REIT and/or the Partnership (as defined in the Asset Management Agreement) occurs, Welsh will have the right to terminate the Asset Management Agreement at any time by

giving at least three months' prior written notice to such effect to the REIT and the Partnership. Upon any such termination within 12 months following such change in control of the REIT and/or the Partnership, the REIT and the Partnership will pay in cash to Welsh an amount equal to all fees paid or payable to Welsh for the prior 12-month period immediately preceding such termination.

See "Arrangements with Welsh — Asset Management Agreement".

Property Management Agreement

Following Closing, Welsh will be the property manager of the properties directly or indirectly owned by the REIT and will administer the day-to-day operations of the REIT's portfolio of properties which will initially consist of the Initial Properties. Additional properties which may be acquired from time to time by the REIT will, during the term of the Property Management Agreement, be managed by Welsh. Pursuant to the Property Management Agreement, Welsh may subcontract property management in respect of all or any portion of the properties.

Pursuant to the Property Management Agreement, Welsh will receive a fee, calculated and payable in cash on a monthly basis, in an amount equal to 2.0%, 3.0% and 4.0% of the REIT's annual gross revenues received in respect of the single-tenant industrial properties, multi-tenant industrial properties and office properties, respectively, directly or indirectly owned by the REIT. If the Property Management Agreement is renewed upon completion of the PMA Initial Term as described below, the fees will be subject to review by the Independent Trustees at the end of the PMA Initial Term.

The Property Management Agreement has an initial term of five years (the "**PMA Initial Term**"). Upon completion of the PMA Initial Term, the Property Management Agreement may be renewed upon the approval of a majority of the Independent Trustees in their sole discretion for an additional five-year term unless or until terminated in accordance with the provisions of the Property Management Agreement. In the event that the term of the Property Management Agreement is not renewed by the Independent Trustees, the REIT shall provide Welsh with at least 12 months written notice or, in lieu of such notice, shall pay Welsh an amount equal to 12 months of fees to be calculated based on the gross fees paid to Welsh under the Property Management Agreement over the 12 months immediately preceding the end of the PMA Initial Term.

Subject to earlier termination, at such time as the REIT has achieved a fully diluted market capitalization of $750 million based on the volume weighted average price of the Units on a recognized stock exchange over a 20 trading day period, the Property Management Agreement shall be terminated and management of the REIT shall be internalized, provided that the REIT shall provide Welsh with at least 12 months notice of the internalization of management services of the REIT or, in lieu of such notice, shall pay Welsh an amount equal to 12 months of fees to be calculated based on the gross fees paid to Welsh under the Property Management Agreement over the 12 months immediately preceding the date of such termination of the Property Management Agreement.

The REIT and the Partnership will have the right to terminate the Property Management Agreement at any time upon: (i) a material breach by Welsh of any of the terms of the Property Management Agreement, subject to 30 days' prior written notice and provided that such breach is not cured within the notice period or within the subsequent 30-day period provided that Welsh has within such initial notice period commenced the curing of such breach and continues to diligently pursue the same to completion, subject to force majeure; (ii) an event of insolvency of Welsh (as defined in the Property Management Agreement); or (iii) fraud or wilful misconduct of, or misappropriation of funds by, Welsh.

At any time after the PMA Initial Term, Welsh will have the right to terminate the Property Management Agreement upon 180 days' prior written notice. Welsh will also have the right to terminate the Property Management Agreement at any time upon (i) a breach by the REIT and/or the Partnership of any of the terms of the Property Management Agreement, subject to 30 days' prior written notice (or five days' prior written notice if such breach is in respect of a payment required to be made in accordance with the terms of the Property Management Agreement) and provided that such breach is not cured within the notice period; or (ii) an event of insolvency in respect of the REIT or the Partnership (as defined in the Property Management Agreement).

If a change in control of the REIT and/or the Partnership (as defined in the Property Management Agreement) occurs, Welsh will have the right to terminate the Property Management Agreement at any time by giving at least three months' prior written notice to such effect to the REIT and the Partnership. Upon any such termination within 12 months following such change in control of the REIT and/or the Partnership, the REIT and the Partnership will pay in cash to Welsh an amount equal to all fees paid or payable to Welsh for the prior 12-month period immediately preceding such termination.

See "Arrangements with Welsh — Property Management Agreement".

Non-Competition and Non-Solicitation Agreement

Pursuant to the Non-Competition and Non-Solicitation Agreement, Welsh will not, without the prior written consent of the Independent Trustees, in any manner whatsoever, including, without limitation, either individually, in partnership, jointly or in conjunction with any other person: (a) act as the promoter of, or asset manager of, any other publicly traded industrial real estate business; (b) invest in or manage any private fund that invests principally in industrial real estate that satisfies the REIT's investment guidelines; (c) directly solicit an existing tenant of a REIT property to move from a REIT property to a non-REIT property that Welsh has an ownership interest in or that it manages for another client; or (d) directly solicit an existing employee of the REIT to become employed by Welsh or any of its affiliates.

Welsh will conduct itself professionally, ethically and otherwise as a prudent manager would with respect to the entire property acquisition process. Welsh will agree to bring to the REIT any acquisition opportunity that satisfies the following investment criteria: (i) the property is an industrial property located in the U.S.; and (ii) the property is accretive to the REIT's AFFO per Unit assuming appropriate financing assumptions (the "**Investment Criteria**"); provided, however, that the foregoing will not apply to Welsh in respect of acquisition opportunities that Welsh has (A) (i) identified (and delivered written notice to the REIT in respect thereof) during the period of 45 days following Closing and (ii) acquired during the period of 180 days following Closing for purposes of completing a tax deferred asset exchange under Section 1031 of the Code using proceeds of the Offering; or (B) acquired during the period of 180 days following Closing using proceeds of the Offering (other than for purposes of completing a tax deferred asset exchange under Section 1031 of the Code), provided that, following any such acquisition by Welsh, the REIT will have the right for a period of 180 days from the date of such acquisition to require Welsh to sell to the REIT any property so acquired by Welsh for a purchase price equal to Welsh's cost of acquisition (plus any expenses, capital expenditures and out-of-pocket expenses incurred by Welsh (other than operating expenses of the property incurred by Welsh up to the date of the REIT's acquisition of the property) in connection with such property subsequent to the acquisition date, but not including any expenses or out-of-pocket expenses taken into account in calculating the Acquisition Fee payable to Welsh) upon payment by the REIT to Welsh of the Acquisition Fee set out in the Asset Management Agreement. Further, the REIT will be granted a right of first opportunity (a "**ROFO**") to purchase any property owned by Welsh that meets the Investment Criteria (an "**Offered Property**"). Prior to selling or disposing of an Offered Property to a third party, Welsh will be required to first offer it to the REIT on specified terms and conditions (including, but not limited to the acquisition price) that when taken as a whole and having reasonable regard to the overall economics are not materially less favourable to the REIT than those offered to the third party. If the REIT has given notice, or is deemed under the provisions of the Non-Competition and Non-Solicitation Agreement to have given notice, that it is not interested in purchasing the Offered Property, Welsh will be permitted to sell the Offered Property to a third party on terms no more favourable than were offered to the REIT within 180 days from the date the REIT receives notice from Welsh of the opportunity to acquire the Offered Property. If within 180 days from the date the REIT received such notice from Welsh, Welsh proposes to sell the Offered Property to a third party at a lower price than was offered to the REIT, the REIT will once again receive an opportunity to purchase the Offered Property at the lower price, irrespective of whether the REIT has previously given notice, or is deemed to have given notice, that it is not interested in purchasing the Offered Property.

For greater certainty, the provisions of the Non-Competition and Non-Solicitation Agreement will not apply in any manner to Almanac or its principals (including, without limitation, any restrictions under such

agreement on investments in, or management of, any funds that invest in industrial real estate or otherwise), subject to appropriate confidentiality arrangements.

The Non-Competition and Non-Solicitation Agreement will be in effect so long as Welsh is the external asset manager of the REIT, provided that the non-solicitation provisions will remain in effect for a period of 12 months following the effective date of any termination of the Asset Management Agreement resulting from: (i) a material breach by Welsh of any of the terms of the Asset Management Agreement, subject to 30 days' prior written notice and provided that such breach is not cured within the notice period; (ii) an event of insolvency in respect of Welsh (as defined in the Asset Management Agreement); or (iii) fraud or wilful misconduct of, or misappropriation of funds by, Welsh.

See "Arrangements with Welsh — Non-Competition and Non-Solicitation Agreement".

License of WPT Name

Welsh will grant to the REIT and the Partnership the right to the use of the "WPT" name and trademark and related marks and designs under a non-exclusive, royalty-free trademark license agreement entered into at the Closing. Welsh may terminate the license at any time on 180 days' prior written notice following the date on which Welsh ceases to be the external asset manager to the REIT.

See "Arrangements with Welsh — License of WPT Name".

Debt Strategy and Indebtedness

The REIT intends to maintain a balanced debt profile, taking into account market conditions and the financial characteristics of each property. The future debt strategy will be to obtain secured mortgage financing, primarily on a fixed rate basis, with a term to maturity that is appropriate in relation to the lease maturity profile of the REIT's portfolio. The REIT intends to maintain staggered mortgage debt maturities to mitigate interest rate risk and limit re-financing exposure in any particular period. The REIT also intends to enter into long-term loans at fixed rates when borrowing conditions are favourable.

Management of the REIT currently intends to target a total indebtedness level at or below 55% of Gross Book Value. The Declaration of Trust provides that the REIT may not incur or assume any indebtedness if, after giving effect to the incurring or assumption of such indebtedness, the total indebtedness of the REIT would be more than 60% of Gross Book Value (or 65% of Gross Book Value including convertible debentures).

At the time of Closing, the REIT anticipates that the Partnership will enter into a senior secured revolving credit facility (the "**Revolving Facility**"). Pursuant to the terms of a non-binding indicative term sheet, the Revolving Facility will consist of a $75 million senior secured revolving line of credit, with availability determined subject to compliance with a number of borrowing base tests. The Revolving Facility will be available for acquisitions, development, debt repayment and general corporate purposes, and will have an initial maturity of three years, subject to a one-year extension option upon payment of an extension fee and satisfaction of other conditions. Security for the Revolving Facility will consist of a pledge of the Partnership's interest in its wholly owned subsidiaries that hold the Borrowing Base Properties, and will be guaranteed by each such wholly owned subsidiary and by the REIT and US Holdco. An accordion feature will be included which could increase the size of the facility to $200 million, subject to lender approval.

Pricing for the Revolving Facility is expected to be, calculated at the Partnership's option at either a base rate or LIBOR (with one, two or three month LIBOR periods), in each case plus an applicable margin that will vary depending on corporate leverage. The base rate will be equal to the greater of (i) the fluctuating annual rate of interest announced from time to time by KeyBank National Association at its head office as the "prime rate" plus 1.0%, (ii) 0.5% above the federal funds effective rate or (iii) 30 day LIBOR plus the applicable margin. It is expected that interest will be payable monthly. There will be no principal payments due prior to maturity except due to changes in the borrowing base availability.

Based on current estimates, approximately $64 million will be available to the REIT on Closing under the Revolving Facility. At the time of Closing, the Partnership intends to draw approximately $50.2 million on the Revolving Facility to refinance and satisfy debt, including mortgages that encumber certain of the Initial

Properties which were transferred to the REIT subject to the debt, which represents approximately 21.3% of the REIT's total principal indebtedness. On Closing, the REIT intends to purchase an interest rate cap instrument covering a notional principal amount of $50 million and providing for a U.S. LIBOR cap of 50 basis points. The cap will result in payments to the Partnership equal to the product of (i) $50 million and (ii) the extent by which actual one-month U.S. LIBOR exceeds 50 basis points over the two-year term of the instrument.

The REIT's aggregate indebtedness on Closing will also include the Assumed Mortgages, which consist of ten mortgage loans / loan pools with an aggregate principal amount of approximately $185.9 million, excluding a mark-to-market adjustment of $4.7 million. The Assumed Mortgages have varying maturities ranging from April 2014 through to February 2023, with 76.2% of the aggregate principal amount maturing after 2017. At the time of Closing, the Assumed Mortgages are expected to have a weighted average term to maturity and a weighted average interest rate of approximately 7.2 years and 4.64%, respectively.

At the time of Closing, the REIT estimates that its aggregate indebtedness, including the Assumed Mortgages and the amounts drawn on the Revolving Facility, will be approximately $236.2 million (or $240.9 million including a mark-to-market adjustment of $4.7 million on the Assumed Mortgages). Total indebtedness is estimated to represent approximately 54.1% of Gross Book Value at Closing.

See "Debt Strategy and Indebtedness".

Retained Interest

At the time of Closing, Welsh will hold 10,867,362 Class B Units (being all of the Class B Units on Closing) representing an approximate 52.1% effective interest in the REIT on a fully diluted basis, assuming all Class B Units held by Welsh are redeemed for Units (an approximate 48.6% effective interest in the REIT if the Over-Allotment Option is exercised in full).

Each Class B Unit will be redeemable by the holder thereof for cash or 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, and will be entitled to distributions of cash from the Partnership equal to the cash distributions paid to holders of Units by the REIT. Any exercise of the redemption right by a holder of Class B Units may be made on a conditional basis and subject to retraction (in whole or in part) by such holder in his, her or its sole discretion following the general partner's determination of whether the redemption will be paid in cash or Units (such determination to be provided by the general partner in writing to the redeeming holder of Class B Units). Since the Class B Units held by Welsh will not carry voting rights, certain transactions not in the ordinary course of business that would generally constitute a fundamental change under corporate law that may be taken by the Partnership, or its general partner acting on its behalf, will require the approval of a majority of the board of directors of the general partner of the Partnership and Welsh, provided that, in the case of Welsh, the Retained Interest constitutes at least 33% of the Units (assuming all Class B Units are redeemed for Units), or, in the event the Retained Interest constitutes less than 33% of the Units (assuming all Class B Units are redeemed for Units), the Retained Interest constitutes at least that number of Units (assuming all Class B Units are redeemed for Units) equal to 33% of the votes cast at a meeting of Unitholders. Pursuant to the Declaration of Trust, Welsh will have the right to nominate a certain number of Trustees to the Board of Trustees depending on the size of the Board of Trustees and the Retained Interest. Initially, Welsh will have the right to nominate two Trustees to the Board of Trustees (which, for greater certainty, does not include the Chief Executive Officer who will be nominated pursuant to the Declaration of Trust).

See "Retained Interest", "The Partnership", "Declaration of Trust", "Governance of the REIT — Governance and Board of Trustees" and "The Partnership".

Financial Forecast

The financial forecast information set forth below is based upon the financial forecast prepared by management of the REIT, using assumptions with an effective date of April 17, 2013. The forecast has been prepared after giving effect to the Offering and the other transactions contemplated in this prospectus to be completed before or concurrently with Closing and using assumptions that reflect management's intended course of action for the REIT for the periods covered, given management's judgment as to the most probable set

of economic conditions. The forecast assumes that the Over-Allotment Option is not exercised and no acquisitions are completed during the period and that the capital structure at Closing is maintained throughout the forecast period. **The assumptions used in the preparation of the forecast, although considered reasonable by management at the time of preparation, may not materialize as forecast and unanticipated events and circumstances may occur subsequent to the date of the forecast. Accordingly, there is a significant risk that the actual results achieved by the REIT for the forecast period will vary from the forecast results and that such variations may be material. There is no representation by the REIT that actual results achieved during the forecast period will be the same in whole or in part as those forecast. Important factors that could cause actual results to vary materially from the forecast include those disclosed under "Risk Factors". See "Forward-Looking Statements" and "Financial Forecast".**

(in thousands of $)	Forecast three-month period ending				Twelve-month period ending
	June 30, 2013	September 30, 2013	December 31, 2013	March 31, 2014	March 31, 2014 (Forecast)
Investment properties revenue	$11,484	$11,470	$11,211	$11,309	$45,474
Investment properties operating expenses	3,010	3,036	2,986	3,070	12,102
Net operating income	8,474	8,434	8,225	8,239	33,372
Other expenses:					
General and administrative	579	579	579	579	2,316
Finance Costs	4,288	4,280	4,272	4,265	17,105
Net income and comprehensive income	**$ 3,607**	**$ 3,575**	**$ 3,374**	**$ 3,395**	**$13,951**

Forecast Non-IFRS Reconciliation

The following table reconciles forecast net income to FFO, AFFO and NOI. See "Presentation of Financial Information — Non-IFRS Measures" and "Financial Forecast".

(in thousands of $)	Forecast three-month periods ending				Twelve-month period ending
	June 30, 2013	September 30, 2013	December 31, 2013	March 31, 2014	March 31, 2014 (Forecast)
Net income and comprehensive income	3,607	3,575	3,374	3,395	13,951
Add/(Deduct)					
Distribution on Class B Redeemable Units treated as interest expense	1,902	1,902	1,902	1,902	7,608
FFO	**5,509**	**5,477**	**5,276**	**5,297**	**21,559**
Add/(Deduct)					
Leasing Cost reserve	(600)	(600)	(600)	(600)	(2,400)
Capital expenditure reserve	(213)	(213)	(213)	(211)	(850)
Mark-to-market debt adjustments	(206)	(208)	(204)	(200)	(818)
Amortization of deferred financing charges	104	102	104	104	414
Amortization of straight line rent	(610)	(475)	(414)	(257)	(1,756)
Amortization of tenant incentives	12	14	24	31	81
AFFO	**3,996**	**4,097**	**3,973**	**4,164**	**16,230**

Below is a reconciliation of the pro forma NOI for the twelve months ended December 31, 2012 to the forecast NOI for the twelve months ending March 31, 2014. This reconciliation is illustrative in nature and has been prepared by management as a supplement for the reader to the financial forecast. The assumptions used in respect of rental activity, market rental rates and the items that make up other adjustments in order to arrive at the figures below constitute forward-looking information. While these assumptions are considered reasonable by management as of the date of this prospectus, they are inherently subject to significant uncertainties and contingencies that may affect the outcome of the forward-looking information. Investors should use caution

when considering such forward-looking information, and the REIT cautions readers not to place undue reliance on these statements. See “Forward-Looking Statements”.

NOI for the twelve months ended December 31, 2012[1]	$28,970
Reduction in Rental Abatements Provided to Tenants as Lease Incentives[2]	$ 2,225
Annualized Impact of Leases Entered into Between January 1, 2012 and the Date of this Prospectus	$ 707
Reduction in NOI from Leases Expiring During the Forecast Period	$ (783)
Increased Contribution from Continuing Tenancies[3]	$ 154
Other[4]	$ 225
Contractual, In-Place NOI in Forecast	**$31,497**
Speculative Re-Leasing of Currently Occupied Space That Expires During Forecast Period	$ 200
Forecast NOI[5]	**$31,697**

Notes:

(1) Based on NOI for the twelve-month period ended December 31, 2012 from the Welsh Initial Properties and the Core Initial Properties of $26,382 and $5,987, respectively, adjusted for straight-line rent of $1,358 and $1,781, respectively, and amortization of tenant incentives included in revenue of $77 and $0, respectively. NOI is also adjusted to reverse the $338 allocation of property management fees to General and Administrative expenses within the Welsh Initial Properties for the twelve-month period ended December 31, 2012.

(2) Rental abatements represent a combination of free rent periods and discounted net rental rates offered to tenants as lease incentives. The majority of this item relates to reductions in rental abatements granted to Zulily at 3051 Creekside Parkway (impact of $1,229) and Honeywell at 6766 Pontius Road (impact of $917).

(3) Represents increase in NOI contribution from leases in-place as at January 1, 2012 and that remain in place through to the end of the twelve-month forecast period ending March 31, 2014.

(4) Represents miscellaneous adjustments including one-time revenue reconciliations, reversal of a tenant liability, increases in tenant improvement and insurance reimbursements, changes in non-recoverable expenses and changes in the property management fee structure as a result of entering into the Property Management Agreement with Welsh.

(5) Based on NOI for the twelve-month forecast period ending March 31, 2014 of $33,372, adjusted for straight-line rent of $1,756 and amortization of tenant incentives included in revenue of $81.

THE OFFERING

Offering:	10,000,000 Units
Amount:	US$100,000,000
Price:	US$10.00 per Unit
Over-Allotment Option:	The REIT has granted to the Underwriters an option exercisable in whole or in part and at any time up to 30 days after Closing to purchase up to an additional 1,500,000 Units at a price of US$10.00 per Unit solely to cover over-allotments, if any, and for market stabilization purposes. See "Plan of Distribution".
Use of Proceeds:	The proceeds of the Offering will be used by the REIT to indirectly acquire the Initial Properties, to discharge debt including mortgages encumbering certain Initial Properties and to pay for costs associated with the Offering and the Acquisition. The REIT will contribute the net proceeds, if any, from the issue of Units on exercise of the Over-Allotment Option to the Partnership to reduce debt, acquire additional industrial properties and/or for general trust purposes. See "Use of Proceeds".
Unit Attributes:	The REIT is authorized to issue an unlimited number of Units. Each Unit represents a proportionate undivided beneficial ownership interest in the REIT. Each Unit is transferable and entitles the holder thereof to: (i) an equal participation in distributions of the REIT; (ii) rights of redemption; and (iii) one vote at all meetings of Unitholders. See "Declaration of Trust".
Retained Interest:	At the time of Closing, Welsh will hold 10,867,362 Class B Units (being all of the Class B Units on Closing) representing an approximate 52.1% effective interest in the REIT on a fully diluted basis, assuming all Class B Units held by Welsh are redeemed for Units, and an approximate 48.6% effective interest in the REIT if the Over-Allotment Option is exercised in full. Each Class B Unit will be redeemable by the holder thereof for cash or 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, and will be entitled to distributions of cash from the Partnership equal to the cash distributions paid to holders of Units by the REIT. Any exercise of the redemption right by a holder of Class B Units may be made on a conditional basis and subject to retraction (in whole or in part) by such holder in his, her or its sole discretion following the general partner's determination of whether the redemption will be paid in cash or Units (such determination to be provided by the general partner in writing to the redeeming holder of Class B Units). Welsh has agreed with the Underwriters that, unless otherwise consented to by CIBC World Markets Inc. and RBC Dominion Securities Inc., on behalf of the Underwriters, and the Board of Trustees (such consents not to be unreasonably withheld or delayed), the Units (or securities convertible into, or exercisable, exchangeable or redeemable for Units) issued to Welsh in connection with the completion of the Offering will be subject to a hold period of 18 months following the completion of the Offering (the "**Hold Period**").

Since the Class B Units held by Welsh will not carry voting rights, certain transactions not in the ordinary course of business that would generally constitute a fundamental change under corporate law that may be taken by the Partnership, or its general partner acting on its behalf, will require the approval of a majority of the board of directors of the general partner of the Partnership and Welsh, provided that, in the case of Welsh, the Retained Interest constitutes at least 33% of the Units (assuming all Class B Units are redeemed for Units), or, in the event the Retained Interest constitutes less than 33% of the Units (assuming all Class B Units are redeemed for Units), the Retained Interest constitutes at least that number of Units (assuming all Class B Units are redeemed for Units) equal to 33% of the votes cast at a meeting of Unitholders. Pursuant to the Declaration of Trust, Welsh will have the right to nominate a certain number of Trustees to the Board of Trustees depending on the size of the Board of Trustees and the Retained Interest. Initially, Welsh will have the right to nominate two Trustees to the Board of Trustees (which, for greater certainty, does not include the Chief Executive Officer who will be nominated to serve as a Trustee pursuant to the Declaration of Trust).

See "Retained Interest", "The Partnership" and "Governance of the REIT — Governance and Board of Trustees".

Distribution Policy:

The REIT intends to adopt a distribution policy, as permitted under the Declaration of Trust, pursuant to which it will make *pro rata* monthly cash distributions to Unitholders and, through the Partnership, to holders of Class B Units, if any, initially equal to, on an annual basis, approximately 90% of estimated AFFO for the 12 months ending March 31, 2014. Management of the REIT believes that the 90% payout ratio initially set by the REIT should allow the REIT to meet its internal funding needs, while being able to support stable growth in cash distributions. However, subject to compliance with the Declaration of Trust, the actual payout ratio will be determined by the Trustees in their discretion. Pursuant to the Declaration of Trust, the Trustees have full discretion respecting the timing and amounts of distributions including the adoption, amendment or revocation of any distribution policy. It is the REIT's current intention to make distributions to Unitholders at least equal to the amount of net income and net realized capital gains of the REIT as is necessary to ensure that the REIT will not be liable for ordinary income taxes on such income.

Unitholders of record as of the close of business on the last business day of the month preceding a Distribution Date will have an entitlement on and after that day to receive distributions in respect of that month on such Distribution Date, which Distribution Date is expected to be on or around the fifteenth day of the next month. Distributions may be adjusted for amounts paid in prior periods if the actual AFFO for the prior periods is greater than or less than the estimates for the prior periods. Under the Declaration of Trust and pursuant to the distribution policy of the REIT, where the REIT's cash is not sufficient to make payment of the full amount of a distribution, such payment will, to the extent necessary, be distributed in the form of additional Units.

The first distribution will be for the period from Closing to May 31, 2013 and will be paid on June 17, 2013, in the amount of US$0.0690 per Unit assuming Closing occurs on April 26, 2013. The REIT intends to make subsequent

	monthly distributions in the estimated amount of US$0.0583 per Unit commencing on or about July 15, 2013. See "Distribution Policy", "Declaration of Trust — Issuance of Units" and "Certain Canadian Federal Income Tax Considerations". Because the REIT will be treated as a real estate investment trust for U.S. federal income tax purposes, distributions paid by the REIT to Canadian investors that are made out of the REIT's current or accumulated earnings and profits (as determined under U.S. federal income tax principles) generally will be subject to U.S. withholding tax at a rate of 15% for investors that qualify for the benefits of the Treaty. To the extent a Canadian investor is subject to U.S. withholding tax in respect of distributions paid by the REIT on the Units out of the REIT's current or accumulated earnings and profits, the amount of such tax generally will be eligible for foreign tax credit or deduction treatment, subject to the detailed rules and limitations under the Tax Act. Distributions in excess of the REIT's current and accumulated earnings and profits that are distributed to Canadian investors that have not owned (or been deemed to own) more than 5% of the outstanding Units generally will not be subject to U.S. withholding tax, although there can be no assurances that withholding on such amounts will not be required. The REIT estimates that 69% of the monthly cash distributions to be paid to Unitholders in 2013 will be made out of the REIT's current or accumulated earnings and profits and, accordingly, will be subject to U.S. withholding tax. The composition of distributions for U.S. federal income tax purposes may change over time, which may affect the after-tax return to Unitholders. Qualified residents of Canada that are tax-exempt entities established to provide pension, retirement or other employee benefits (including trusts governed by a RRSP, a RRIF or a DPSP but excluding trusts governed by a TFSA, a RESP or a RDSP) may be eligible for an exemption from U.S. withholding tax. The foregoing is qualified by the more detailed summary in this Prospectus. See "Certain Canadian Federal Income Tax Considerations" and "Certain U.S. Federal Income Tax Considerations". See also "Risk Factors — Tax-Related Risks".
Risk Factors:	An investment in Units is subject to a number of risk factors that should be carefully considered by a prospective purchaser. Cash distributions by the REIT are not guaranteed and will be based, in part, upon the financial performance of the REIT's properties, which is susceptible to a number of risks. These risks, and other risks associated with an investment in Units, include but are not limited to those related to the real estate industry, the REIT and its business and the Offering. See "Risk Factors" and the other information included in this prospectus for a discussion of the risks that an investor should carefully consider before deciding to invest in Units.

THE REIT

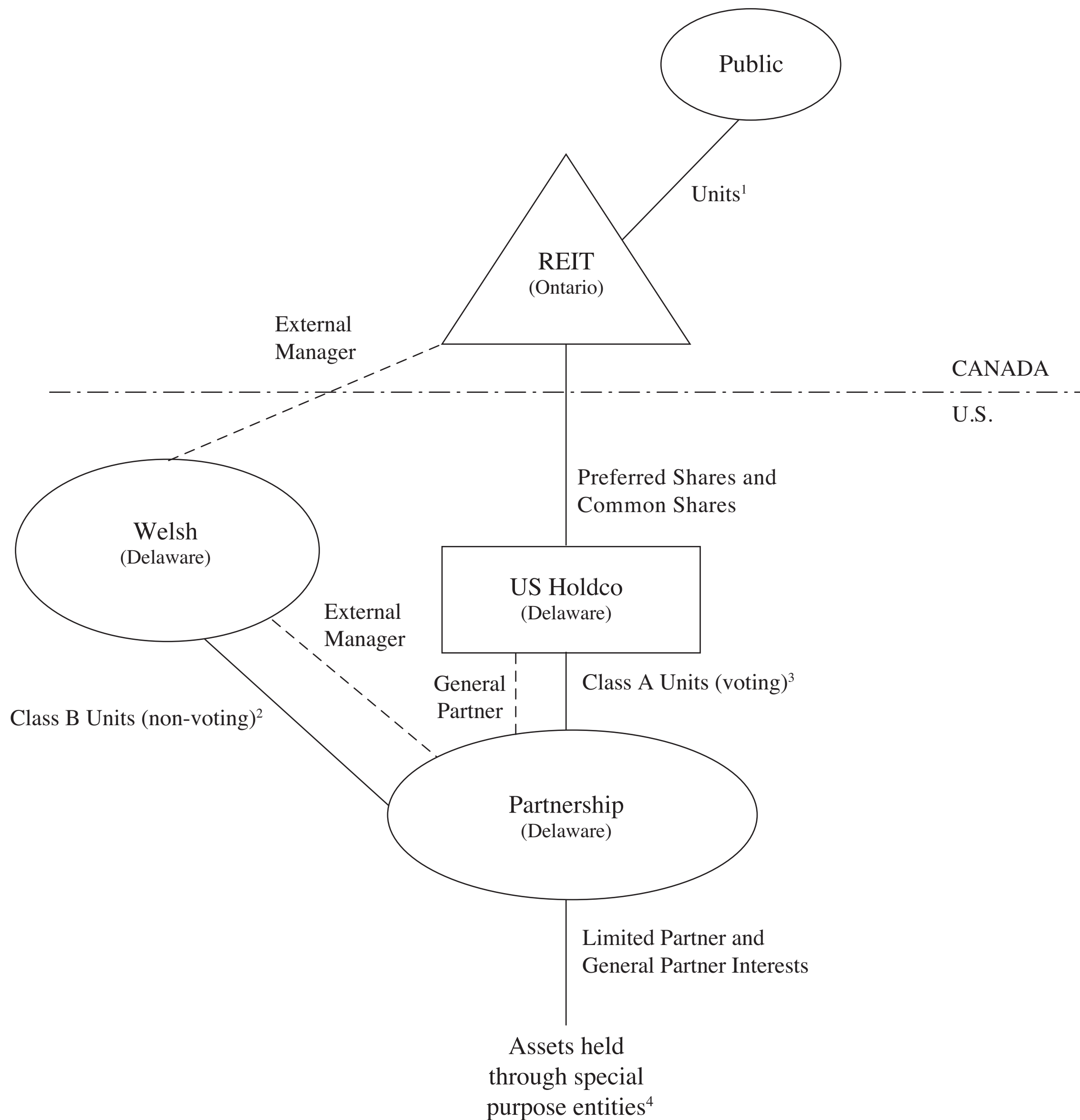
Overview

WPT Industrial Real Estate Investment Trust is a newly created, unincorporated, open-ended real estate investment trust established pursuant to the Declaration of Trust under the laws of the Province of Ontario. The registered and head office of the REIT is located at 333 Bay Street, Suite 3400, Toronto, Ontario M5H 2S7. The REIT has been formed to own and operate an institutional-quality portfolio of primarily industrial properties located in the U.S., with a particular focus on warehouse and distribution industrial real estate. At the time of Closing, the REIT will indirectly acquire from Welsh a portfolio of properties consisting of approximately 8.6 million square feet of GLA, comprised of 35 industrial properties and two office properties (one of which houses Welsh's head office), located in the following 12 states: Florida (three properties); Georgia (seven properties); Illinois (two properties); Indiana (three properties); Kansas (four properties); Kentucky (one property); Michigan (one property); Minnesota (six properties); North Carolina (one property); Ohio (four properties); South Carolina (one property); and Wisconsin (four properties). See "The Initial Properties".

Welsh, a privately held real estate investment management company, will be the external asset manager and property manager of the REIT. The Welsh organization was founded in 1977 and has extensive experience in the acquisition, management and disposition of industrial and office real estate assets in attractive markets throughout the U.S. Since 2005, Welsh and its predecessors have completed real estate transactions with an aggregate value of over $1 billion, representing 20 million square feet of GLA. With deep market knowledge and an extensive network of relationships in the industrial segment of the U.S. real estate market, Welsh will directly support the REIT's strategic growth initiatives. Moreover, Welsh will bring significant experience and continuity to the management of the Initial Properties. See "Arrangements with Welsh". At the time of Closing, it is expected that Welsh will hold an approximate 52.1% effective interest in the REIT on a fully diluted basis (an approximate 48.6% effective interest if the Over-Allotment Option is exercised in full) through the ownership, as the limited partner, of all Class B partnership units (the "**Class B Units**") of the Partnership (assuming all Class B Units held by Welsh are redeemed for Units). See "Retained Interest" and "The Partnership". Welsh is headquartered in Minnetonka, Minnesota.

Organizational Structure

The following chart sets out the organizational structure of the REIT immediately following Closing:



Notes:

(1) The public will hold 100% of the Units.

(2) Welsh will be the sole limited partner of the Partnership and will hold 100% of the Class B Units. Scott T. Frederiksen, Dennis G. Heieie and Matthew J. Cimino currently hold an aggregate equity interest in Welsh of 13.6% (on an issued and outstanding basis).

(3) The REIT will indirectly hold through US Holdco 100% of the Class A partnership units of the Partnership (“**Class A Units**”). US Holdco will be the sole general partner of the Partnership.

(4) The special purpose entities holding the assets will be comprised of limited partnerships and limited liability companies. The Partnership will own 100% of the limited partner interests of such limited partnerships. The Partnership will own 100% of such limited liability companies.

Objectives of the REIT

The objectives of the REIT are to:

- provide Unitholders with an opportunity to invest in a portfolio of institutional-quality industrial properties in attractive U.S. markets, with a particular focus on warehouse and distribution industrial real estate;
- provide Unitholders with predictable, sustainable and growing cash distributions on a tax-efficient basis;
- enhance the value of the REIT's portfolio and maximize the long-term value of the Units through the active management of the REIT's properties; and
- significantly expand the asset base of the REIT through accretive acquisitions of stabilized, high quality industrial properties located in attractive U.S. markets.

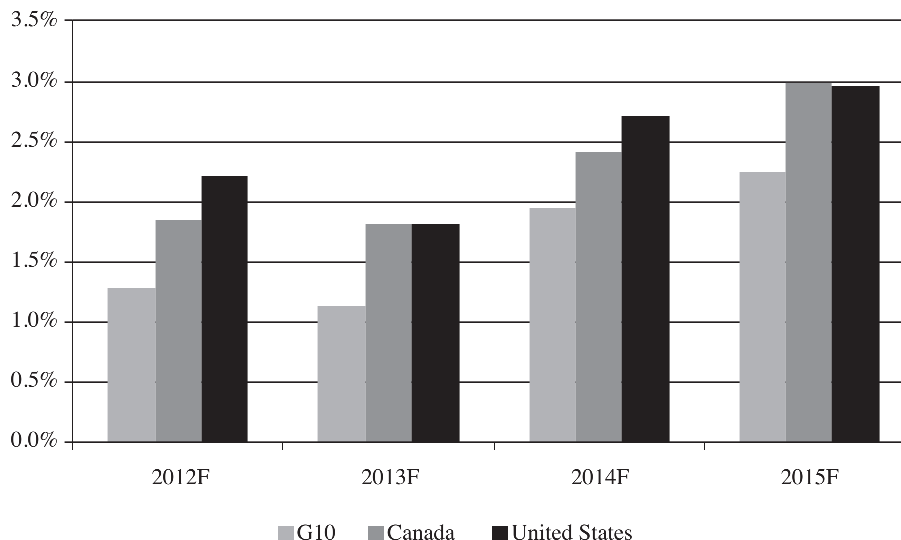
Market Opportunity

The REIT will provide investors with exposure to the industrial segment of the U.S. real estate market through the ownership of a portfolio of institutional-quality properties located in attractive U.S. markets. At the time of Closing, the REIT will be the only real estate investment trust in Canada to focus primarily on high quality industrial real estate in the U.S. Management believes that a focus on the warehouse and distribution sub-segment of the U.S. industrial real estate market provides investors with a compelling investment opportunity for a number of reasons, including those detailed below.

Exposure to the Dynamic and Growing U.S. Economy

The REIT will provide investors with exposure to real estate located in the continental U.S. The U.S. economy is the single largest national economy in the world, with a gross domestic product ("**GDP**") of $15.8 trillion as of the third quarter of 2012. While the U.S. suffered alongside the balance of the world economy during the 2008/2009 recession, the U.S. economy has since returned to a positive growth trajectory and U.S. real GDP growth is expected to be among the highest of the G10 countries over the next three years. Management believes that this economic strength will benefit owners of U.S. industrial real estate.

Real GDP Growth Projections

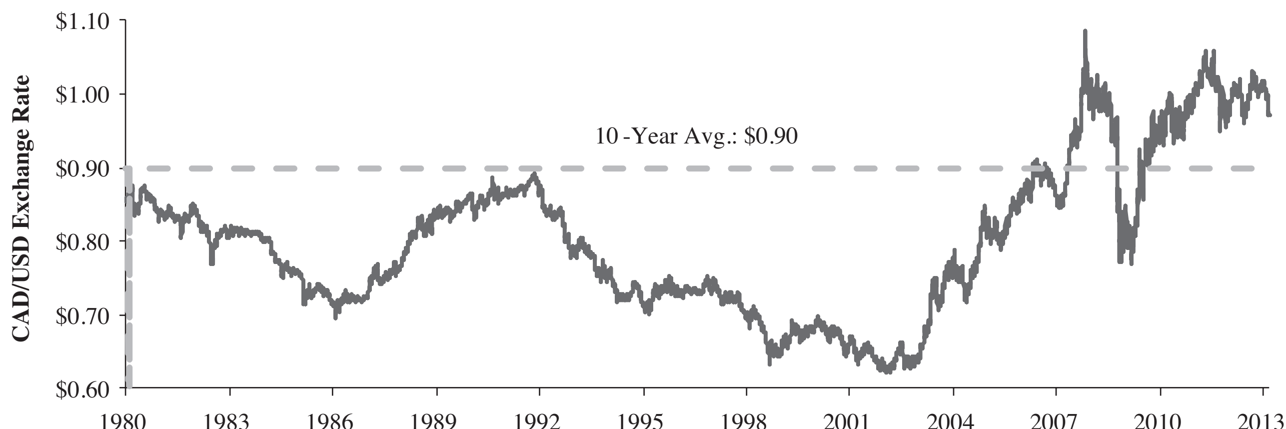


Source: Bloomberg

The REIT's portfolio will generate cash flow and the REIT will pay distributions on the Units in U.S. dollars. Thus, an investment in the Units will provide Canadian investors with direct exposure to

U.S. currency. As depicted in the chart below, the value of the Canadian dollar relative to the U.S. dollar is at or near recent highs and significantly above long-term averages. Management believes that the prevailing foreign exchange environment makes this an opportune time for Canadian investors to invest in U.S. properties while bearing limited risk of currency devaluation. Furthermore, paying distributions in U.S. dollars will avoid the cost and complexity of hedging arrangements.

Historic C$/US$ Foreign Exchange Ratio



Source: Bloomberg

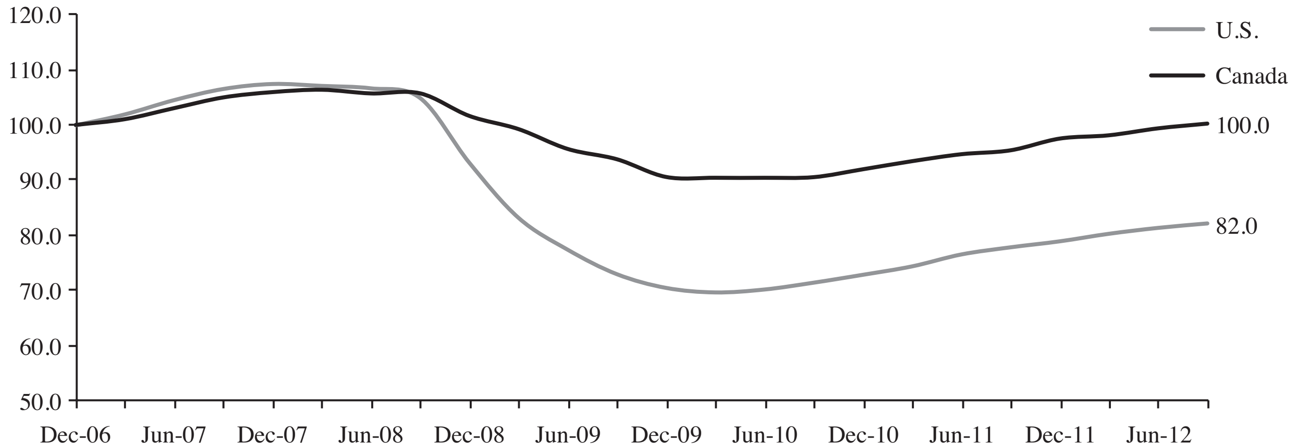
The Opportunity to Invest in an Attractive Real Estate Segment with Compelling Relative Fundamentals

In management's experience, the industrial real estate market in the U.S. can provide investors with stable, predictable cash flow. This stability is partially a function of the nature of industrial leases. Such leases 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 and replacements. Tenant responsibility for costs results in greater cash flow predictability and certainty for landlords relative to other segments of the commercial real estate market.

Management believes that the historic stability of cash flow generated from industrial properties is also a function of low re-tenanting costs. The cost of improvements, tenant inducements and leasing commissions that industrial landlords incur to re-tenant vacant and renewal space are lower than they are for other segments of the commercial real estate market. This is particularly true of the warehouse and distribution sub-segment of the industrial real estate market, as warehouse and distribution space is typically more generic and has a lower level of office finishings, requiring lower tenant inducements when compared to other industrial sub-segments, including small bay manufacturing and flex space. Furthermore, industrial tenants often make significant investments in specialty equipment and improvements that are installed in their leased space. These investments result in higher moving costs which, in turn, encourages tenant retention and lease renewals. Lower re-tenanting costs also result from the generic nature of industrial space, and warehouse and distribution properties in particular, which leads to more timely and less costly conversion expenditures, as well as shorter lease-up periods. Finally, the costs of carrying vacant industrial space are also significantly lower on a per-square-foot basis as compared to office and retail properties due to lower property taxes and the ability to suspend unneeded utility expenses for unoccupied spaces. Accordingly, the costs associated with downtime during periods of re-tenanting are frequently lower within the industrial segment of the real estate market.

On a comparative basis, U.S. industrial real estate is attractively priced relative to comparable industrial real estate in Canada. The Canadian industrial real estate market has outperformed the U.S. industrial real estate market following the 2008/2009 recession and management believes that the current U.S. industrial real estate market presents an attractive relative investment opportunity. As depicted in the chart below, U.S. industrial real estate values were estimated as of September 30, 2012 to be approximately 18% below their pre-recessionary peak, while comparable Canadian industrial real estate valuations have fully returned to pre-recessionary levels.

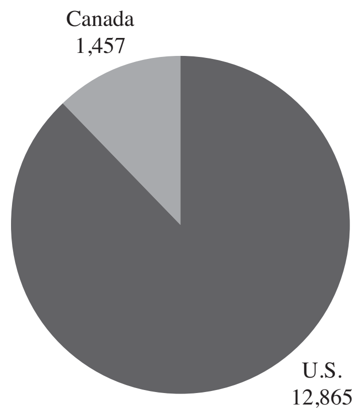
Industrial Property Relative Valuations (Index = December 31, 2006)



Source: International Property Databank

In addition to its compelling relative valuations, the U.S. industrial real estate market is significantly larger than the Canadian industrial real estate market. As shown in the chart below, the stock of industrial real estate in the U.S. is approximately nine times larger than the stock of industrial real estate in Canada as measured by square footage.

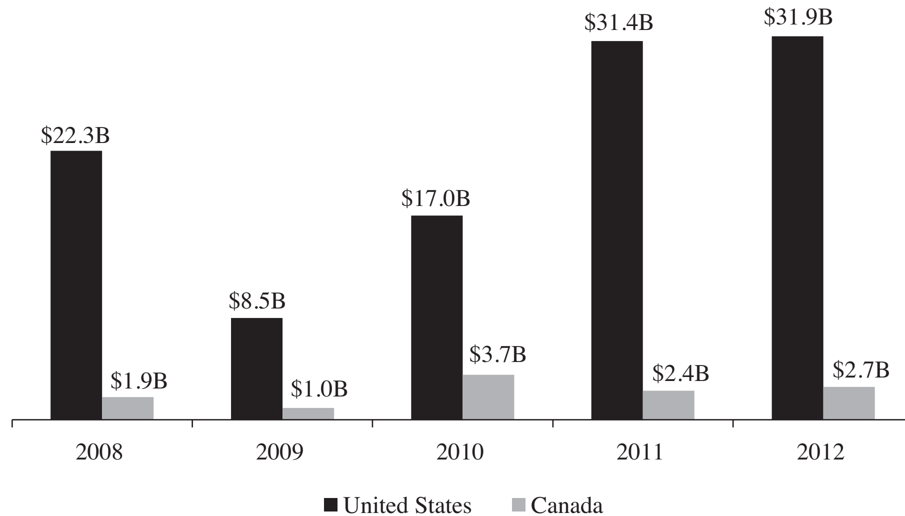
U.S. and Canadian Stock of Industrial Real Estate (millions of sq. ft.)



Source: Cushman & Wakefield

Management believes the industrial segment of the U.S. real estate market is also more liquid than the industrial segment of the Canadian real estate market. As illustrated in the graph below, U.S. industrial sales volumes have significantly exceeded those observed in the Canadian market, owing to the much larger size of the U.S. economy in general, and the industrial real estate market in particular. Accordingly, management believes that an investment strategy focused on the acquisition and management of industrial properties in the U.S. will provide significantly more opportunities for acquisitive growth than a comparable investment vehicle dedicated to the industrial segment of the Canadian real estate market.

U.S. and Canadian Industrial Sale Volumes



Source: Real Capital Analytics

Opportunity to Earn Attractive Risk-Adjusted Returns

Management believes that the warehouse and distribution sub-segment of the U.S. industrial real estate market presents investors with an opportunity to earn attractive risk-adjusted returns. Unlike other sub-segments of the industrial real estate market, demand for warehouse and distribution space is often a function of population growth, making it less susceptible to fluctuations in the economic cycle. This stability is partially due to the nature of the goods distributed through many warehouse and distribution properties, which are frequently non-discretionary products characterized by relatively inelastic consumer demand. Management believes this factor gives rise to stability in tenant operations which, in turn, results in more stable occupancies and rental incomes for warehouse and distribution properties.

In addition to its stable characteristics, management believes that the warehouse and distribution sub-segment of the industrial real estate market has significant potential for future growth, particularly for properties located in the central U.S. This growth is expected to result primarily from three trends affecting the U.S. economy. First, there has been substantial growth in the U.S. e-commerce industry. Management believes that the continued growth of this sector will drive significant changes in the supply chain network across the U.S., increasing demand for state-of-the-art, functional distribution space. Second, U.S. businesses are increasingly outsourcing their distribution requirements, resulting in increased demand for industrial space by third-party logistics providers. Finally, distributors of products are under increasing pressure to deliver goods quickly and cost effectively. Efficient delivery requires a centralized distribution location, and the central U.S. serves as an attractive distribution centre for domestic trade flows, acting as both a transfer and destination point for the cross-continental transportation of goods.

Management believes that there are numerous opportunities to acquire functional warehouse and distribution properties in attractive markets across the U.S. Unlike Canada, which has only a few major markets that act as distribution centres, the U.S. has over 20 MSAs that function as major distribution centres. As depicted in the graphic below, these MSAs are often located at the intersections of rail and interstate highway networks, allowing for rapid and efficient transportation of goods in and out of these markets. The REIT intends to evaluate these markets on a selective and disciplined basis, and expand into new distribution markets in order to facilitate the REIT's external growth strategy.

Major U.S. Distribution Centres

Experienced Manager

The REIT will also benefit from Welsh's significant experience acquiring, managing and disposing of industrial properties. Welsh also maintains an extensive network of relationships with brokers, tenants and institutional and private owners of industrial real estate in a number of attractive U.S. markets. Welsh intends to leverage these relationships to promote tenant retention and source accretive acquisitions of new industrial properties for the REIT.

Investment Highlights

- ***Attractive and Stable Yield.*** The REIT intends to pay predictable, sustainable and growing monthly cash distributions, initially expected to provide Unitholders with an annual yield of approximately 7.0% based on an AFFO payout ratio of 90%. See "Distribution Policy" and "Presentation of Financial Information — Non-IFRS Measures".

- ***Focus on the Warehouse and Distribution Sub-Segment of the U.S. Industrial Real Estate Market.*** An ownership interest in a high quality, geographically diversified portfolio of primarily warehouse and distribution properties in attractive U.S. markets has the potential to offer compelling risk-adjusted investment returns. 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. Tenant responsibility for costs results in greater cash flow predictability and certainty for landlords relative to other segments of the real estate market. In addition, management believes that tenant demand for space in the warehouse and distribution sub-segment is less volatile than demand for space in the industrial real estate market generally. Goods distributed through warehouse and 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. Finally, the re-tenanting costs associated with warehouse and distribution properties are often lower than the costs associated with properties within the industrial real estate market generally, reducing the costs associated with leasing vacant and renewal space.

- ***Geographically Diversified Properties Located in Major Distribution Markets.*** The Initial Properties consist of an attractive mix of high quality industrial properties that are geographically diversified across the U.S., with no particular U.S. state accounting for more than 17.4% of forecast NOI for the 12-month period ending March 31, 2014. The majority of the Initial Properties are located in major U.S. distribution markets, including Atlanta, Chicago, Cincinnati, Columbus, Indianapolis, Jacksonville, Kansas City and Milwaukee. Demand for distribution space within these markets is increasing among suppliers, retailers, and third-party logistics companies, as they are generally characterized by a combination of access to interstate highway systems, airports, freight rail infrastructure, ample low cost and skilled labour, and proximity to major population centres. Management believes these characteristics are major demand drivers for prospective tenants in their evaluation and selection of locations for regional or national distribution centres.

- ***High Quality, Stabilized Portfolio.*** The Initial Properties consist of 37 high quality properties representing total GLA of approximately 8.6 million square feet and are primarily comprised of state-of-the-art warehouse and distribution properties. The buildings in the portfolio were constructed relatively recently, with a weighted average age of approximately 12 years, and are highly functional, with a weighted average clear ceiling height of approximately 31 feet. Only 4% of the GLA within the portfolio's industrial properties is represented by buildings with clear ceiling heights below 24 feet. The portfolio of Initial Properties is currently operating at stabilized occupancy levels, with a weighted average portfolio occupancy of 96.3% as of February 1, 2013. The Initial Properties have an average remaining lease term of approximately 5.0 years, with an average of 12.2% of GLA maturing each year between 2013 and 2017, and with almost 40% of GLA expiring in 2018 and beyond. The Initial Properties are leased to a diverse range of high quality tenants with no single sector representing more than 25% of the total base rent generated by the Initial Properties as of February 1, 2013.

- ***Experience of Management and the Board of Trustees.*** The REIT will be externally managed and operated by Welsh's team of seasoned real estate professionals. With a 35-year history in U.S. industrial real estate, the Welsh organization brings a wealth of operating and transactional experience, and offers a comprehensive suite of commercial real estate services, including asset and property management, leasing, acquisitions, dispositions and finance, as well as in-house legal and accounting capabilities. Notably, Welsh and its predecessors have been able to achieve a high rate of tenant retention within the portfolio of Initial Properties, having averaged 97% tenant retention since 2006. The creativity, breadth of experience and industry relationships possessed by Welsh will position the REIT well for future success. In addition to the significant expertise and proven execution capabilities of Welsh, the REIT will also benefit from a majority-independent Board of Trustees comprised of individuals with extensive experience in the real estate industry, as well as governance, accounting and financial matters.

- ***Significant Alignment of Interests.*** At the time of Closing, Welsh will hold an effective 52.1% retained interest in the REIT (or 48.6% in the event that the Over-Allotment Option is exercised in full). This substantial retained ownership position will ensure that the interests of Welsh are strongly aligned with those of Unitholders. Welsh has agreed to retain 100% of such Units for 18 months following the completion of the Offering. Almanac Realty Investors, LLC ("**Almanac**"), formerly known as Rothschild Realty Managers, LLC, is a provider of growth capital to public and private real estate companies across the U.S. Almanac holds an interest in Welsh through a convertible note, under which approximately $183 million aggregate principal amount is currently outstanding. Assuming the conversion of the convertible note on the date hereof, Almanac would hold approximately 81% of the outstanding equity interests of Welsh. See "Retained Interest" and "The Partnership".

- ***Platform for Accretive Growth.*** Management believes the U.S. industrial real estate market is fragmented with a significant degree of non-institutional ownership. Furthermore, there are a substantial number of attractive distribution markets in the U.S. in which the REIT will not have a market presence

immediately following completion of the Offering. Accordingly, management believes that the REIT will have significant opportunities to pursue acquisitive growth in existing and new markets. The REIT's disciplined external growth strategy will be facilitated by the established reputation and extensive acquisition expertise of Welsh. Welsh and its predecessors have a demonstrated ability to source new transactions, having completed real estate transactions with an aggregate value of over $1.0 billion since 2005. Welsh's acquisitions team has relationships that span the industrial real estate investment community — including relationships with brokers, tenants, lenders and owners of industrial real estate. Historically, Welsh has effectively leveraged these relationships to acquire properties through "off-market" sale transactions that have involved limited competitive bidding. In particular, since 2005, approximately 49% of the acquisitions completed by Welsh and its predecessors have been sourced through off-market transactions and approximately 44% have been purchased from repeat sellers.

- ***Organic Growth Opportunities.*** Management believes that the Initial Properties have the potential to generate substantial organic cash flow growth. The in-place leases at the Initial Properties provide for contractual increases in base rental rates averaging approximately 1.4% per annum, which will result in increasing revenues from these tenancies over time. Furthermore, management expects rental rates in the markets in which the Initial Properties are located will increase in future years as economic conditions in the U.S. continue to improve and demand for industrial space grows. Notably, market rents in these MSAs are significantly below their pre-recessionary levels, and management expects rents to improve in light of continuing positive net absorption and declining vacancy rates in these markets. The foregoing factors suggest a potential for material growth in rental revenues. In addition to the potential for future organic growth in rents, certain of the Initial Properties contain vacant land which management anticipates will support expansions totalling at least 500,000 square feet of GLA. This excess vacant land may in the future be developed or sold by the REIT, enhancing the REIT's value for the benefit of Unitholders.

See "The REIT — Investment Highlights" and "Risk Factors".

GROWTH STRATEGIES OF THE REIT

Internal Growth

Management believes there are opportunities to increase the cash flow and value of the Initial Properties through initiatives designed to enhance operations. The REIT will seek to improve the performance, value and long-term cash flow of its existing portfolio through a number of activities, including the following:

- ***Increasing Rental Rates.*** The in-place leases at the Initial Properties provide for contractual increases in base rental rates averaging approximately 1.4% per annum. These rent steps will result in increasing rental revenues for the REIT over time. In addition, management expects rental rates in the markets in which the Initial Properties are located to increase in future years as a result of improving economic conditions and growing demand for state-of-the-art, functional industrial tenancies. Notably, current market rents are significantly below pre-recessionary market rents, suggesting potential future growth in rents as U.S. economic conditions improve.

- ***Capitalizing on Expansion Opportunities.*** Certain of the Initial Properties contain vacant land which management anticipates will support expansions totalling at least 500,000 square feet of GLA. This excess vacant land may in the future be developed or sold by the REIT, enhancing the REIT's value for the benefit of Unitholders.

- ***Leveraging Continuity of Management and Strong Tenant Relationships.*** Welsh has established relationships with tenants, and pursues a pro-active approach to tenant management in order to ensure that tenants' current needs are being met and that their future needs can be accommodated. As a result of this pro-active approach, Welsh and its predecessors have been able to achieve a high rate of tenant retention within the portfolio of Initial Properties, having averaged a 97% tenant retention rate since 2006. Welsh believes that its focus on developing and nurturing tenant relationships will not only provide expansion opportunities with existing tenants in additional markets, but also maximize the likelihood of future lease renewals and minimize the costs associated with tenant turnover in the REIT's portfolio.

- ***Continuing to Implement Active Leasing Programs.*** Welsh has a team of experienced professionals that will endeavour to maintain the high occupancy rates of the Initial Properties. Welsh's asset management team maintains extensive relationship networks throughout the third-party leasing community, and works to develop a thorough understanding of local market conditions and tenant requirements. Through a combination of leveraging market intelligence and relationships, Welsh's leasing program has repeatedly demonstrated an ability to source attractive, long-term leases from quality tenants.

- ***Maintaining Cost Management and Maintenance Programs.*** Welsh will seek to ensure that costs are appropriately managed within the REIT's properties. Regular site visits, property inspections and timely maintenance will be performed to ensure that properties are well maintained and operating costs are minimized. In addition, the REIT will pursue selective capital investment programs where such expenditures can be expected to improve the marketability of the REIT's properties and generate higher rental revenues. As the significant majority of the REIT's leases are triple-net, management will also seek to ensure that, to the greatest extent possible, costs are recovered from tenants. Furthermore, the REIT will seek to develop or maintain property clusters within the same geographic areas in order to provide economies of scale in the operation of its properties. Management expects such economies of scale will further minimize operating expenses and thereby enhance the cash flow stability of the REIT's properties.

External Growth

The REIT intends to pursue a disciplined external growth strategy, targeting acquisitions of state-of-the-art warehouse and distribution properties in major distribution markets throughout the U.S. The objective of the REIT's external growth initiatives will be 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 market. Management anticipates that such diversification will reduce the REIT's cost of capital, further facilitating growth and reducing borrowing costs. External growth will be facilitated by the following:

- ***A Right of First Opportunity to Acquire Additional Properties from Welsh.*** At the time of Closing, Welsh will continue to own nine industrial properties representing approximately 1.6 million square feet of GLA. These properties were deemed by management not to be suitable for the purposes of the REIT's initial portfolio due to either current occupancy levels or physical characteristics. In the future, management believes at least one of the non-contributed properties (a 936,000 square foot property in Louisville, KY) may be contributed to the REIT when the existing 624,000 square foot vacancy is leased. The remaining properties totalling approximately 680,000 square feet will likely not be contributed to the REIT as they consist of older, small-bay buildings that are not complementary to the other properties owned by the REIT. Furthermore, Welsh may, in the future, develop new industrial facilities, or acquire properties that, due to high vacancies, deferred capital expenditures or other similar characteristics, are not properties that would immediately satisfy the Investment Criteria. The REIT will seek to leverage its relationship with Welsh to access such properties once they are constructed and/or have achieved stabilized levels of occupancy and cash flow performance. The REIT will have a right of first opportunity to acquire all properties to be sold by Welsh that satisfy the Investment Criteria. Following Closing, Welsh intends to seek out additional industrial properties to acquire using the cash consideration it receives from the sale of its interest in the Property SPEs to the Partnership and to complete the acquisition of such properties within 180 days from Closing. See "Arrangements with Welsh — Non-Competition and Non-Solicitation Agreement".

- ***The Reputation and Experience of Welsh's Acquisitions Team.*** The REIT's external acquisition strategy will be facilitated by Welsh's extensive experience in the sourcing and execution of acquisition transactions in the U.S. Over the course of its 35-year operating history, Welsh and its predecessors have developed close relationships with a wide range of industry participants, including brokers, lenders, owners and tenants. Historically, Welsh has been able to leverage its network of relationships to source acquisitions on attractive terms. In particular, since 2005, approximately half of the acquisitions completed by Welsh and its predecessors were acquired on an "off-market" basis in transactions with limited competitive bidding from other potential purchasers. In the future, Welsh expects to continue to be able to leverage its relationships in order to source accretive acquisition opportunities for the REIT.

- ***A Disciplined Acquisition Program.*** The REIT intends to focus its acquisition efforts on state-of-the-art, functional warehouse and distribution properties with characteristics and amenities that are in high demand amongst retailers, distributors and third-party logistics companies. When considering investment opportunities, the REIT will evaluate potential acquisition opportunities based on a range of factors, including price, expected financial performance, physical features, in-place leases, functionality of design, location and opportunity for future value enhancement. Where possible, the REIT intends to acquire properties at a discount to replacement cost, which management believes will ensure that the REIT's properties can maintain a competitive advantage in the sourcing and retention of tenants relative to both newly developed and existing properties. The REIT will also seek to make investments in properties where rental rates are at, or below, current market levels, which will enable the REIT to achieve organic growth in rental revenues as tenant leases expire, providing an opportunity to adjust the rent to market levels.

- ***Strategic Market Analysis.*** The REIT intends to target acquisitions in markets that management considers to be attractive distribution markets in the U.S. In evaluating target markets, the REIT will consider the key market characteristics that are desired by tenants, which include proximity to interstate highway systems; freight rail infrastructure, including modern intermodal yards; ample low cost and skilled labour; major population centres and air cargo hubs. Furthermore, the REIT will attempt to target investments in jurisdictions characterized by pro-business legislative, tax and regulatory policies. Management believes the foregoing characteristics are major demand drivers for businesses in the evaluation and selection of locations for regional or national distribution centres, and that acquisitions of properties in these markets will maximize value for the Unitholders.

- ***Extensive Investment Due Diligence and Oversight.*** The REIT will generally target acquisitions of stabilized properties with long-term leases and tenants with strong credit. The credit strength and business strategy of prospective tenants will be analyzed to ensure that tenants can meet their lease obligations, and that the premises, building design and amenities can accommodate future tenant needs. It is management's intention that acquisitions will be accretive to the REIT's AFFO per Unit. Proposed acquisitions will be subject to review and approval by the Board of Trustees. Prior to any acquisition, the REIT's policy will be to obtain (i) an environmental site evaluation of the property to ensure the absence of any material environmental issues and (ii) unless waived by the Independent Trustees, appraisal and property condition reports to ensure that the REIT is paying a fair price for properties that do not have any significant structural defects.

CHARACTERISTICS OF THE U.S. INDUSTRIAL MARKET

U.S. Industrial Real Estate Market

The U.S. industrial real estate market experienced a significant increase in both domestic and foreign capital investment over the last 24 months. Historically low interest rates, positive economic indicators and increasing demand for well-located, high quality and functional properties are all elements that suggest the existence of attractive opportunities in the U.S. industrial real estate market, particularly for recently constructed warehouse and distribution properties.

The evolution of global economics and the global supply chain are transforming the U.S. industrial real estate landscape and creating compelling opportunities. The industrial real estate sector currently benefits from stable, healthy demand and an increasingly constrained supply of high quality space. According to CoStar, the national warehouse vacancy rate has slowly declined from a peak of 10% in 2010 to 8.4% as of fourth quarter 2012, a level not achieved since early 2008. Management believes that as the U.S. economic recovery continues, the vacancy rate will continue to trend toward pre-recession levels, which were approximately 7.5%.

Tenant demand has steadily increased, as evidenced by three consecutive years of positive net absorption. This increase in demand for state-of-the-art distribution and logistics space (specifically properties with 400,000 square feet of space or greater) has resulted in speculative development in attractive distribution markets where vacancy has decreased significantly for this specific property type. Additionally, renewed confidence from large companies has supported a meaningful increase in build-to-suit development activity. In management's view, the vacancy rate in the state-of-the-art distribution market is less than 3% in a number of

the major distribution markets in the U.S. Management believes that over the last two years, strong demand has lead to the absorption of much of the vacancy in distribution properties in these locations.

Management believes the following are a few of the key trends that suggest that there will be continued and increased demand within the industrial real estate market:

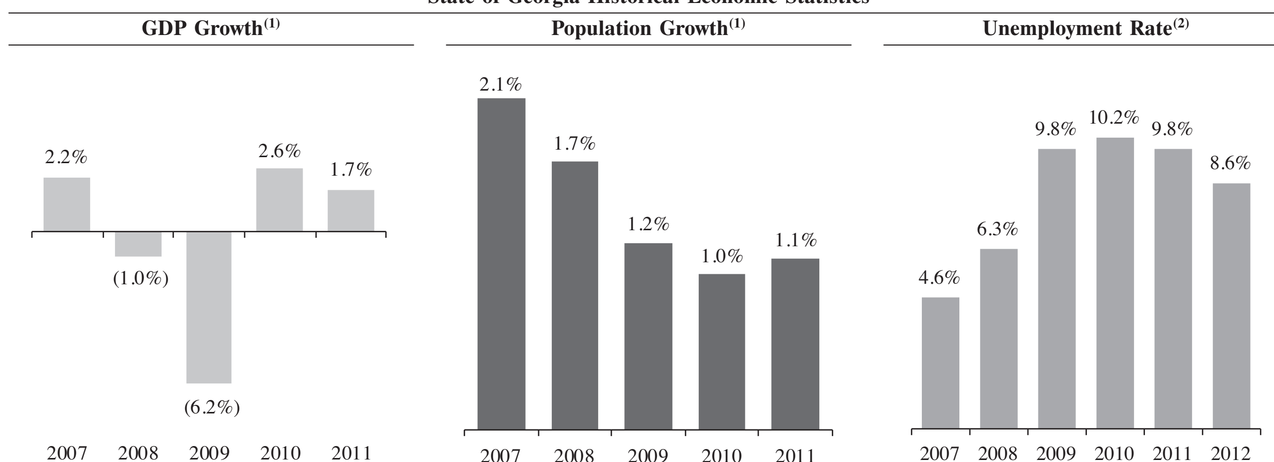
- ***Global Supply Chain Trends.*** A physical manufacturing presence in the U.S. is becoming increasingly important for most large companies as a result of increasing labour costs in Asia and volatile global fuel costs. This macroeconomic and geopolitical landscape has forced companies to re-evaluate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

- ***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 manufacturers. In the long-term, the U.S. supply chain infrastructure's proximity to the to-be-expanded Panama Canal is expected to result in growth and investment within the broader logistics universe impacting everything from shipping routes to freight rail infrastructure construction. Increasing shipping volumes experienced by U.S. seaports will also create the need to distribute goods directly to inland ports and will expand the utilization of intermodal hubs to alleviate distribution costs, creating additional opportunities in the U.S. industrial real estate market.

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

Overview of Markets Containing the Initial Properties

ATLANTA INDUSTRIAL REAL ESTATE MARKET

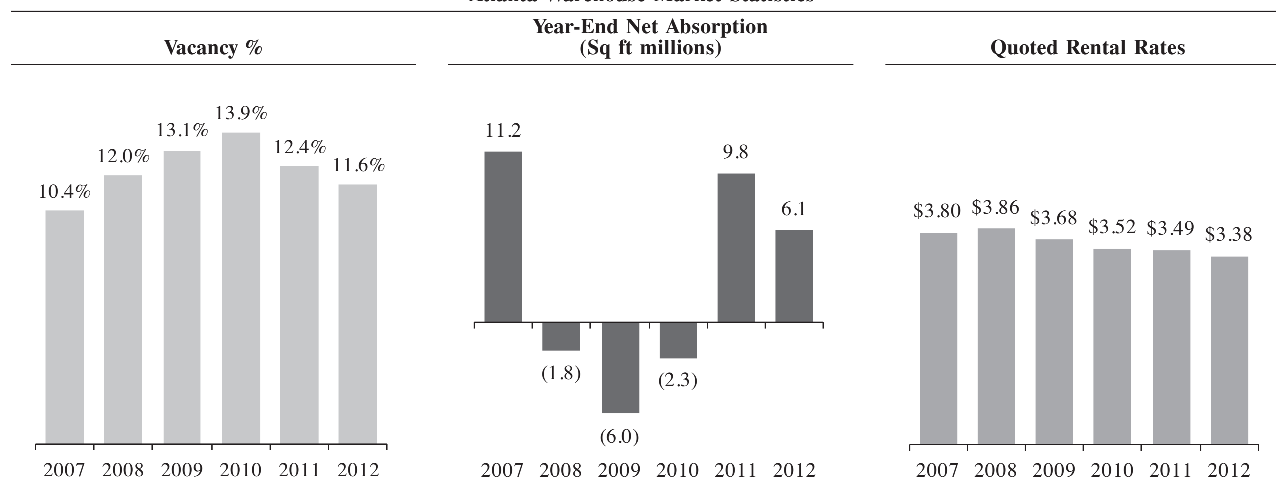


Notes:

(1) U.S. Bureau of Economic Analysis

(2) U.S. Bureau of Labor Statistics

Georgia ranks as the 11th largest economy in the U.S., having recorded a GDP of approximately $366 billion in 2011. GDP growth since 2010 has been in-line with the national average and stronger economic activity has helped reduce the state's unemployment rate to 8.6% as of December 2012. Georgia's economy has a strong concentration in manufacturing, retail trade and transportation and is home to several Fortune 500 companies, including The Coca-Cola Company (NYSE: KO), United Parcel Service, Inc. (NYSE: UPS) and Delta Airlines, Inc. (NYSE: DAL).



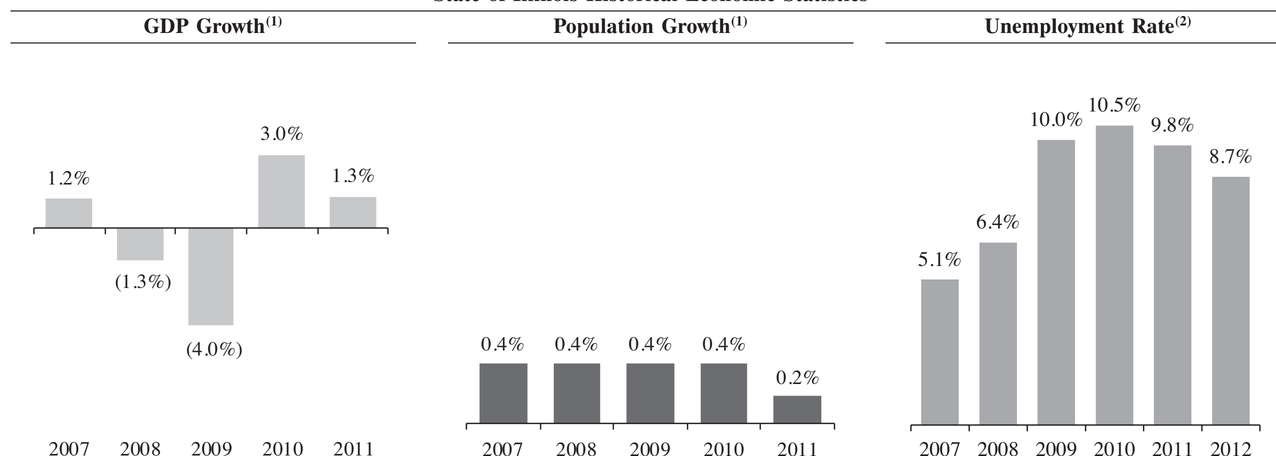
Note:

(1) CoStar. The category referred to by CoStar as "Warehouse Market Statistics" captures both distribution and warehouse properties.

The Atlanta industrial real estate market is one of the largest industrial real estate markets in the U.S., with over 500 million square feet of industrial space. Management believes Atlanta is a key distribution hub in the Southeastern U.S. due to its extensive highway systems, rail capacity and port proximity. The convergence of three major interstate highways (I-20, I-75 and I-80) makes Atlanta the ideal location from which to regionally distribute products in the Southeastern U.S. Atlanta is home to the major intermodal facilities of both Norfolk Southern Corp. (NYSE: NSC) and CSX Corporation (NYSE: CSX). The close proximity to the Port of Savannah is also a major benefit to Atlanta, as many distributors and third-party logistics companies have operations in Atlanta that serve to warehouse goods entering and leaving the port.

Management has observed continued declines in rents since the peak in 2008. However, based on the continued positive absorption observed over the past two years and the lack of new construction, management believes rental rates will begin to show a positive trajectory in 2013, as additional space is absorbed and with a continued lack of new construction. Management believes this is particularly true of the warehouse and distribution properties.

Chicago Industrial Real Estate Market

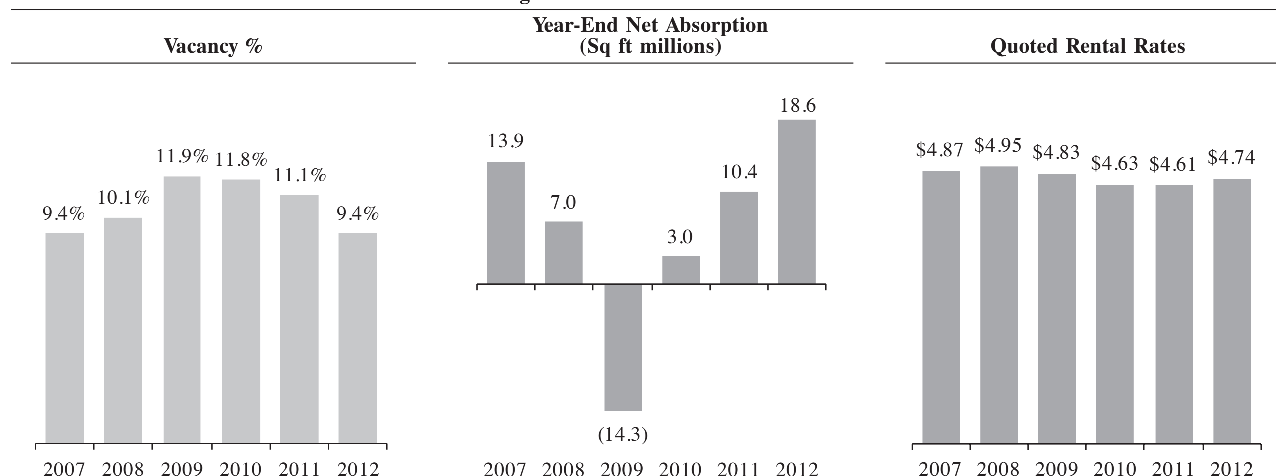


Notes:

(1) U.S. Bureau of Economic Analysis

(2) U.S. Bureau of Labor Statistics

Illinois ranks as the 5th largest economy in the U.S., having recorded a GDP of approximately $582 billion in 2011. The state's economy is well-diversified, with a particular concentration in wholesale trade, manufacturing and financial and professional services. Illinois is also home to 32 Fortune 500 companies, the third highest concentration of Fortune 500 companies of any state in the U.S.



Notes:

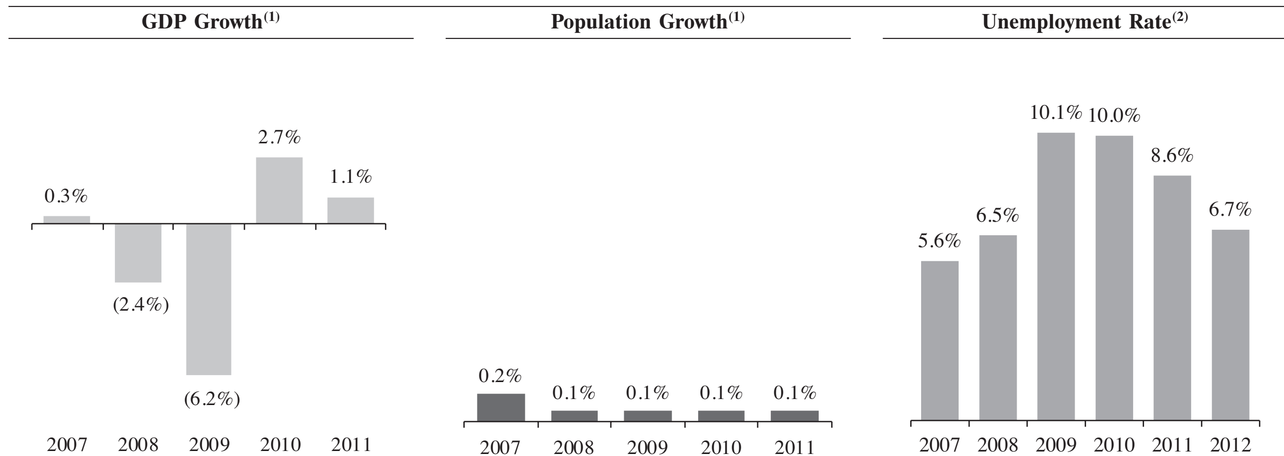
(1) CoStar. The category referred to by CoStar as "Warehouse Market Statistics" captures both distribution and warehouse properties.

The Chicago industrial real estate market is one of the largest and most dynamic industrial markets in the U.S. With over 1.1 billion square feet of industrial space, it ranks behind only Los Angeles in terms of total square footage. The Chicago market is recognized as one of the leading distribution markets in the U.S. due to its transportation infrastructure. Chicago is proximate to seven major interstate highways (I-55, I-57, I-65, I-80,

I-88, I-90 and I-94), providing distributors with the ability to reach approximately 40% of the U.S. population within a one-day drive. The Chicago market is also characterized by significant intermodal traffic, as the city has the largest intersection of rail lines of any metropolitan area in the world. Chicago's international airport, O'Hare International Airport, is also one of the largest cargo airports in the world.

Management has observed a continued strengthening of demand in Chicago, particularly over the last two years. Significant absorption of industrial space has led to upward pressure on rents and significant reductions in tenant concessions. These factors have led to new development activity, but it has remained fairly limited. Management believes that the positive absorption trend will continue in 2013, pushing rents toward pre-recessionary levels.

CINCINNATI AND COLUMBUS INDUSTRIAL REAL ESTATE MARKETS



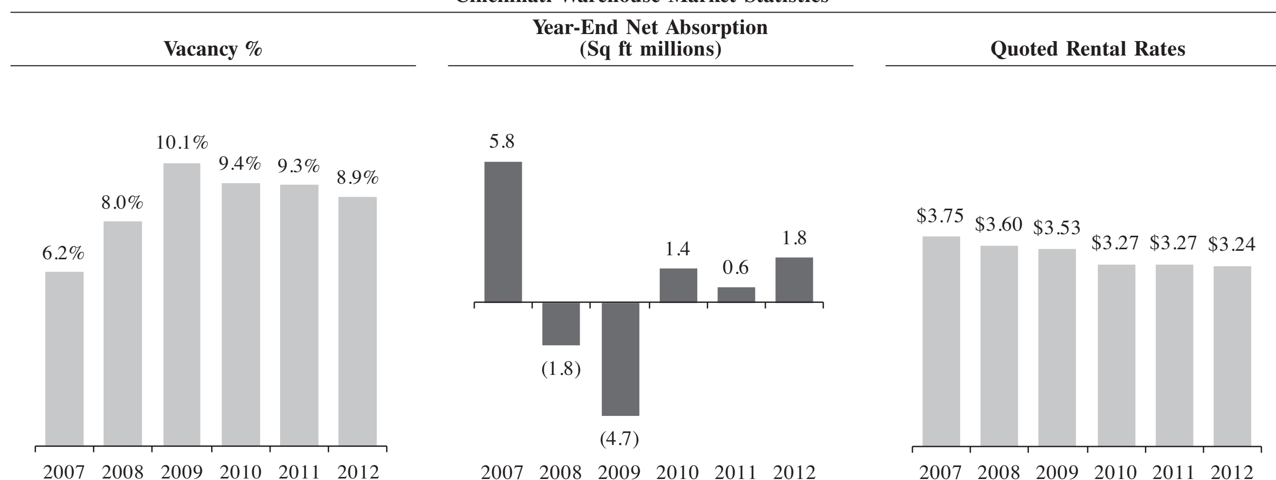
Note:

(1) U.S. Bureau of Economic Analysis

(2) U.S. Bureau of Labor Statistics

Ohio ranks as the 8th largest economy in the U.S., with a GDP of nearly $419 billion in 2011. While the state suffered with the broader U.S. economy during the 2008/2009 recession, economic growth has resumed. Ohio's economy is particularly concentrated in manufacturing and auto production, and is home to 28 Fortune 500 companies (the fifth most in the U.S.). With a series of business-friendly tax incentives and a central location within 600 miles of 61% of all U.S. and Canadian manufacturers, Ohio boasts the largest distribution market in the U.S. Midwest and the third largest in the country.

Cincinnati Warehouse Market Statistics[1]



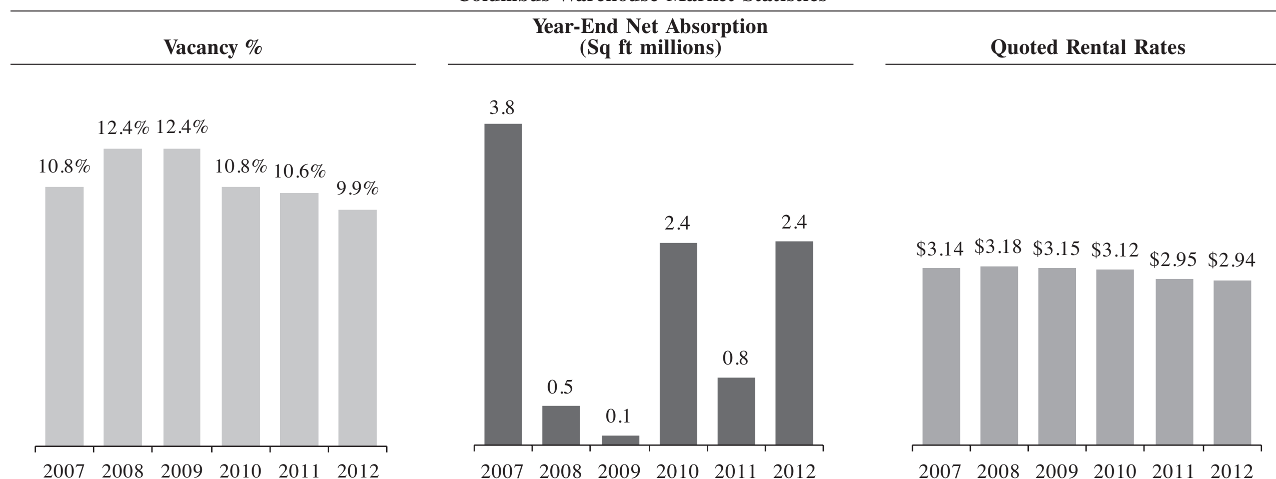
Note:

(1) CoStar. The category referred to by CoStar as "Warehouse Market Statistics" captures both distribution and warehouse properties.

Management believes the Cincinnati industrial real estate market is becoming a desired distribution market due to its proximity to a significant percentage of the U.S. population, highway infrastructure and pro-business environment. Cincinnati is located within a one-day drive of over 50% of the U.S. population, making it an ideal market from which to distribute. The convergence of three major interstate highways (I-71, I-74 and I-75) allow for efficient distribution to multiple regions of the U.S. Cincinnati and, in particular, northern Kentucky (part of the Cincinnati MSA), benefits from pro-business policies, evidenced by low real estate taxes and incentives available to tenants through the State of Kentucky.

Management has observed continued declines in rents since the peak in 2007. However, based on the continued positive absorption observed over the past three years and the lack of new construction, management believes rental rates will begin to show a positive trajectory in 2013, as additional space is absorbed and with a continued lack of new construction. Management believes this is particularly true of warehouse and distribution properties.

Columbus Warehouse Market Statistics[1]



Note:

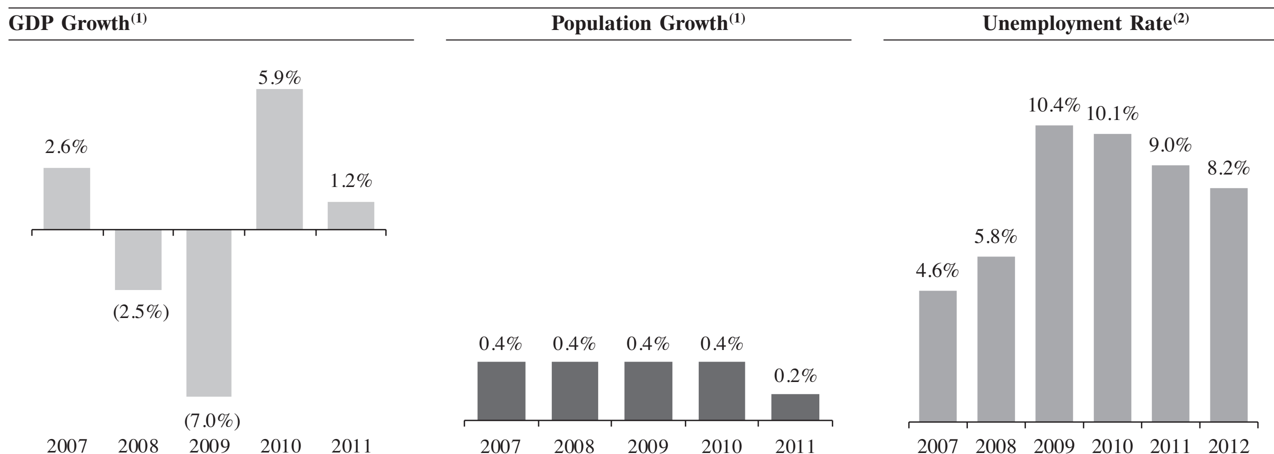
(1) CoStar. The category referred to by CoStar as "Warehouse Market Statistics" captures both distribution and warehouse properties.

Management believes Columbus, Ohio's state capital and largest city, is one of the top distribution markets in the U.S. due to its proximity to major population centres, transportation infrastructure and favourable business climate. Similar to Cincinnati, Columbus is located within a one-day drive to over 50% of the North American population, making it ideal for distributors and third-party logistics companies. Columbus is also home to three intermodal facilities with the second largest lift capacity in the U.S. Midwest, which makes it a desired location for rail cargo-shippers. Rickenbacker International Airport, also located in Columbus, is one of the largest dedicated cargo airports in the U.S. and is coveted by many businesses and industries for its 24-hour cargo-only service and its foreign trade zone designation. Columbus has adopted pro-business policies through its real estate tax abatement programs, which have helped attract new businesses and encouraged development.

Management has observed continued declines in rents since the peak in 2008. However, based on the continued positive absorption observed over the past two years and the lack of new construction, management believes rental rates will begin to show a positive trajectory in 2013, as additional space is absorbed and with a continued lack of new construction. Management believes this is particularly true of the warehouse and distribution properties where the majority of large blocks of space have been absorbed and the vacancy that remains is limited to smaller spaces.

INDIANAPOLIS INDUSTRIAL REAL ESTATE MARKET

State of Indiana Historical Economic Statistics

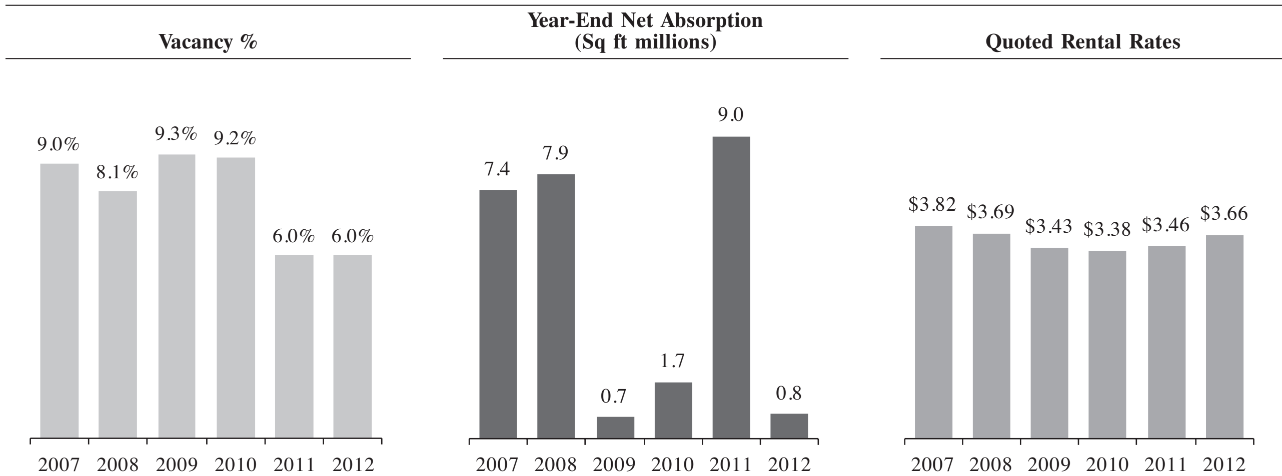


Notes:

(1) U.S. Bureau of Economic Analysis

(2) U.S. Bureau of Labor Statistics

Indiana ranks as the 17th largest economy in the U.S., with a GDP of approximately $241 billion in 2011. The state's economy is heavily concentrated in manufacturing and has benefitted from the strong recovery of U.S. manufacturing output that has occurred since the 2008/2009 recession. Employment levels have increased by nearly 50,000 jobs since the end of the recession and the unemployment rate has decreased to 8.2% as of December 2012.



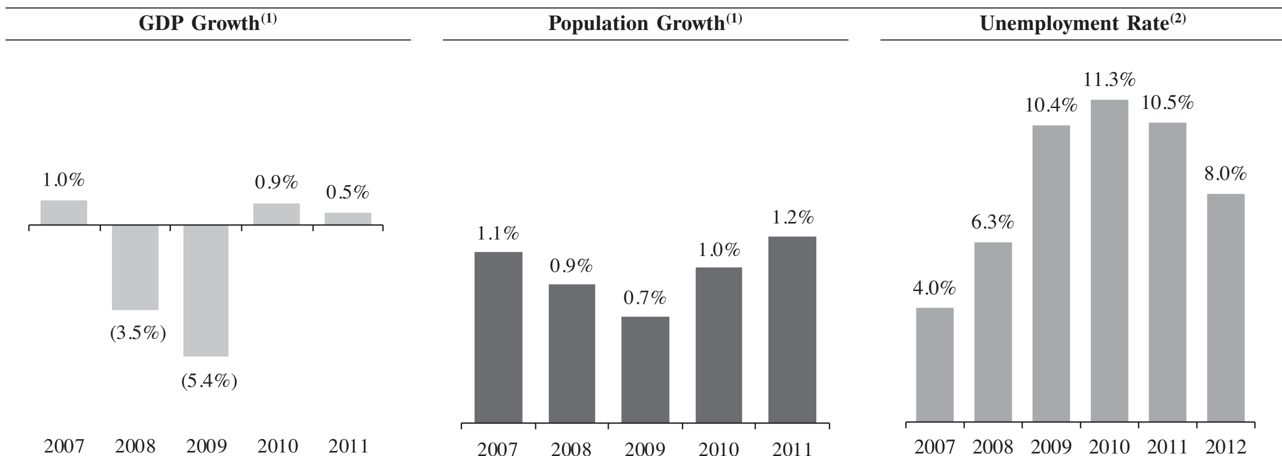
Note:

(1) CoStar. The category referred to by CoStar as "Warehouse Market Statistics" captures both distribution and warehouse properties.

Management believes Indianapolis has become one of the most desired distribution markets in the U.S. for investors and tenants alike. Indiana boasts a pro-business economy that benefits from low taxes and a talented, but inexpensive, labour pool. Furthermore, four major interstate highways (I-65, I-69, I-70 and I-74) converge in Indianapolis, making it possible to reach 45% of the U.S. population within a one-day drive. The Indianapolis International Airport is also home to the second largest FedEx Corporation (NYSE: FDX) hub in the world and is North America's eighth largest cargo airport. The FedEx hub is important to many businesses, primarily in the retail and medical industries, as it affords distributors the ability to ship late in the day or evening and still achieve next-day delivery.

Management has observed a strong rebound in terms of both absorption and rental rates over the past two years and anticipates further recovery in 2013, which may push rental rates close to, or even past, pre-recessionary levels. While new speculative development is underway, demand for industrial space remains strong, and management believes the absorption trend will put further upward pressure on rents.

JACKSONVILLE INDUSTRIAL REAL ESTATE MARKET

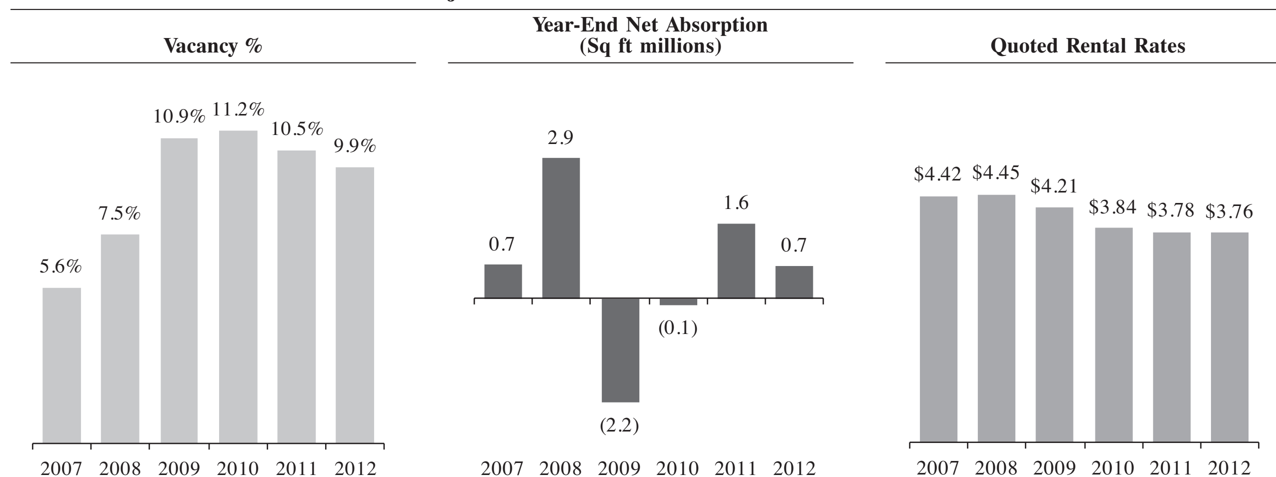


Notes:

(1) U.S. Bureau of Economic Analysis

(2) U.S. Bureau of Labor Statistics

Florida ranks as the 4th largest economy in the U.S., with a GDP of approximately $661 billion in 2011. Following significant declines through the 2008/2009 recession, Florida's output has started to grow in recent years and unemployment has noticeably declined to 8.0% as of December 2012. Florida's economy is well diversified across a variety of sectors and derives particular strength from the tourism, real estate, healthcare and construction industries. Exports are also an important source of commerce for the state's economy, with 40% of all U.S. exports to Latin and South America passing through Florida.



Note:

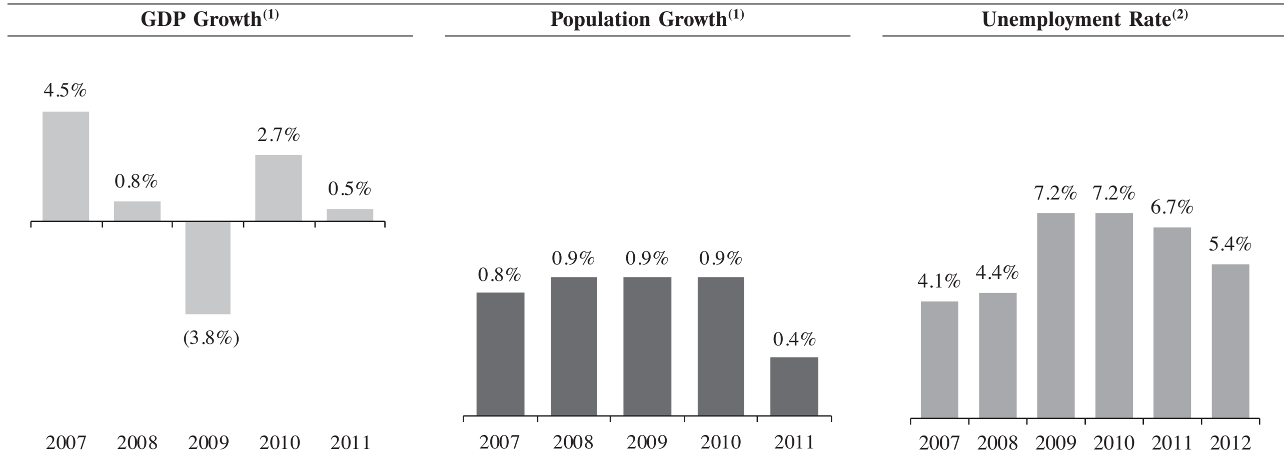
(1) CoStar. The category referred to by CoStar as "Warehouse Market Statistics" captures both distribution and warehouse properties.

The Jacksonville industrial real estate market benefits from the presence of The Jacksonville Port Authority ("**JAXPORT**") as well as an extensive rail system. JAXPORT is comprised of three marine terminals that handle containerized cargo ships, and is one of the largest vehicle handling ports in the U.S. JAXPORT is planning a major construction project that will allow it to accommodate larger shipping vessels which will benefit the port upon completion of the on-going Panama Canal expansion, currently targeted for 2014.

Management has observed a significant reduction in rental rates since the peak in 2008. While net absorption has remained positive for the last two years, demand has yet to return to pre-recessionary levels. Based on the lack of new construction and continuing decrease in vacancy, management believes that, as absorption levels continue to improve, upward pressure on rents will provide for significant future increases in rental rates.

Kansas City Industrial Real Estate Market

State of Kansas Historical Economic Statistics

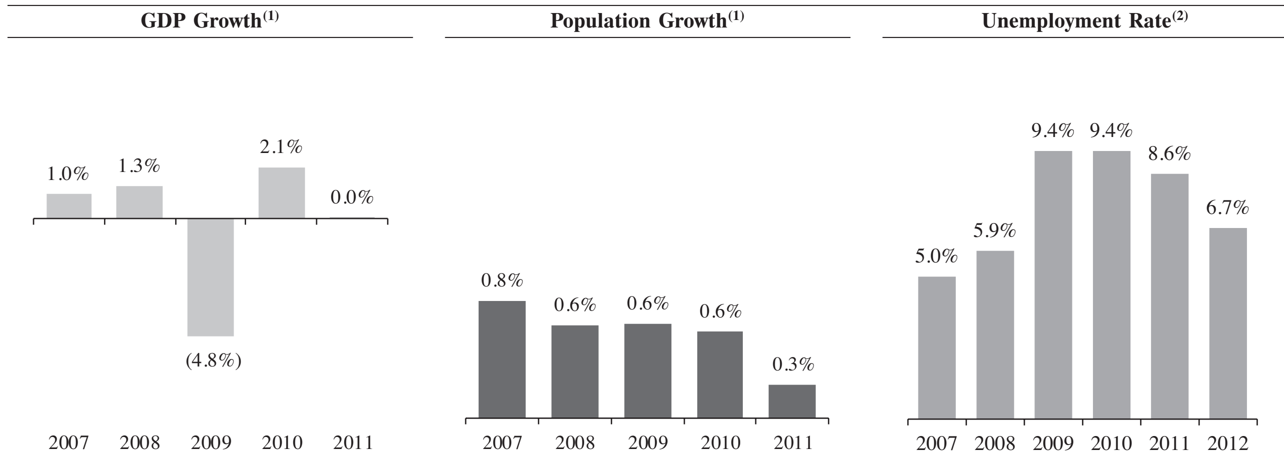


Notes:

(1) U.S. Bureau of Economic Analysis

(2) U.S. Bureau of Labor Statistics

State of Missouri Historical Economic Statistics



Notes:

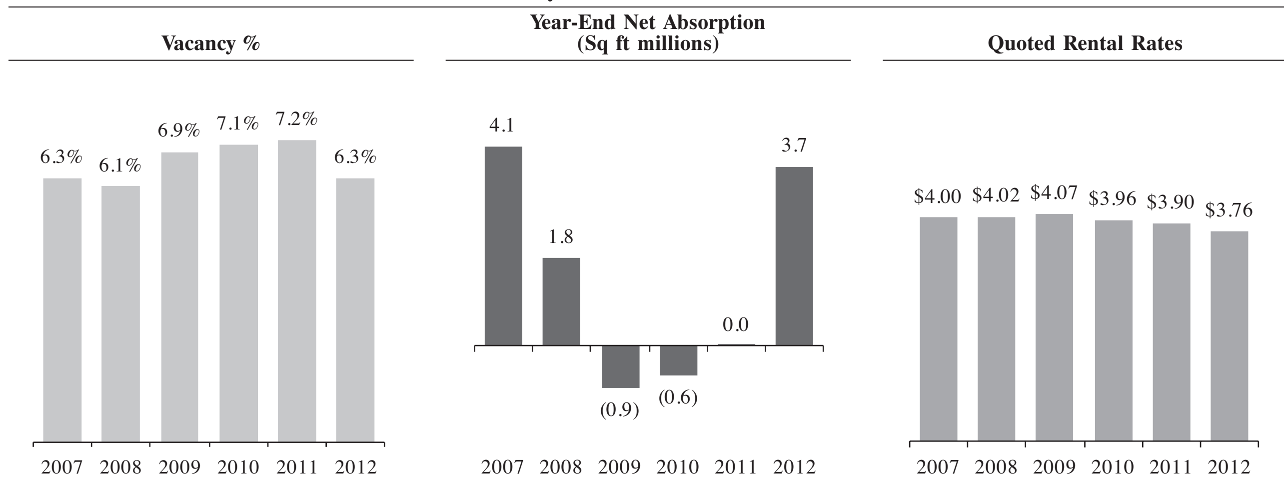
(1) U.S. Bureau of Economic Analysis

(2) U.S. Bureau of Labor Statistics

Kansas City is a metropolitan area of more than two million people spanning the Missouri-Kansas border. Together, the states of Missouri and Kansas produced an aggregate GDP of $329 billion in 2011, and benefit from diverse economies, with industries ranging from agriculture to manufacturing. Employment levels within

the two states have improved since the 2008/2009 recession, and the unemployment rates in both states are below the national average.

Kansas City Warehouse Market Statistics[(1)]



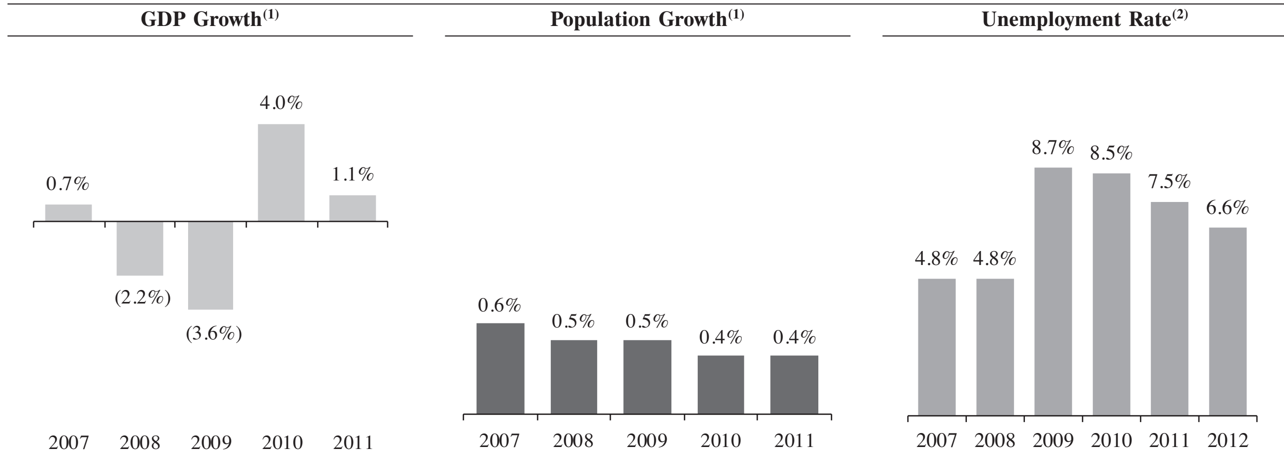
Note:

(1) CoStar. The category referred to by CoStar as "Warehouse Market Statistics" captures both distribution and warehouse properties.

Kansas City is an ideal market from which to distribute products given its location, highway infrastructure and rail capacity. Management believes Kansas City, situated in the center of the U.S., is preferred by many distributors because of its proximity to both coasts. The convergence of three major interstate highways (I-29, I-35 and I-70) allows for efficient distribution to the entire U.S. from one central location, and Kansas City is the only distribution centre that can deliver to any city in the U.S. via freight within three days. Furthermore, the rail system in Kansas City is the second largest rail center in the U.S., with five Class I Railroads. As a result, industrial space in Kansas City is in high demand among distributors, and boasts some of the lowest vacancy rates in the U.S.

Management has observed a significant rebound in absorption and vacancy rates over the last 12 to 18 months. Vacancy rates have returned to pre-recessionary levels and the lack of available space is beginning to put upward pressure on rents. Management believes the lack of available space and relatively muted new construction levels will result in significant upward pressure on rents, and will soon push rental rates back to, and potentially beyond, pre-recession levels.

Milwaukee Industrial Real Estate Market

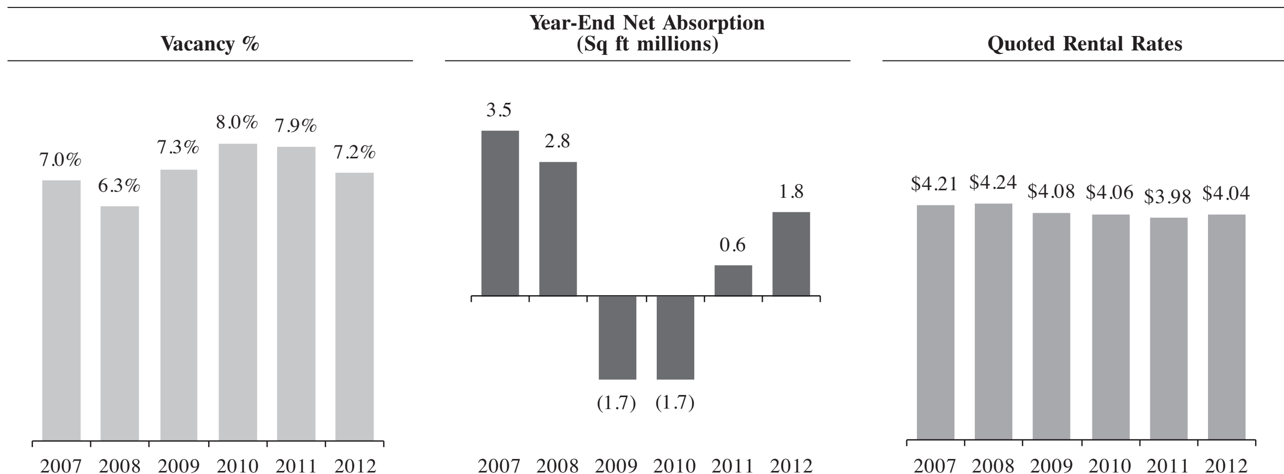


Notes:

(1) U.S. Bureau of Economic Analysis

(2) U.S. Bureau of Labor Statistics

Wisconsin ranks as the 21st largest economy in the U.S., with a GDP of approximately $222 billion. Its economy has resumed growth following the 2008/2009 recession. Wisconsin's unemployment rate of 6.6%, as of December 2012, is in the top twenty nationwide, and well below the national average of 7.8%. Manufacturing and agriculture represent a significant portion of the state's economy, and Wisconsin is home to many of the nation's largest industrial companies.



Note:

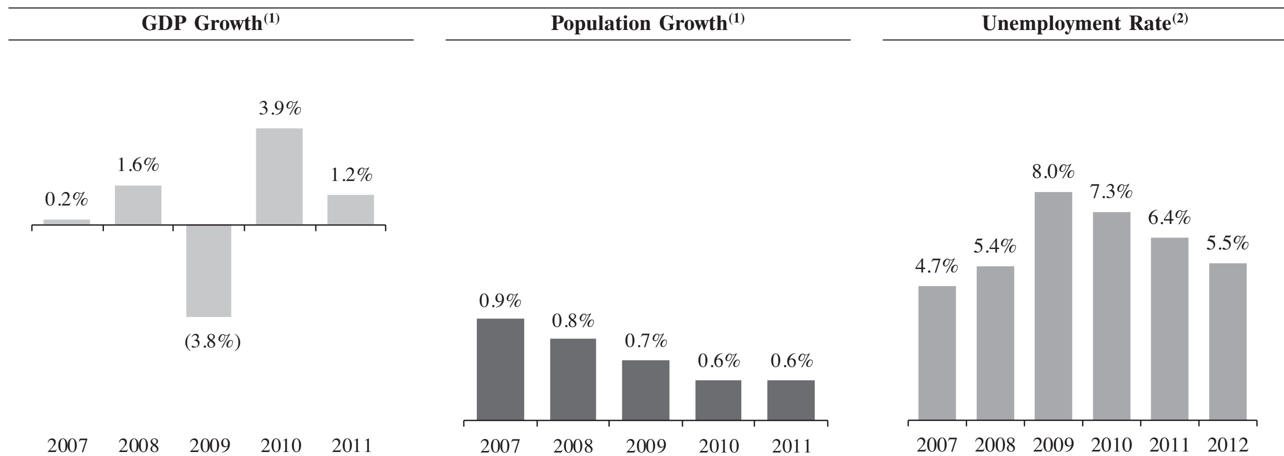
(1) CoStar. The category referred to by CoStar as "Warehouse Market Statistics" captures both distribution and warehouse properties.

The southeastern part of the state, which includes Milwaukee, is located in close proximity to Chicago and benefits from a number of characteristics that management believes make it a compelling alternative for distributors. In particular, the city offers access to interstate highway systems, an inexpensive labour force and a pro-business government. Three interstate highway systems (I-43, I-90 and I-94) serve Milwaukee, and Interstate

94 runs directly into Chicago. These factors have contributed to a strong and growing industrial sub-market. As evidence of the strong and growing industrial sub-market, the city's industrial market has recorded positive net absorption over the past two years.

Management has observed continued declines in rents since the peak in 2008. However, based on the continued positive absorption over the past two years and lack of new construction, management believes rental rates will continue to show a positive trajectory in 2013 as additional space is absorbed and with a continued lack of new construction.

MINNEAPOLIS INDUSTRIAL REAL ESTATE MARKET



Notes:

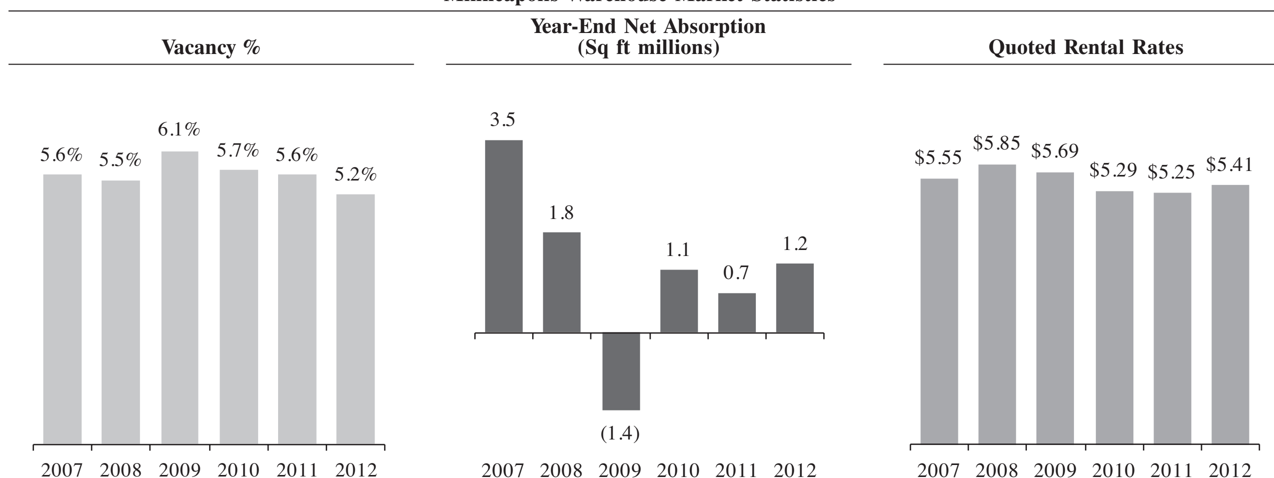
(1) U.S. Bureau of Economic Analysis

(2) U.S. Bureau of Labor Statistics

Minnesota ranks as the 16th largest economy in the U.S., having realized GDP of approximately $245 billion in 2011. The state's economy continues to grow following the 2008/2009 recession, with private sector employment having increased by 3.7% since 2010. Minnesota's unemployment rate of 5.5% as of

December 2012 is currently the eleventh lowest nationwide. Minnesota's economy is particularly strong in the manufacturing, retail trade and construction sectors.

Minneapolis Warehouse Market Statistics[(1)]



Note:

(1) CoStar The category referred to by CoStar as "Warehouse Market Statistics" captures both distribution and warehouse properties.

Minneapolis, the largest metropolitan centre in Minnesota, has a strong and dynamic economy that benefits from low unemployment, a highly educated workforce and a growing labour pool. Minneapolis is home to 19 Fortune 500 Companies as well as the largest private company in the world, Cargill Incorporated. The city also benefits from an efficient distribution network, with access to two major interstate highways (I-35 and I-94) and one of the nation's largest railway hubs, connecting 4,600 miles of rail line. The market for industrial real estate in Minneapolis has performed well since the 2008/2009 recession; vacancy rates are near five-year lows and asking rents are trending upwards.

Management has observed a trend of positive absorption and increased rental growth over the last 12 months. While demand did decrease during the recession, vacancy rates did not experience the significant spike that were observed in other markets. Management has noticed that demand for industrial space appears to be increasing and, while a few speculative projects have been constructed, management believes that the upward trend in rental rates will continue to push towards, and eventually past, pre-recessionary levels.

Near-Term Target Markets for the REIT

As part of its acquisition strategy, the REIT will target acquisitions in a number of attractive U.S. distribution markets. The MSAs described below represent markets in which (i) Welsh currently owns real property that is not being contributed to the REIT at the Closing; (ii) Welsh has owned real property in the past; or (iii) Welsh has been actively evaluating investment opportunities.

Central Pennsylvania Industrial Real Estate Market

The Central Pennsylvania industrial real estate market is one of the largest industrial markets in the U.S. Central Pennsylvania has long been a desired distribution market due to its location. The majority of the Central Pennsylvania industrial market is located within 100 miles of New York City and the Port of New York and New Jersey. The location is ideal for both distributors shipping product inbound to retail and regional distribution centres, and also to businesses distributing product to New York City, Philadelphia, much of the Northeastern U.S. seaboard and Southeastern Canada. Central Pennsylvania is a very cost effective alternative to Southern New Jersey (where rental rates are much higher due to land constraints for new buildings). The advanced highway and freight rail infrastructure in Central Pennsylvania is also a major benefit to the market, as it allows for the quick and efficient transfer of products throughout the region.

Dallas Industrial Real Estate Market

The Dallas industrial real estate market is one of the five largest industrial markets in the U.S. and is recognized as one of the top markets for distribution in the U.S. The interstate highways system, railway and air cargo are the major drivers of tenant demand. Dallas is served by four major interstate highways (I-20, I-30, I-35 and I-45) that allow for distribution to all regions in the U.S. Dallas is also served by three Class I Railroads (Union Pacific Corporation, BNSF Railway Company and The Kansas City Southern Railway Company). Two major air cargo hubs, DFW International Airport and Fort Worth Alliance Airport, serve the Dallas market. DFW International Airport is one of the busiest air cargo airports in the world.

Houston Industrial Real Estate Market

The Houston industrial market is one the largest industrial markets in the U.S. Management believes Houston is a top distribution market due to its transportation infrastructure and a strong pro-business economy. The Houston region features four deep-water ports, seven Class I Railroads, and five major Interstate and U.S. Highways (I-10, I-45, US-55, US-90 and US-290), which combine to make Houston a desirable place from which to distribute goods throughout the southern U.S. Houston, long recognized as a leader in oil and gas production, is also home to 29 Fortune 500 companies. Houston is also pro-business, as evidenced by its low property taxes and economic incentive programs.

Louisville Industrial Real Estate Market

Management believes the Louisville industrial real estate market is becoming one of the more desirable distribution markets in the Eastern U.S. due to its location, transportation infrastructure and pro-business environment. Louisville is in one of the western-most points of the Eastern Standard Time zone, which makes it a highly desirable location for businesses that require next day delivery. With Worldport, the worldwide airhub for United Parcel Services, Inc. (NYSE: UPS), located at Louisville International Airport, the third largest cargo airport in North America, businesses are able to ship goods as late as 1:00 a.m. Eastern Standard Time and still achieve next day delivery to anywhere in the U.S. This is a very desirable characteristic for online retailers and medical companies who have been rapidly leasing space in the Louisville market. In addition to its cargo shipment capabilities, three major interstate highways (I-64, I-65 and I-70) service Louisville, which allow distributors to reach over half of the U.S. population within a one-day drive. The State of Kentucky has also proven to be pro-business, through its low real estate taxes and liberal economic incentives for businesses.

Memphis Industrial Real Estate Market

Memphis is commonly referred to as "America's Distribution Center" because of its substantial highway, rail and airport infrastructure. Two major interstate highways (I-40 and I-55) intersect in Memphis, and a new third interstate highway (I-69) is under construction. Memphis has five Class I Railroads and is one of the largest rail centres in the U.S. Furthermore, BNSF Railway Company and Norfolk Southern Corp. are currently expanding and updating their intermodal facilities to increase capacity. In addition, the Memphis International Airport is home to FedEx Corporation's (NYSE: FDX) super-hub, which makes Memphis one of the top air cargo markets in the U.S.

Nashville Industrial Real Estate Market

Nashville is an ideal location from which to distribute goods given its centralized location and proximity to population, interstate highway infrastructure, and pro-business government. Three major Interstate Highways (I-24, I-40, and I-65) all converge in Nashville, which allows distributors to reach over half of the U.S. population within a one-day drive. Nashville was recognized by Expansion Management Magazine as the 2nd most logistics-friendly city in the U.S. based on transportation and distribution costs. The State of Tennessee has also proven to be pro-business through its low property taxes and the availability of economic incentives for businesses.

Long-Term Target Markets for the REIT

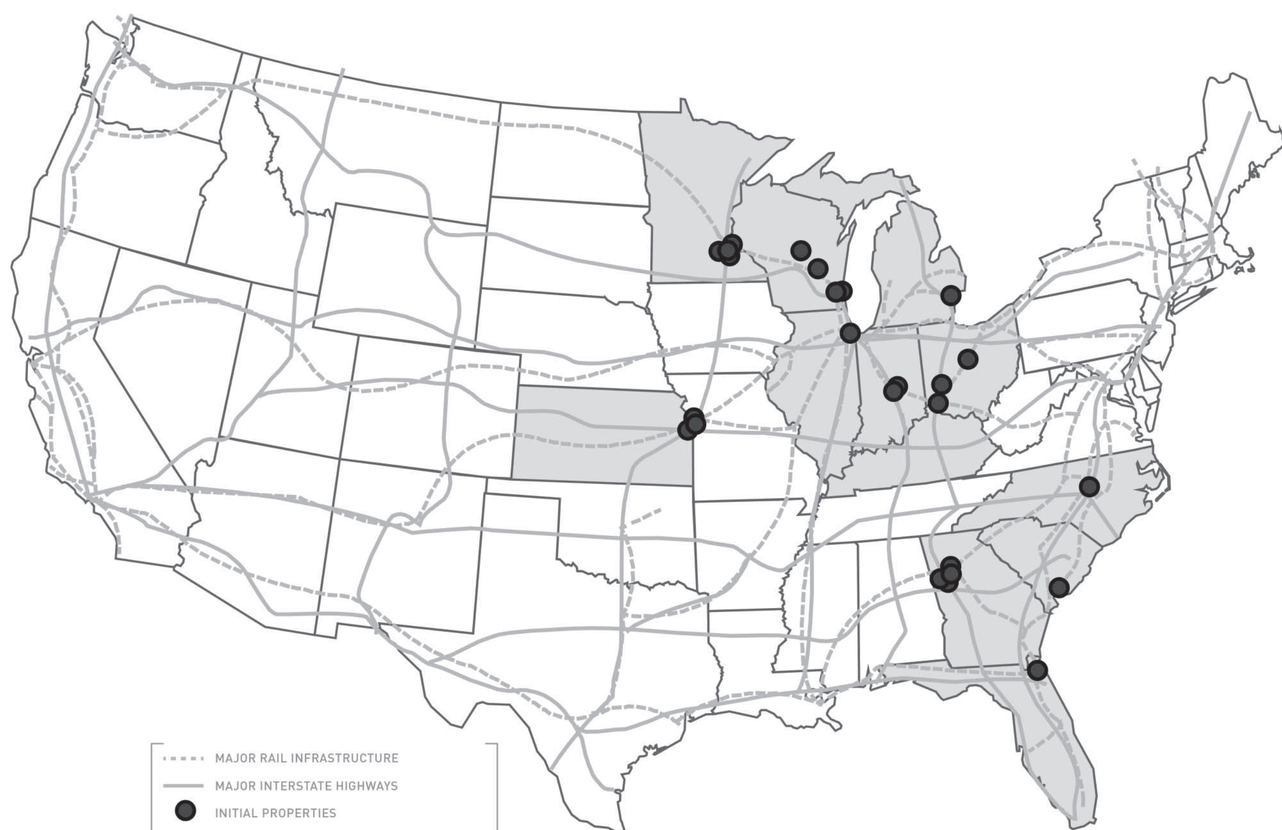
In addition to the REIT's existing target markets, the REIT also intends to seek expansion of its portfolio into other top distribution markets that exhibit similar characteristics to the markets described above. Those markets include, but are not limited to, South Florida, Southern California, New Jersey, Salt Lake City, Denver, Seattle and Reno.

THE INITIAL PROPERTIES

At the time of Closing, the REIT will indirectly acquire from Welsh a portfolio of properties consisting of approximately 8.6 million square feet of GLA, comprised of 35 industrial properties and two office properties (one of which houses Welsh's head office). The Initial Properties are located in 12 states: Florida (three properties); Georgia (seven properties); Illinois (two properties); Indiana (three properties); Kansas (four properties); Kentucky (one property); Michigan (one property); Minnesota (six properties); North Carolina (one property); Ohio (four properties); South Carolina (one property); and Wisconsin (four properties). With the exception of the two office properties, the Initial Properties represent an attractive mix of industrial properties, with a weighted average age of approximately 12 years. Management believes that the Initial Properties are well-located within major U.S. distribution markets and present a compelling long-term investment opportunity given their characteristics, which include high occupancy rates, staggered lease and debt maturities and significant geographic and tenant diversification.

The following map depicts the location of the Initial Properties.

The Initial Properties



The table below presents the percentage of total portfolio GLA represented by each state, as well as the expected contribution of each state to total forecast NOI for the 12-month period ending March 31, 2014.

GLA/NOI by State

State	# of Assets	GLA (sq. ft.)	% of Total	Cash NOI[1] ($000s)	% of Total
Indiana	3	1,896,533	22.0%	4,957	15.6%
Ohio	4	1,590,471	18.5%	3,537	11.2%
Georgia	7	1,355,777	15.7%	5,147	16.2%
Kansas	4	827,100	9.6%	3,629	11.4%
Wisconsin	4	589,723	6.8%	2,314	7.3%
Minnesota	6	586,333	6.8%	5,504	17.4%
Kentucky	1	543,512	6.3%	1,810	5.7%
Florida	3	353,401	4.1%	566	1.8%
North Carolina	1	252,465	2.9%	684	2.2%
Michigan	1	233,900	2.7%	1,186	3.7%
Illinois	2	229,515	2.7%	720	2.3%
South Carolina	1	158,583	1.8%	1,647	5.2%
Total	**37**	**8,617,313**	**100.0%**	**31,697**	**100.0%**

Notes:

(1) Represents NOI for the 12-month period ended March 31, 2014. Excludes adjustments for amortization of straight-line rent and tenant inducements. Please note that these numbers are subject to rounding.

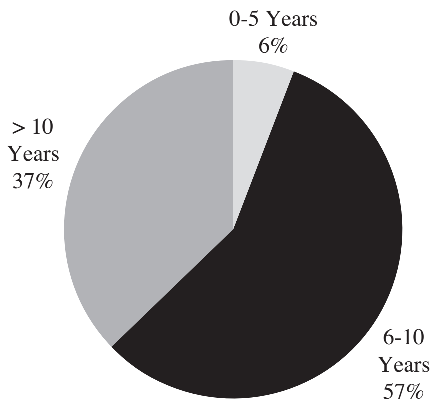
Composition of the Initial Properties

Portfolio Attributes

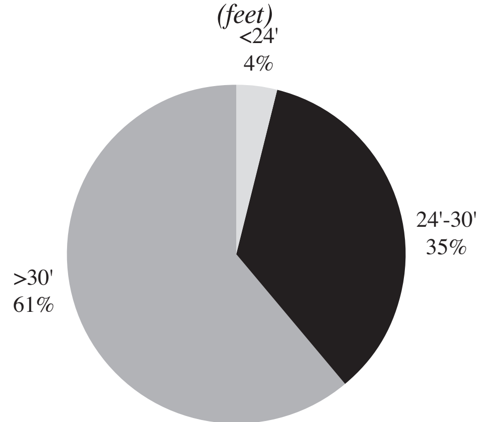
The Initial Properties consist of 37 properties, primarily comprised of institutional-quality, state-of-the-art warehouse and distribution properties, representing total GLA of approximately 8.6 million square feet. The Initial Properties were also constructed relatively recently, with a weighted average age of approximately 12 years. Approximately two-thirds of the Initial Properties, as measured by GLA, were constructed within the last ten years. Given the relatively recent construction of the Initial Properties, management believes that the Initial Properties will, on average, require less maintenance expenditures and be more attractive to prospective tenants than comparable older properties. Furthermore, the Initial Properties are highly functional, with a weighted average clear ceiling height of approximately 31 feet (industrial properties only). Notably, only 4% of the GLA within the portfolio's industrial properties is represented by buildings with clear ceiling heights below 24 feet. High clear ceiling heights are an important feature to many industrial tenants, as this provides them with

additional vertical space which can house additional racking and equipment, allowing the tenant to maximize storage space.

Portfolio Age by GLA



Portfolio Clear Ceiling Height by GLA
(Industrial Real Estate Only)
(feet)

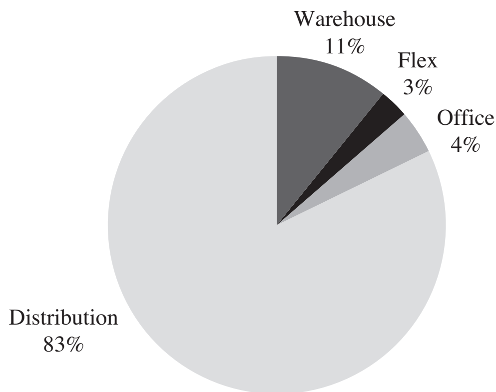


Functionality Mix

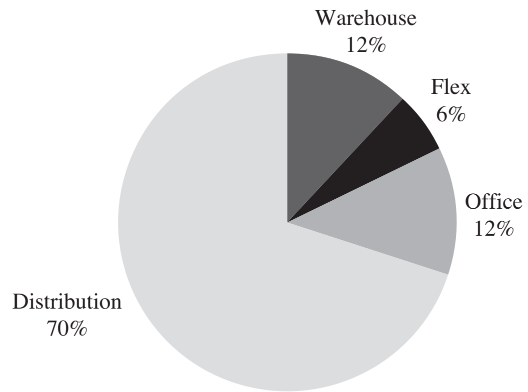
The majority of the Initial Properties, as measured by GLA and NOI, are warehouse and distribution facilities. Management believes that warehouse and distribution facilities represent a compelling investment opportunity within the broader U.S. industrial real estate segment based on their attractive characteristics, which include cash flow stability and increasing tenant demand as a result of broader trends in the U.S. economy. See "Characteristics of the U.S. Industrial Market". While warehouse and distribution properties account for the largest proportion of portfolio NOI and GLA, the Initial Properties also include two flex properties and two office properties, one of which houses Welsh's head office in addition to a number of other office tenants. The REIT does not intend to acquire any additional office properties in the future.

The following graphs illustrate the composition of the Initial Properties, as measured by GLA and NOI.

Classification by GLA



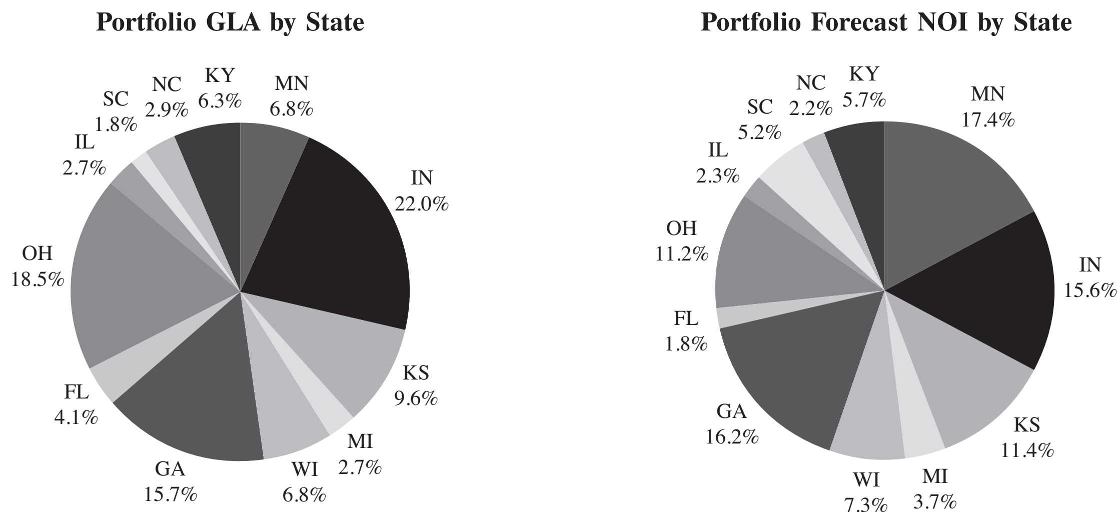
Classification by Forecast NOI



Geographic Composition

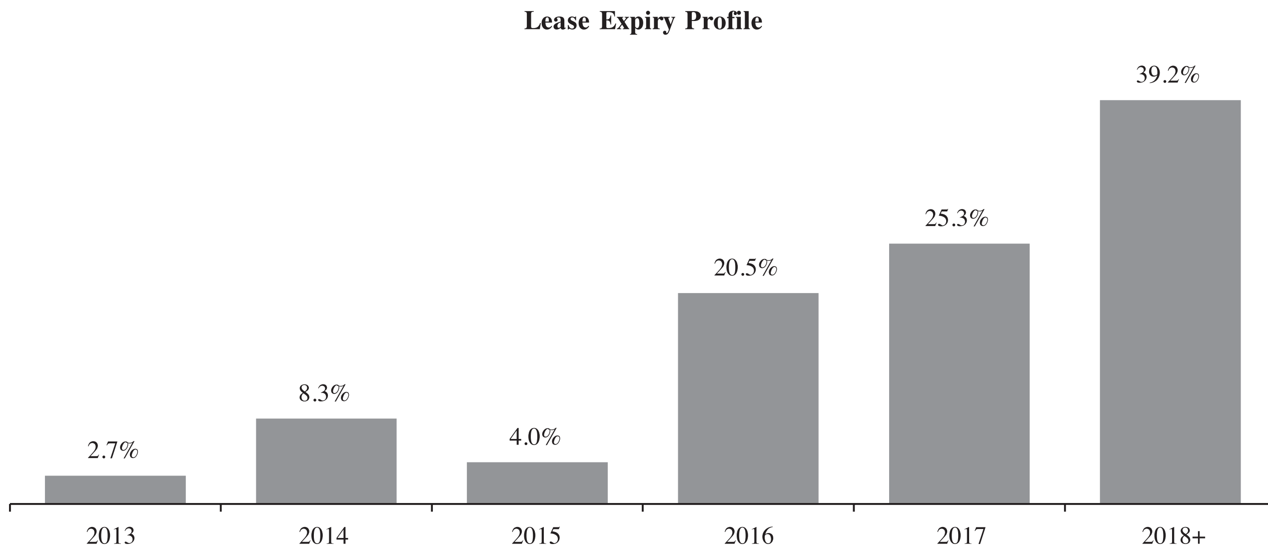
The Initial Properties are well diversified geographically within the U.S., with no individual state accounting for more than 17.4% of the forecast NOI for the 12-month period ending March 31, 2014. The Initial Properties are characterized by close proximity to the U.S. interstate highway system, often allowing for a predictable one- or two-day drive to a majority of the population of the continental U.S. The Initial Properties are also located in

close proximity to freight rail infrastructure and, in some cases, major cargo airports. The following graphs illustrate the percentage of the Initial Properties, by GLA and NOI located in each U.S. state.



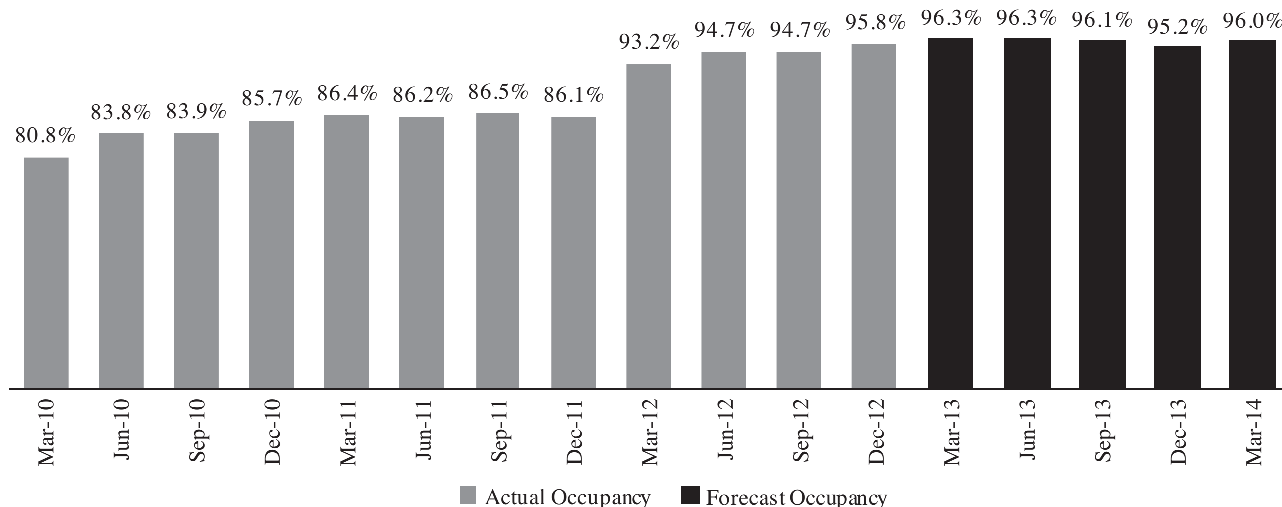
Occupancy and Leasing

The Initial Properties are characterized by a staggered lease maturity profile, with a weighted average remaining lease term of approximately 5.0 years and with an average of 12.2% of GLA maturing each year between 2013 and 2017, and with almost 40% of GLA expiring in 2018 and beyond. The following graph illustrates the percentage of GLA of the Initial Properties subject to lease expirations in each year.



The following chart presents the historical and forecast occupancy of the Initial Properties and, for certain properties, includes time periods when Welsh did not own the properties.

Initial Properties Historical and Forecast Occupancy

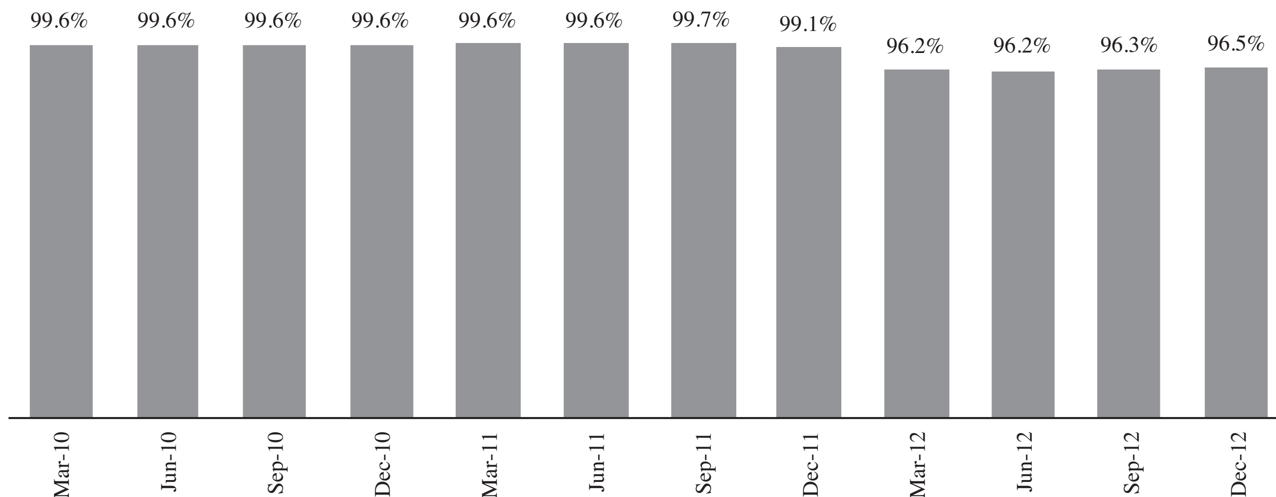


Almost all of the Initial Properties have achieved stabilized occupancy levels. The Initial Properties had a weighted average occupancy of 96.3% as of February 1, 2013. Occupancy within the portfolio has improved significantly since the U.S. economy emerged from the 2008/2009 recession and demand for industrial tenancies has increased. Portfolio occupancy over the 12-month period ending March 31, 2014 is forecast to average 95.7%.

The lower levels of historic occupancy observed within the portfolio were largely a function of the difficult economic environment created by the 2008/2009 recession. A number of the Initial Properties were developed prior to Welsh's ownership on a speculative basis and made available in the market during the recession. These assets suffered from high vacancies for longer-than-anticipated periods of time following their construction, as tenant demand for industrial space had softened substantially during the recession. Furthermore, the previous owners of such assets often remained unwilling to reduce rents in order to lease-up the vacant space.

The following chart presents the historical occupancy of those Initial Properties that were owned by Welsh during the periods shown.

Historical Occupancy
(Since Assumption of Management and Ownership by Welsh)



As a result of recent improvements in the U.S. economy, stronger industrial leasing markets and Welsh's assumption of the management and ownership of certain of these assets, almost all of the Initial Properties have now achieved stabilized occupancy levels. Welsh expects that the portfolio will maintain its current high level of occupancy over time, as Welsh has an excellent track record of managing its properties to low levels of vacancy. Under Welsh's stewardship, the weighted average occupancy of the Initial Properties was 98.5% during the period from January 1, 2010 to December 31, 2012.

The financial forecast (as prepared by the management of the REIT) does not contain any NOI or income attributable to the speculative lease-up of currently vacant space. The forecast NOI is comprised of in-place, contractual lease agreements with the REIT's tenants and assumed releasing of space that expires during the forecast period at renewal rates based on various market leasing assumptions. This approach is demonstrated by the fact that the Initial Properties had a weighted average occupancy of 96.3% as of February 1, 2013, while occupancy over the twelve-month period ending March 31, 2014 is forecast to average 95.7%.

Management believes that rents within all of the MSAs containing Initial Properties will rise, as each of these markets continues to exhibit positive net absorption and declining vacancy rates. As shown in the table below, CoStar's reported statistics for current rents in the warehouse sub-segment within these MSAs are below pre-recessionary levels, suggesting potential future growth in rents as U.S. economic conditions improve. See "Characteristics of the U.S. Industrial Market".

Current Market Rents Relative to Peak Rents

Market	Peak Year	Peak Rents[1]	Current Rents[1]	Current Discount to Peak Rents
Atlanta	2008	$3.86	$3.38	(12%)
Chicago	2008	$4.95	$4.74	(4%)
Cincinnati	2007	$3.75	$3.24	(14%)
Columbus	2008	$3.18	$2.94	(8%)
Indianapolis	2007	$3.82	$3.66	(4%)
Jacksonville	2007	$4.45	$3.76	(16%)
Kansas City	2009	$4.07	$3.76	(8%)
Milwaukee	2008	$4.24	$4.04	(5%)
Minneapolis	2008	$5.85	$5.41	(8%)

Note:

(1) CoStar.

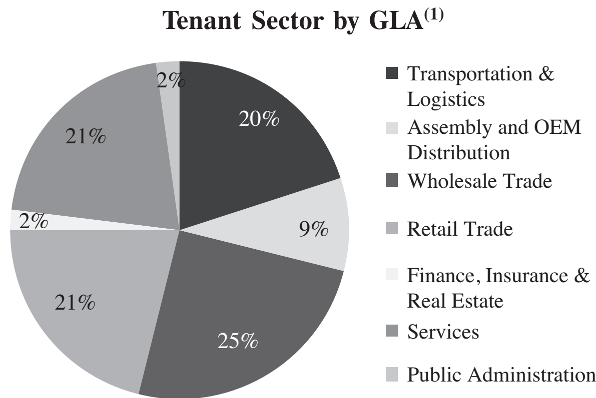
Tenant Composition

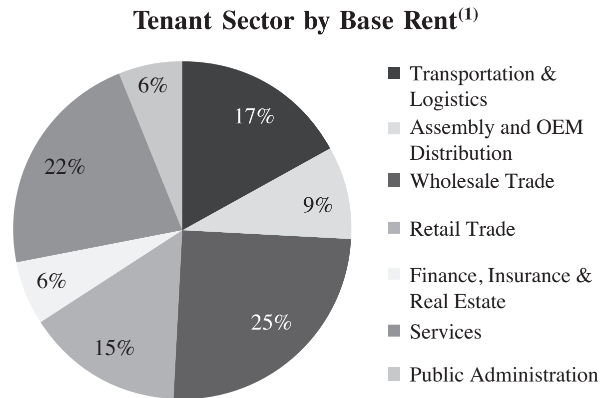
The 78 tenants occupying the Initial Properties represent an attractive mix of national, regional and local companies. These tenants operate in a multitude of industries and include third-party logistics companies, large warehouse companies and distribution companies, some of which are Fortune 500 companies. Due to the warehouse and distribution focus of the Initial Properties, the tenants are generally large consumers of space. The average size of tenancies within the Initial Properties is approximately 106,000 square feet of GLA. The large average size of the REIT's tenants is indicative of the scope and stability of the tenants' operations, as smaller, less creditworthy businesses are often unable to maintain tenancies of this size. In addition, many of the tenants have made substantial investments in equipment, leasehold improvements and infrastructure that has been installed within the Initial Properties, suggesting that such tenants have a higher likelihood of renewing their leases upon maturity.

The Initial Properties house a number of recognizable "household name" tenants, including: ADT Corporation (NYSE: ADT), Blount International, Inc. (NYSE: BLT), Brose Jefferson, Inc. (private), Brunswick Corporation (NYSE: BC), GSI Commerce Solutions, Inc. (a wholly owned subsidiary of eBay Inc.) (NASDAQ: EBAY), Emerson Electric Co. (NYSE: EMR), FedEx Corporation (NYSE: FDX), Honeywell International Inc. (NYSE: HON), Iron Mountain Inc. (NYSE: IRM), LifeScience Logistics, LLC (private), OfficeMax Incorporated (NYSE: OMX), RedCats USA, Inc. (private), ThyssenKrupp AG (FRA: TKA), Trimble

Navigation Limited (NASDAQ: TRMB), Tyco International Ltd. (NYSE: TYC), United Parcel Service, Inc. (NYSE: UPS) and Zulily, Inc. (private).

The tenants within the Initial Properties are diversified across a wide range of industries. The largest economic sector within the portfolio represents only 25% of total GLA and 25% of total base rent as at February 1, 2013.

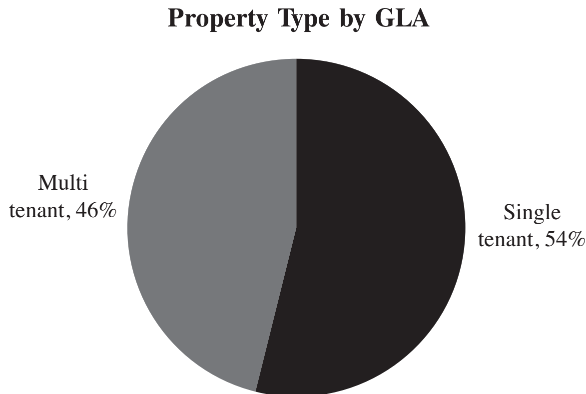


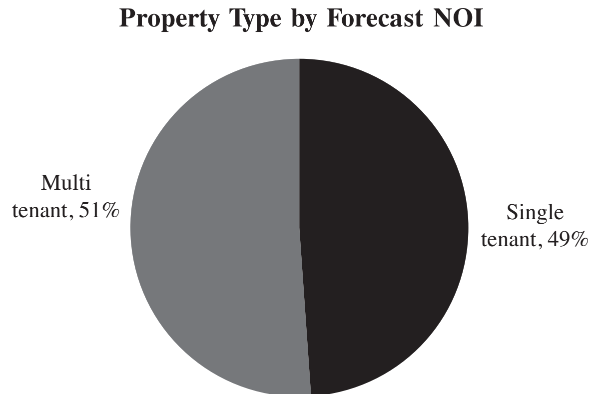


Note:

(1) As at February 1, 2013.

The Initial Properties are approximately equally divided between single and multi-tenant properties, as depicted in the graphs below. The REIT's single-tenant properties are highly functional and can easily be converted to multi-tenant properties.





Major Industrial Tenants

The following chart highlights certain information about the top ten industrial tenants by percentage of GLA and percentage of annualized February base rent.

Tenant	Initial Property	State	Property Type	Lease Commencement Date	Average Remaining Lease Term[(1)] (years)	Percentage of GLA (% of total portfolio)	Percentage of Annualized Base Rent[(1)] (% of total portfolio)
Redcats USA, Inc.	3003 Reeves Road	Indiana	Distribution	April 18, 2004	3.6	8.6%	5.6%
Zulily, Inc.	3051 Creekside Parkway	Ohio	Distribution	January 1, 2012	4.3	8.6%	5.5%
GSI Commerce Solutions, Inc.	40 Logistics Boulevard	Kentucky	Distribution	May 1, 2007	4.3	6.3%	5.4%
KGP Logistics, Inc.	500 Summer Way	Kansas	Distribution	December 8, 1998	5.9	3.6%	4.6%
Honeywell International Inc.	6766 Pontius Road	Ohio	Distribution	January 1, 2012	5.9	6.9%	4.0%
Boise Building Solutions Distribution, LLC	8 Mount Moriah Road	Georgia	Distribution	September 1, 2007	9.6	1.8%	3.3%
Keystone Automotive Distributors, Inc.	600 Hartman Industrial Court	Georgia	Distribution	May 1, 2006	4.3	4.1%	3.3%
Life Science Logistics, LLC	1105 East Northfield Drive	Indiana	Distribution	June 1, 2012	7.4	4.6%	3.2%
The StayWell Company	3000 Ames Crossing Road	Minnesota	Flex	June 1, 2008	5.3	0.8%	2.5%
Formica Corporation	6759 West 350 North	Indiana	Distribution	January 2004	1.5	3.4%	2.4%
Total Top Ten Industrial Tenants					**4.8**	**48.7%**	**39.8%**

Note:

(1) As at February 1, 2013.

Welsh, along with Welsh Companies, LLC, a former subsidiary of Welsh, leases approximately 48,200 square feet of office space in Minnesota, with a lease commencement date of June 1, 2008, a lease expiry date of May 31, 2020 and percentage of GLA and percentage of annualized base rent as of February 2013 of approximately 0.6% and 3.0% respectively. Based on the contribution to base rents, Welsh, together with Welsh Companies, LLC, is the ninth largest tenant of the REIT, but has been excluded from the table above as it does not lease industrial space.

The following information relating to the top ten industrial tenants of the REIT has been obtained from third-party sources and publicly available information. Neither the REIT nor the Underwriters has independently verified such information.

Redcats USA, Inc.

Redcats USA, Inc. ("**Redcats**") operates as an online and catalogue retailer of men's and women's plus-size apparel, home and lifestyle products, sporting goods and outdoor gear. Redcats was formerly known as Brylane, Inc. and changed its name to Redcats USA, Inc. in October 2004. Redcats was founded in 1901 and is based in New York, New York, with additional locations in New Jersey, Indiana, Ohio, Texas, Minnesota and Kansas. Redcats leases 741,092 square feet of the Initial Property located at 3003 Reeves Road in Plainfield, Indiana, where it has been the sole tenant since April 2004. Its lease includes three consecutive options to renew the lease term for five years each. Provided there are at least five years remaining in the lease term (including any renewal term), Redcats has an expansion option to add up to 316,000 square feet to the existing property. Redcats is currently marketing approximately 157,500 square feet of its premises for sublease at 3003 Reeves Road.

Zulily, Inc.

Zulily, Inc. ("**Zulily**") is a retailer that provides online daily deals for apparel and other products for parents, infants and children. Zulily has customers worldwide, including in the U.S., Canada, England and Ireland. Zulily was founded in 2009 and is based in Seattle, Washington. In November 2012, Zulily raised $85 million in a private capital raise which effectively valued the company at approximately $1 billion. Zulily is estimated to currently have approximately 10 million members, and is approaching annual revenue of $500 million. Zulily leases 737,471 square feet of the Initial Property located at 3051 Creekside Parkway in Obetz, Ohio, where it has been the sole tenant since January 2012. Its lease includes three consecutive options to renew the lease term for periods of five years each, with rent for the first year of each renewal period at 95% of the fair market rent. Zulily has the option to terminate the lease on May 31, 2015 upon not less than six months' notice and upon payment of a termination fee of $1,968,000 (which is equal to approximately one year of gross rent for this tenant).

GSI Commerce Solutions, Inc.

GSI Commerce Solutions, Inc. ("**GSI**") was acquired by eBay Inc. in June 2011 for approximately $2.4 billion. GSI is a leading provider of ecommerce and interactive marketing services for the world's premier brands, with over 500 clients and 26 offices in North America, Europe and Asia. GSI is based in King Of Prussia, Pennsylvania. GSI handles online shipping for 70 brands including Godiva, Aéropostale Inc. and Estée Lauder. GSI leases 543,512 square feet of the Initial Property located at 40 Logistics Boulevard in Walton, Kentucky, where it has been the sole tenant since May 2007. Its lease includes three consecutive options to extend the lease term for periods of five years each. The rental rate for the first option is 110% of the annual base rent at the end of the initial term. The rental rate for the second and third options will be the fair market rental rate for comparable properties determined at the time of the exercise of each of these renewal options.

KGP Logistics, Inc.

KGP Logistics, Inc. ("**KGP**") provides supply chain, deployment and equipment distribution services to the telecommunications industry. KGP was formerly known as Embarq Logistics, Inc. and changed its name to KGP Logistics, Inc. in March 2009 as a result of its acquisition by KGP Telecommunications, Inc. KGP was founded in 1905 and has its corporate headquarters in Minnesota, with distribution centres in North Carolina, Texas, Florida, Kansas, Georgia, Indiana and Ontario, as well as integration centres in Florida, Mexico, Kansas, Georgia, Louisiana and Indiana. KGP leases 311,100 square feet of the Initial Property located at 500 Sumner Way in New Century, Kansas, where it has been the sole tenant since April 1983.

Honeywell International, Inc.

Honeywell International, Inc. (NYSE: HON) ("**Honeywell**") is a Fortune 100 Company that invents and manufactures a variety of commercial and consumer products, provides engineering services, and supplies aerospace systems. Honeywell's aerospace products and services are used globally on virtually every commercial and business aircraft operating today. Honeywell's current equity market capitalization is approximately $54.0 billion, and the company generated revenues of approximately $37.7 billion for the 12 months ended December 31, 2012. Honeywell's environmental controls, life safety, security, sensing, scanning and mobility products, as well as building and process solutions are at work in 120 million homes, 10 million buildings, 5,000 industrial facilities, and hundreds of public and private utilities worldwide. Honeywell leases 594,000 square feet of the Initial Property located at 6766 Pontius Road, Groveport, Ohio where it has been a tenant since January 2012. Its lease includes three consecutive options to extend the lease term for a period of three years each. The rental rate for the first option is the lesser of fair market rent and $2.70 per-square-foot, subject to 2% annual rental increases. The rental rate for the second option is the lesser of fair market rent or $2.87 per-square-foot, subject to 2% annual increases. The rental rate for the third option is fair market rent, subject to 2% annual increases. Honeywell has an option to lease any available space in the property at any time during the term of its lease.

Boise Building Solutions Distribution, LLC

Boise Building Solutions Distribution, LLC ("**Boise**") is a wholly owned subsidiary of Boise Cascade Company (NYSE: BCC). Boise Cascade Company is a large vertically integrated wood products manufacturer and building materials distributor based in Boise, Idaho, with widespread operations in the U.S. and Canada. In February 2012, Boise Cascade Company raised $262 million in an initial public offering and its shares now trade on the New York Stock Exchange. Boise Cascade Company's current equity market capitalization is approximately $1.1 billion, and the company generated revenues of approximately $2.6 billion for the 12 months ended September 30, 2012. Boise leases 155,000 square feet of the Initial Property located at 8 Mount Moriah Road, Auburn, Georgia, where it has been a tenant since the facility was built in 2007. The lease includes two consecutive options to extend the lease term for a period of five years each at fair market rent.

Keystone Automotive Distributors, Inc.

Keystone Automotive Distributors, Inc. ("**Keystone Distribution**") is a subsidiary of Keystone Automotive Operations Inc. ("**Keystone**"), a leading distributor and marketer of aftermarket automotive equipment and accessories in North America. Keystone operates four distribution centres and 19 non-inventory stocking cross-docks in the U.S. and Canada. Keystone's logistics distribution network utilizes over 350 trucks to provide next-day delivery for customers in 48 U.S. states and nine Canadian provinces. Keystone also ships globally, to customers in over 40 countries. Keystone Distribution leases 350,819 square feet of the Initial Property located at 600 Hartman Industrial Court in Austell, Georgia, where it has been a tenant since May 2006. Its lease includes two consecutive options to extend the lease term for a period of five years each. The rental rate for the first option is $3.30 per square foot and will increase by 2% per annum over the renewal term. The rental rate for the second option will be fair market rent for comparable properties determined at the time of exercise of the second renewal option.

LifeScience Logistics LLC

LifeScience Logistics LLC ("**LifeScience Logistics**") provides healthcare and pharmaceutical supply chain solutions in the U.S. and internationally. LifeScience Logistics offers warehouse services, distribution services and multimodal transportation services. LifeScience Logistics was founded in 2006 and is based in Texas, with facilities in Kentucky and Indiana. LifeScience Logistics leases 394,200 square feet of the Initial Property located at 1105 East Northfield Drive in Brownsburg, Indiana, where it has been a tenant since July 2010. Its lease includes five consecutive options to renew the lease term for five-year periods.

The StayWell Company

The StayWell Company ("**StayWell**") is a health management company that helps organizations improve employee health and wellness, increase productivity and decrease health care costs. StayWell is a subsidiary of MediMedia USA, Inc. and has been in business for 35 years. StayWell is headquartered in St. Paul, Minnesota. StayWell leases 71,808 square feet of the Initial Property located at 3000 Ames Crossing Road in Eagan, Minnesota, where it has been a tenant since June 2008. Its lease includes two options to renew for a period of five years each at rental rates to be determined based on the fair market value of rents for comparable properties at the time when each option is exercised. StayWell has an option to terminate the lease on June 1, 2015 upon not less than six months' notice and upon payment of a termination fee equal to the unamortized amount of all leasehold improvements, design fees and commissions actually paid with respect to the lease, amortized over the term at an interest rate of 10%.

Formica Corporation

Formica Corporation ("**Formica**") designs and manufactures laminate and solid surfacing products for commercial and residential applications. Formica offers its products through dealers in the U.S. and internationally. The company was founded in 1913 and is based in Cincinnati, Ohio, with offices and manufacturing and distribution facilities in Asia, Europe and North America. Since July 2, 2007, Formica has operated as a subsidiary of Fletcher Building Ltd. Formica leases 288,943 square feet of the Initial Property located at 6579 West 350 North in Greenfield, Indiana, where it has been a tenant since July 2011.

List of Initial Properties

The following chart highlights certain information about the Initial Properties.

#	Initial Property	City	State	MSA	Year Built/ Renovated or Expanded	Clear Ceiling Height (feet)	Number of Tenants	Approx. Square Feet (000s)	Occupancy as of Feb. 1, 2013
DISTRIBUTION									
1.	6600 Pritchard Road	Jacksonville	Florida	Jacksonville	2009	30	1	126.1	66.8%
2.	5301 West 5th Street	Jacksonville	Florida	Jacksonville	1973	25(1)	2	121.3	100.0%
3.	5540 Broadway Avenue	Jacksonville	Florida	Jacksonville	1974	25(1)	1	106.0	52.8%
4.	600 Hartman Industrial Court	Austell	Georgia	Atlanta	2005	32	3	525.6	100.0%
5.	8 Mount Moriah Road	Auburn	Georgia	Atlanta	2007	28	1	155.0	100.0%
6.	1370 Discovery Industrial Court	Mableton	Georgia	Atlanta	2007	32	1	150.0	100.0%
7.	6751 Discovery Boulevard	Mableton	Georgia	Atlanta	2001/2006	30	1	115.0	100.0%
8.	7515 Hartman Industrial Way	Austell	Georgia	Atlanta	2008	28	2	113.7	100.0%
9.	535 Shingle Oak Drive	West Chicago	Illinois	Chicago	2007	30	1	150.0	100.0%
10.	3003 Reeves Road	Plainfield	Indiana	Indianapolis	2003	36	1	741.1	100.0%
11.	6579 West 350 North	Greenfield	Indiana	Indianapolis	2002	32	3	629.2	100.0%
12.	1105 East Northfield Drive	Brownsburg	Indiana	Indianapolis	2007	32	2	526.2	100.0%
13.	500 Sumner Way	New Century	Kansas	Kansas City	1983/1994/ 1998/2003	24	1	311.1	100.0%
14.	2440-2450 Midpoint Drive	Edwardsville	Kansas	Kansas City	2006	30	2	225.0	100.0%
15.	2401-2430 Midpoint Drive	Edwardsville	Kansas	Kansas City	2005	30	1	180.0	100.0%
16.	8500-8950 Hedge Lane Terrace	Shawnee	Kansas	Kansas City	1999	28(2)	2	111.0	100.0%
17.	40 Logistics Boulevard	Walton	Kentucky	Cincinnati	2007	32	1	543.5	100.0%
18.	25295 Guenther Road	Warren	Michigan	Detroit	1997/2008	32	2	233.9	100.0%
19.	224 North Hoover Road	Durham	North Carolina	Durham	1972/1975	24	1	252.5	100.0%
20.	6766 Pontius Road	Groveport	Ohio	Columbus	2006	35(3)	1	754.0	79.0%
21.	3051 Creekside Parkway	Obetz	Ohio	Columbus	2006	33(4)	1	737.5	100.0%
22.	325 Larsen Drive	Fond du Lac	Wisconsin	Fond du Lac	1996	42	1	234.0	100.0%
23.	1962 Queenland Drive	Mosinee	Wisconsin	Wausau	2007	28	1	106.0	100.0%
WAREHOUSE									
24.	1685 Boggs Road	Duluth	Georgia	Atlanta	1996	26	4	164.0	100.0%
25.	2940 Old Norcross Road	Duluth	Georgia	Atlanta	1994	24	3	132.4	100.0%
26.	115 West Lake Drive	Glendale Heights	Illinois	Chicago	1999	24	2	79.5	55.2%
27.	1880 Parkview Drive	Shoreview	Minnesota	Minneapolis	2003	20	1	71.5	100.0%
28.	707 West County Road E	Shoreview	Minnesota	Minneapolis	1973/2008	25	1	71.3	100.0%
29.	7401 Cahill Road	Edina	Minnesota	Minneapolis	1979/1991	18	3	45.7	100.0%
30.	3440 Symmes Road	Hamilton	Ohio	Cincinnati	2000	24	1	54.0	100.0%
31.	25 Enterprise Drive	Hamilton	Ohio	Cincinnati	2003	24	1	45.0	55.6%
32.	5200-5390 Ashland Way	Franklin	Wisconsin	Milwaukee	1999	24	3	155.3	100.0%
33.	N22 W23977 Ridgeview Parkway	Pewaukee	Wisconsin	Milwaukee	1988	24	3	94.4	100.0%
FLEX									
34.	3000 Ames Crossing Drive	Eagan	Minnesota	Minneapolis	2008	19	2	116.5	93.4%
35.	5910 Rice Creek Parkway	Shoreview	Minnesota	Minneapolis	2002	20	5	114.1	99.5%
OFFICE									
36.	4350 & 4400 Baker Road	Minnetonka	Minnesota	Minneapolis	2008	N/A	11	167.2	98.4%
37.	8085 Rivers Avenue	North Charleston	South Carolina	Charleston	1984/1996	N/A	5	155.8	100.0%
	Total Portfolio				**2001/2002**	**31(5)**	**78**	**8,617.3**	**96.3%**

Notes:

(1) Clear height ranges from 24' to 26'.

(2) Clear height ranges from 26' to 30'.

(3) Clear height ranges from 32' to 37'.

(4) Clear height ranges from 32' to 34'.

(5) Average clear height of the Initial Properties weighted by GLA.

Description of the Initial Properties

Distribution

6600 Pritchard Road — Jacksonville, Florida

Located in Jacksonville, Florida, 6600 Pritchard Road is a modern, bulk, multi-tenant distribution facility, totalling approximately 126,056 square feet of GLA. Built in 2009, the property features 30-foot clear ceiling heights, ample dock doors, an ESFR sprinkler system, T-5 lighting and ample trailer and auto parking. The property is 66.8% occupied by Janpak, Inc., with a lease expiration of December 31, 2020. Janpak, Inc. has an option to extend the term of its lease for two successive terms of five years each. The remaining 41,812 square feet of the property are currently vacant.

5301 West 5th Street — Jacksonville, Florida

Located in Jacksonville, Florida, 5301 West 5th Street is a multi-tenant distribution facility, totalling approximately 121,345 square feet of GLA. Built in 1973, the property features clear ceiling height ranging from 24- to 26-feet, ample dock doors, a wet sprinkler system and ample trailer and auto parking. The property is 100% occupied. Eastern Wire Products Inc. occupies 81,345 square feet, with a lease expiration of November 30, 2016, and Pack-M, LLC occupies 40,000 square feet, with a lease expiration of December 31, 2013. Pack-M, LLC has an option to extend the term of its lease for two successive periods of five years each.

5540 Broadway Avenue — Jacksonville, Florida

Located in Jacksonville, Florida, 5540 Broadway Avenue is a multi-tenant distribution facility, totalling approximately 106,000 square feet of GLA. Built in 1974, the property features clear ceiling height ranging from 24- to 26-feet, ample dock doors, a wet sprinkler system and ample trailer and auto parking. The property also has rail access from the west perimeter of the property. The property is currently 53% occupied after AT&T vacated 50,000 square feet in 2012. Iron Mountain Information Management, Inc. is the sole tenant in the property, occupying 56,000 square feet with a lease expiration of August 31, 2014. Iron Mountain Information Management, Inc. has an option to extend the term of its lease for three successive periods of five years each.

600 Hartman Industrial Court — Austell (Atlanta), Georgia

Located in Austell (Atlanta), Georgia, 600 Hartman Industrial Court is a multi-tenant distribution facility, totalling approximately 525,627 square feet of GLA. Built in 2005, the property features 32-foot clear ceiling height, ample dock doors, an ESFR sprinkler system, T-5 lighting and ample trailer and auto parking. The property is 100% occupied. Keystone occupies 350,819 square feet, with a lease expiration of April 30, 2017, Dade Paper & Bag Co. occupies 121,512 square feet, with a lease expiration of June 30, 2018, and Eastern Machine Products Co. occupies 53,601 square feet, with a lease expiration of November 20, 2017. Each of the tenants has an option to extend the term of its lease for a period of at least five years.

8 Mount Moriah Road — Auburn (Atlanta), Georgia

Located in Auburn (Atlanta), Georgia, 8 Mount Moriah Road is a single-tenant distribution facility, totalling approximately 155,000 square feet of GLA. Built in 2007, the property features 28-foot clear ceiling height, ample dock doors, an ESFR sprinkler system, T-5 lighting, a large outdoor storage yard, ample trailer and auto parking and rail service. The property is 100% occupied by Boise, with a lease expiration of August 31, 2022. Boise has an option to extend the term of its lease for two successive terms of five years each.

1370 Discovery Industrial Court — Mableton (Atlanta), Georgia

Located in Mableton (Atlanta), Georgia, 1370 Discovery Industrial Court is a modern, single-tenant distribution facility, totalling approximately 150,000 square feet of GLA. Built in 2007, the property features 32-foot clear ceiling height, ample dock doors, an ESFR sprinkler system, T-5 lighting, and ample trailer and auto parking. The property is 100% occupied by The R.A. Siegel Company, with a lease expiration of August 31, 2026.

6751 Discovery Boulevard — Mableton (Atlanta), Georgia

Located in Mableton (Atlanta), Georgia, 6751 Discovery Boulevard is a modern, single-tenant distribution facility, totalling approximately 115,000 square feet of GLA. Built in 2001, with an expansion in 2006, the property features 30-foot clear ceiling height, ample dock doors, ample trailer and auto parking, an ESFR sprinkler system, and T-5 lighting. The property is 100% occupied by Recall Total Information Management, Inc., with a lease expiration of November 30, 2022. Recall Total Information Management, Inc. has an option to extend the term of its lease for two successive periods of five years each.

This property also includes approximately 1.65 acres of land for future development. The property can accommodate an existing building expansion of approximately 25,000 to 30,000 square feet. Recall Total Information Management, Inc. has an option to require the REIT to complete an expansion of the building.

7515 Hartman Industrial Way — Austell (Atlanta), Georgia

Located in Austell (Atlanta), Georgia, 7515 Hartman Industrial Way is a multi-tenant distribution facility, totalling approximately 113,748 square feet of GLA. Built in 2008, the property features 28-foot clear ceiling height, ample dock doors, an ESFR sprinkler system, T-5 lighting and ample trailer and auto parking. The property is 100% occupied. NTP Distribution, Inc., (a subsidiary of Keystone) occupies 63,110 square feet, with a lease expiration of January 31, 2021, and Elkay Plastics Co., Inc. occupies 50,638 square feet, with a lease expiration of June 30, 2021. NTP Distribution, Inc. has an option to extend the term of its lease for two successive periods of five years each. Elkay Plastics Co., Inc. has an option to extend the term of its lease for one period of five years.

535 Shingle Oak Drive — West Chicago (Chicago), Illinois

Located in West Chicago (Chicago), Illinois, 535 Shingle Oak Drive is a modern single-tenant distribution facility, totalling approximately 150,000 square feet of GLA. Built in 2007, the property features 30-foot clear ceiling height, ample dock doors, an ESFR sprinkler system, metal halide lighting and ample trailer and auto parking. The property is 100% occupied. McCollisters Transportation System, Inc., is the sole tenant in the property, with a lease expiration of November 30, 2022. McCollisters Transportation System, Inc. has an option to extend the term of its lease for two successive periods of five years each.

3003 Reeves Road — Plainfield (Indianapolis), Indiana

Located in Plainfield (Indianapolis), Indiana, 3003 Reeves Road is a modern single-tenant distribution facility, totalling approximately 741,092 square feet of GLA. Built in 2003, the property features 36-foot clear ceiling height, ample dock doors, an ESFR sprinkler system, metal halide lighting and ample trailer and auto parking. The property is 100% occupied by Redcats, with a lease expiration of August 31, 2016. Redcats has an option to extend the term of its lease for three successive periods of five years.

This property also includes approximately 12 acres for future development. The parcel can accommodate an expansion to the existing building of approximately 316,000 square feet of GLA. Redcats has an option to require the REIT to complete an expansion of the building, provided that there are at least five years remaining in its lease term (including renewal terms).

6579 West 350 North — Greenfield (Indianapolis), Indiana

Located in Greenfield (Indianapolis), Indiana, 6579 West 350 North is a multi-tenant, modern distribution facility, totalling approximately 629,241 square feet of GLA. Built in 2002, the property features 32-foot clear ceiling height, ample dock doors, an ESFR sprinkler system and ample trailer and auto parking. The property is 100% occupied. Emerson Electric Company (NYSE: EMR) occupies 288,943 square feet, with a lease expiration of November 30, 2014, Formica occupies 130,200 square feet, with a lease expiration of July 31, 2014, and S. Abraham & Sons, Inc. occupies 210,298 square feet, with a lease expiration of September 30, 2021. Each of the tenants has an option to extend the term of its lease for one term of five years.

1105 East Northfield Drive — Brownsburg (Indianapolis), Indiana

Located in Brownsburg (Indianapolis), Indiana, 1105 Northfield Drive is a multi-tenant, modern distribution facility, totalling approximately 526,200 square feet of GLA. Built in 2007, the property features 32-foot clear ceiling height, ample dock doors, an ESFR sprinkler system, T-5 lighting and ample trailer and auto parking. The property is 100% occupied. LifeScience Logistics occupies 394,200 square feet, with a lease expiration of June 30, 2020, and Snyders-Lance, Inc. (NASDAQ: LNCE) occupies the remaining 132,000 square feet, with a lease expiration of April 30, 2015. LifeScience Logistics has an option to extend the term of its lease for five successive periods of five years each. Snyders-Lance, Inc. has an option to extend the term of its lease for two successive periods of two years each.

500 Sumner Way — New Century (Kansas City), Kansas

Located in New Century (Kansas City), Kansas, 500 Sumner Way is a single-tenant distribution facility, totalling approximately 311,100 square feet of GLA. Built in 1983, with expansions in 1994, 1998 and 2003, the property features 24-foot clear ceiling height in the warehouse space, ample dock doors, an ESFR sprinkler system, T-5 motion sensor lighting, ample auto parking, trailer drops and an expansive outside storage lot. The property is located approximately 200 yards from the runway at New Century Aircenter in southwest Kansas City and minutes from Interstate 35. The property is 100% occupied by KGP, with a lease expiration of December 31, 2018.

2440-2450 Midpoint Drive — Edwardsville (Kansas City), Kansas

Located in Edwardsville (Kansas City), Kansas, 2440-2450 Midpoint Drive is a multi-tenant, modern distribution facility, totalling approximately 225,000 square feet of GLA. Built in 2006, the property features 30-foot clear ceiling height, ample dock doors, an ESFR sprinkler system, T-5 lighting and ample trailer and auto parking. The property is 100% occupied. Lagasse, Inc. occupies 90,000 square feet, with a lease expiration of May 18, 2016, and MWI Veterinary Supply, Inc. (NASDAQ: MWIV) occupies 135,000 square feet, with a lease expiration of August 31, 2021. Each of the tenants has an option to extend the term of its lease for a period of five years.

2401 and 2430 Midpoint Drive — Edwardsville (Kansas City), Kansas

Located in Edwardsville (Kansas City), Kansas, 2401-2430 Midpoint Drive is a single-tenant, modern distribution facility, totalling approximately 180,000 square feet of GLA. Built in 2005, the property features 30-foot clear ceiling height, ample dock doors, an ESFR sprinkler system, T-5 lighting and ample trailer and auto parking. The property is 100% occupied by OfficeMax Inc. ("**OfficeMax**") (NYSE: OMX), with a lease expiration of February 29, 2016. OfficeMax has an option to extend the term of its lease for one term of five years.

This property also includes land for future development that can accommodate an expansion of the existing property or a newly constructed industrial building ranging in size from approximately 60,000 to 80,000 square feet of GLA.

8500 - 8950 Hedge Lane Terrace — Shawnee (Kansas City), Kansas

Located in Shawnee (Kansas City), Kansas, 8500-8950 Hedge Lane Terrace is a multi-tenant, modern distribution facility, totalling approximately 111,000 square feet of GLA. Built in 1999, the property features 26- to 30-foot clear ceiling height, ample dock doors and ample trailer and auto parking. The property is 100% occupied. Eiko, Ltd. occupies 72,000 square feet, with a lease expiration of November 30, 2016, and Special Product Company occupies 39,000 square feet, with a lease expiration of January 31, 2017. Special Product Company has an option to extend the term of its lease for one period of five years.

40 Logistics Boulevard — Walton (Cincinnati), Kentucky

Located in Walton (Cincinnati), Kentucky in the Northern Kentucky submarket, 40 Logistics Boulevard is a single-tenant modern distribution facility, totalling approximately 543,512 square feet of GLA. Built in 2007, the

property features 32-foot clear ceiling height, ample dock doors, an ESFR sprinkler system, T-5 lighting and ample trailer and auto parking. The property is 100% occupied by GSI, with a lease expiration of April 30, 2017. GSI has an option to extend the term of its lease for three successive terms of five years each.

25295 Guenther Road — Warren (Detroit), Michigan

Located in Warren (Detroit), Michigan, 25295 Guenther Road is a multi-tenant distribution facility, totalling approximately 233,900 square feet of GLA. Built in 1997 and expanded in 2008, the property features 32-foot clear ceiling height, ample dock doors and drive-ins, a fully-sprinkled wet pipe system, T-5 lighting and ample auto and trailer parking. An additional parking surface was recently completed on the south side of the property. The property is 100% occupied. Brose Jefferson, Inc., occupies 96,250 square feet, with a lease expiration of January 31, 2017, and Oakley Industries, Inc. occupies 137,650 square feet with a lease expiration of October 31, 2014. Brose Jefferson, Inc. has an option to extend the term of its lease for one term of two years. Oakley Industries, Inc. has an option to extend the term of its lease for one term of two to seven years, as specified by Oakley Industries, Inc. in written notice to the landlord.

224 North Hoover Road — Durham, North Carolina

Located in Durham, North Carolina, 224 North Hoover Road is a single-tenant distribution facility, totalling approximately 252,465 square feet of GLA. Built in 1972 and expanded in 1995, the property features 24-foot clear ceiling height, ample dock doors and drive-ins, a fully sprinkled wet pipe system, metal halide lighting, and ample auto parking and trailer drops. The property is 100% occupied by James Brown Contracting, Inc., with a lease expiration of September 30, 2016. James Brown Contracting, Inc. has an option to extend the term of its lease for one term of five years.

6766 Pontius Road — Groveport (Columbus), Ohio

Located in Groveport (Columbus), Ohio, 6766 Pontius Road is a single-tenant modern distribution facility, totalling approximately 754,000 square feet of GLA. Built in 2006, the property is currently 79% occupied. The property features 32- to 37-foot clear ceiling height, ample dock doors, an ESFR sprinkler system, T-5 lighting and ample trailer and auto parking. Honeywell is the sole tenant in the property occupying 594,000 square feet, with a lease expiration of December 31, 2018. Honeywell has the right to lease available space in the premises.

3051 Creekside Parkway — Obetz (Columbus), Ohio

Located in Obetz (Columbus), Ohio, 3051 Creekside Parkway is a single-tenant modern distribution facility, totalling approximately 737,471 square feet of GLA. Built in 2006, the property features 32- to 34-foot clear ceiling height, ample dock doors, an ESFR sprinkler system, T-8 lighting and ample trailer and auto parking. The property is 100% occupied by Zulily, with a lease expiration of May 31, 2017. Zulily has an option to extend the term of its lease for three successive five-year terms.

325 Larsen Drive — Fond du Lac, Wisconsin

Located west of Milwaukee in Fond Du Lac, Wisconsin, 325 Larsen Drive is a single-tenant distribution facility totalling approximately 234,000 square feet of GLA. Built in 1996, the property features 42-foot clear ceiling height, ample dock doors and ample trailer and auto parking. The property is 100% occupied by Mercury Marine (a division of Brunswick Corporation (NYSE: BC)), with a lease expiration of December 31, 2017. Mercury Marine has an option to extend the term of its lease for two successive terms of five years each.

1962 Queenland Drive — Mosinee (Wausau), Wisconsin

Located in Mosinee (Wausau), Wisconsin, 1962 Queenland Drive is a single-tenant modern distribution facility, totalling approximately 106,000 square feet of GLA. Built in 2007, the property features 28-foot clear ceiling height, ample dock doors and ample trailer and auto parking. The property is 100% occupied by Woods Equipment Company (a division of Blount International, Inc. (NYSE: BLT)), with a lease expiration of December 16, 2027. Woods Equipment Company has an option to extend the term of its lease for two successive terms of five years each.

Warehouse

1685 Boggs Road — Duluth (Atlanta), Georgia

Located in Duluth (Atlanta), Georgia, 1685 Boggs Road is a multi-tenant distribution facility, totalling approximately 164,008 square feet of GLA. Built in 1996, the property features 26-foot clear ceiling height, an ESFR sprinkler system, ample dock doors and trailing loading/parking capacity. The property is 100% occupied. Max Moulding, Inc., occupies 30,489 square feet, with a lease expiration of January 31, 2020, Blackpowder Products Inc., occupies 32,903 square feet, with a lease expiration of May 31, 2016, Southern Doors, LLC occupies 37,731 square feet, with a lease expiration of August 31, 2016, and Dow Electronics occupies 62,885 square feet, with a lease expiration of June 30, 2019. Each of the tenants has an option to extend the term of its lease for a period of at least three years.

2940 Old Norcross Road — Duluth (Atlanta), Georgia

Located in Duluth (Atlanta), Georgia, 2940 Old Norcross Road is a multi-tenant distribution facility, totalling approximately 132,394 square feet of GLA. Built in 1994, the property features 24-foot clear ceiling height, ample dock doors, a wet sprinkler system, and trailing loading/parking capacity. The property is 100% occupied by three tenants. Zenith Companies occupies 14,394 square feet, with a lease expiration of February 28, 2014, E.C., Frazier & Associates, Inc. occupies 24,000 square feet, with a lease expiration of December 31, 2014, and Stephen Gould Corporation occupies 94,000 square feet, with a lease expiration of November 30, 2019. Both Zenith Companies and Stephen Gould Corporation have options to extend the terms of their leases for at least ten years. Stephen Gould Corporation also has an option to terminate its lease with respect to a portion of the premises only effective on November 30, 2014 upon payment of a termination fee of $79,502.

115 West Lake Drive — Glendale Heights (Chicago), Illinois

Located in Glendale Heights (Chicago), Illinois, 115 West Lake Drive is a multi-tenant warehouse facility, totalling approximately 79,515 square feet of GLA. Built in 1999, the property features 24-foot clear ceiling height with ample dock doors and trailing loading/parking capacity. The property is 55% occupied by two tenants. A subsidiary of FedEx Corporation (NYSE: FDX) occupies 27,787 square feet, with a lease expiration of September 30, 2013, and Phoenix Paper Co., Inc. occupies 16,065 square feet, with a lease expiration of June 30, 2016. The subsidiary of FedEx Corporation has an option to extend the term of its lease for two successive terms of five years each. Phoenix Paper Co., Inc. has an option to extend the term of its lease for one term of five years.

1880 Parkview Drive — Shoreview (Minneapolis), Minnesota

Located in Shoreview (Minneapolis), Minnesota, 1880 Parkview Drive is a single-tenant facility comprised of one single-story building, totalling approximately 71,481 square feet of GLA of office and warehouse space. Built in 2003, the property features 20-foot clear ceiling height, ample dock doors, a wet sprinkler system and ample trailer and auto parking. The property is 100% occupied by Fiserv Solutions, Inc., with a lease expiration of November 30, 2016. Fiserv Solutions, Inc. has an option to terminate the lease on November 30, 2014 provided that a termination fee equal to two months' rent plus unamortized tenant improvement, space planning and commission costs is paid.

707 West County Road E — Shoreview (Minneapolis), Minnesota

Located in Shoreview (Minneapolis), Minnesota, just off Interstate 694, 707 West County Road E is a single tenant building, totalling approximately 71,338 square feet of GLA of office and warehouse space. Built in 1973, and renovated and expanded in 2008, the property features average 25-foot clear ceiling height, ample auto parking and seven-inch reinforced concrete floors. The property is 100% occupied by PaR Systems, Inc., with a lease expiration of March 31, 2023. The lease will automatically renew for two successive terms of five years each, unless PaR Systems, Inc. delivers a notice declining to extend the term.

7401 Cahill Road — Edina (Minneapolis), Minnesota

Located in Edina (Minneapolis), Minnesota, 7401 Cahill Road is a single-story, multi-tenant warehouse facility, totalling approximately 45,672 square feet of GLA. Built in 1979, and renovated in 1991, the property features 18-foot clear ceiling height, ample dock doors, a wet sprinkler system, ample trailer and auto parking, and five-inch reinforced concrete floors. The property is 100% occupied. Apres, Inc. occupies 17,019 square feet, with a lease expiration of December 31, 2013, IMM Group, Inc. occupies 7,149 square feet, with a lease expiration of May 31, 2014, and Innovative Office Solutions occupies 21,504 square feet, with a lease expiration of August 30, 2013.

3440 Symmes Road — Hamilton (Cincinnati), Ohio

Located in Hamilton (Cincinnati), Ohio, 3440 Symmes Road is a single-tenant warehouse building, totalling approximately 54,000 square feet of GLA. Built in 2000, the property features 24-foot clear ceiling height, ample dock doors and drive-ins, a fully sprinkled wet pipe system and ample auto parking. The property is 100% occupied by Jason Incorporated, with a lease expiration of December 31, 2016.

25 Enterprise Drive — Hamilton (Cincinnati), Ohio

Located in Hamilton (Cincinnati), Ohio, 25 Enterprise Drive is a multi-tenant warehouse building, totalling approximately 45,000 square feet of GLA. Built in 2003, the property features 24-foot clear ceiling height, ample dock doors and drive-ins, a fully sprinkled wet pipe system and ample auto parking. The property is 56% occupied by Flip-n-Twist Gymnastics, with a lease expiration of April 30, 2019. The remaining 20,000 square feet of the property is currently vacant.

5200-5390 Ashland Way — Franklin (Milwaukee), Wisconsin

Located in Franklin (Milwaukee), Wisconsin, 5200-5390 Ashland Way is a multi-tenant warehouse building comprised of two single-story buildings, totalling approximately 155,320 square feet of GLA and sharing a functional truck court. Built in 1999, the property features 24-foot clear ceiling height, ample dock doors and drive-ins, a wet sprinkler system and ample trailer and auto parking. The property is 100% occupied and located approximately two miles west of Interstate 94. The property's major tenants include CEVA Freight, LLC, occupying 77,660 square feet, with a lease expiration of September 30, 2013, and an affiliate of ThyssenKrupp AG (FRA: TKA), occupying 57,378 square feet, with a lease expiration of December 31, 2015. The affiliate of ThyssenKrupp AG has an option to extend the term of its lease for two successive terms of five years each.

N22 W23977 Ridgeview Parkway — Pewaukee (Milwaukee), Wisconsin

Located in Pewaukee (Milwaukee), Wisconsin, N22 W23977 Ridgeview Parkway is a multi-tenant distribution facility, totalling approximately 94,403 square feet of GLA. Built in 1998, the property features 24-foot clear ceiling height, ample dock doors and drive-ins, a fully sprinkled wet pipe system, T-5 lighting, and ample auto parking and trailer drops. The property is 100% occupied. Walters USA occupies 39,349 square feet, with a lease expiry of September 30, 2018, UPS Supply Chain Solutions, Inc., an affiliate of United Parcel Service, Inc., occupies 15,432 square feet, with a lease expiry of January 31, 2014 (NYSE:UPS), and Central National Gotteman Inc. occupies 39,622 square feet, with a lease expiry of January 31, 2018. Each of the tenants has an option to extend the term of its lease for a period of at least 14 months.

Flex

3000 Ames Crossing Drive — Eagan (Minneapolis), Minnesota

Located in Eagan (Minneapolis), Minnesota, 3000 Ames Crossing Drive is a single-story, multi-tenant office/warehouse facility, totalling approximately 116,549 square feet of GLA. Built in 2008, the property features 19-foot clear ceiling height, ample dock doors, a wet sprinkler system and ample trailer and auto parking. The property is currently 93.4% occupied. StayWell occupies 71,808 square feet, with a lease expiration of May 31, 2018, and Alliance One Receivables Inc. occupies 37,065 square feet, with a lease expiration of October 31, 2015. Each of the tenants has an option to extend the term of its lease for a period of at least five

years. StayWell has the option to terminate its lease on June 1, 2015 upon six months' notice and payment of a termination fee equal to the unamortized amount of all leasehold improvements, design fees and commissions actually paid with respect to the lease, amortized over the term at an interest rate of 10%.

5910 Rice Creek Parkway — Shoreview (Minneapolis), Minnesota

Located in Shoreview (Minneapolis), Minnesota, 5910 Rice Creek Parkway is comprised of one single-story building, totalling approximately 114,103 square feet of GLA in office and warehouse space. Built in 2002, the property features 20-foot clear ceiling height, ample dock doors, a wet sprinkler system and ample trailer and auto parking. The property is a 99.5% occupied, multi-tenant facility comprised of four tenants with lease expirations ranging from February 1, 2013 to July 31, 2016. The two largest tenants, Key Medical Supply Inc. and MSP Corporation, occupy 38,961 square feet and 37,729 square feet, respectively, with lease expirations of January 31, 2015 and March 31, 2016, respectively.

Office

4350 and 4400 Baker Road — Minnetonka (Minneapolis), Minnesota

Located in Minnetonka (Minneapolis), Minnesota, 4350 and 4400 Baker Road is an office campus comprised of two office buildings representing 167,190 square feet of suburban office space (48,178 square feet of which constitutes Welsh's head office). Developed by the Welsh organization to a LEED gold standard in 2008, the property features amenities including underground parking, fitness center, cafeteria, state-of-the-art meeting rooms, and high visibility along Interstate 494. The property is 98% occupied by 12 tenants with premises ranging in size from 1,200 to 54,000 square feet of GLA, and staggered lease expirations ranging from 2013 to 2020. The two largest tenants, Welsh Companies, LLC and PeopleNet Communications Corporation, occupy 48,178 square feet and 47,448 square feet, respectively, with lease expirations of May 31, 2020 and February 29, 2020, respectively. PeopleNet Communications Corporation has the option to extend the term of its lease for one period of five years and an option to terminate at two different times within the term with nine months' prior written notice to the landlord on September 1, 2014 and September 1, 2016, with a termination fee in the amount of $1,013,701 and $624,907 respectively. BLM Services LLC, one of the tenants at 4350 Baker Road, has an option to terminate its lease on December 31, 2013 upon 270 days' prior written notice upon payment of a termination fee of $71,279.95.

4400 Baker Road also includes approximately 5.5 acres of land for future development. The parcel can accommodate approximately 100,000 to 120,000 square feet of GLA of new office development.

8085 Rivers Avenue — North Charleston, South Carolina

Located in North Charleston, South Carolina, 8085 Rivers Avenue is an office building, representing approximately 158,583 square feet of GLA. Built in 1984 and remodeled in 1996, the building is situated on 16 acres of land, including 987 surface parking spaces. The property is 100% occupied by five tenants with premises ranging from 6,526 to 58,444 square feet, with staggered lease expirations ranging from 2013 to 2018. The two largest tenants are Per Se Technologies, Inc., occupying 58,444 square feet, with a lease expiration of August 31, 2015 and Palmetto Technical College, occupying 50,062 square feet, with a lease expiration of December 31, 2018. Per Se Technologies, Inc. has an option to extend the term of its lease for two successive terms of five years each. Two of the tenants at this property have options to terminate their leases on April 30, 2013 and July 31, 2015, respectively, provided that, in each case, a termination fee equal to unamortized leasing costs is paid.

ASSESSMENT AND VALUATION OF THE INITIAL PROPERTIES

Independent Appraisals

Welsh retained Altus Group U.S. Inc. (the "**Appraiser**") to provide an independent estimate of the fair market value of each of the Initial Properties (each an "**Appraisal**" and collectively the "**Appraisals**"). A copy of each of the Appraisals will be filed on SEDAR at www.sedar.com.

The Appraisals were each given as at February 15, 2013. Based on the Appraisals, the sum of the individual market values of the Initial Properties was estimated to be $452.8 million (inclusive of $3.5 million of excess land). On a portfolio basis, the estimated aggregate market value of the Initial Properties as at February 15, 2013 ranged between $460.8 million and $468.9 million, which includes a portfolio premium of 2% to 4%, applied to the industrial properties only, excluding land components and office properties.

The following is a summary of the Appraisals. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the terms of the Appraisals.

The Appraisals for the Initial Properties were prepared in conformity with the Uniform Standards of Professional Appraisal Practice of The Appraisal Foundation. The Appraisal Institute of the United States defines market value as "the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus." According to the Appraisal Institute of the United States, implicit in the definition of market value is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (i) buyer and seller are typically motivated; (ii) both parties are well informed or well advised, and acting in what they consider their best interests; (iii) a reasonable time is allowed for exposure of each individual property in the open market; (iv) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and (v) the price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

In determining the respective estimated fair market values of each of the Initial Properties, the Appraiser used the income approach (primarily discounted cash flow as well as direct capitalization). The cost approach and the sales comparison approach were used as supplemental value estimates. These valuation methods are used widely by investors when acquiring properties of this nature. The Appraiser gave consideration to a forecast of income for each Initial Property based on available information relating to signed lease agreements, income and expense statements and the 2013 budget (where available) in respect of each Initial Property. The Appraiser visited each of the Initial Properties to assess location and general physical characteristics and estimated the highest and best use for each Initial Property. Valuation parameters were used, having due regard to the income characteristics, current market conditions and prevailing economic and industry information. In appraising the Initial Properties, the Appraiser made certain standard assumptions, including, among other things, that: (i) title to the Initial Properties was good and marketable; (ii) there were no issues or concerns such as, but not limited to, engineering, environmental, zoning, planning or related issues affecting the Initial Properties; and (iii) there will be no change in market and economic conditions, physical building condition, legal/planning status or tenancy that would materially impact the value of the Initial Properties between the report date and the effective date of valuation. The foregoing assumptions as well as other assumptions listed in the Appraisals (some of which are summarized below) will affect the Appraiser's value conclusions.

Caution should be exercised in the evaluation and use of appraisal results. An Appraisal is an estimate of market value as of a specific date. It is not a precise measure of value but is based on a subjective comparison of related activity taking place in the real estate market. The Appraisals are based on various assumptions of future expectations and while the Appraiser's internal forecasts of NOI for the Initial Properties are considered to be reasonable at the current time, some of the assumptions may not materialize or may differ materially from actual experience in the future. A publicly traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Accordingly, the Units may trade at a premium or a discount to values implied by the Appraisals.

6600 Pritchard Road — Jacksonville, Florida

Based on the Appraisal in respect of 6600 Pritchard Road, the estimated market value of 6600 Pritchard Road as at February 15, 2013 was $5.6 million. In addition to the Appraiser's standard assumptions, in appraising 6600 Pritchard Road, the Appraiser assumed that no significant environmental concerns existed that would adversely affect the subject's economic viability and that the property complied with all current ADA requirements. As of the date of the Appraisal, the property was 66.8% leased to one tenant. In its income analysis, the Appraiser assumed six months free rent for the initial lease-up of the vacant space over 60-month lease terms and 0.5 months free per year of lease term for renewals and new leases at expiration. In its direct capitalization analysis, the Appraiser assumed lease-up of the vacant space and stabilized occupancy in two phases — half in six months and half in twelve months. Although the Appraiser assumed lease-up of the vacancy in the first year, Welsh is not underwriting lease-up of any vacancy in the year one forecast.

5301 West 5th Street — Jacksonville, Florida

Based on the Appraisal in respect of 5301 West 5th Street, the estimated market value of 5301 West 5th Street as at February 15, 2013 was $4.1 million. In addition to the Appraiser's standard assumptions, in appraising 5301 West 5th Street, the Appraiser assumed that no significant environmental concerns existed that would adversely affect the subject's economic viability and that the property complied with all current ADA requirements.

5540 Broadway Avenue — Jacksonville, Florida

Based on the Appraisal in respect of 5540 Broadway Avenue, the estimated market value of 5540 Broadway Avenue as at February 15, 2013 was $3.0 million. In addition to the Appraiser's standard assumptions, in appraising 5540 Broadway Avenue, the Appraiser assumed that no significant environmental concerns existed that would adversely affect the subject's economic viability and that the property complied with all current ADA requirements.

600 Hartman Industrial Court — Austell (Atlanta), Georgia

Based on the Appraisal in respect of 600 Hartman Industrial Court, the estimated market value of 600 Hartman Industrial Court as at February 15, 2013 was $24.0 million. In addition to the Appraiser's standard assumptions, in appraising 600 Hartman Industrial Court, the Appraiser assumed that no significant environmental concerns existed that would adversely affect the subject's economic viability and that the property complied with all current ADA requirements.

8 Mount Moriah Road — Auburn (Atlanta), Georgia

Based on the Appraisal in respect of 8 Mount Moriah Road, the estimated market value of 8 Mount Moriah Road as at February 15, 2013 was $12.9 million. In addition to the Appraiser's standard assumptions, in appraising 8 Mount Moriah Road, the Appraiser assumed that no significant environmental concerns existed that would adversely affect the subject's economic viability and that the property complied with all current ADA requirements.

1370 Discovery Industrial Court — Mableton (Atlanta), Georgia

Based on the Appraisal in respect of 1370 Discovery Industrial Court, the estimated market value of 1370 Discovery Industrial Court as at February 15, 2013 was $9.3 million. In addition to the Appraiser's standard assumptions, in appraising 1370 Discovery Industrial Court, the Appraiser assumed that no significant environmental concerns existed that would adversely affect the subject's economic viability and that the property complied with all current ADA requirements.

6751 Discovery Boulevard — Mableton (Atlanta), Georgia

Based on the Appraisal in respect of 6751 Discovery Boulevard, the estimated market value of 6751 Discovery Boulevard as at February 15, 2013 was $6.2 million. In addition to the Appraiser's standard

assumptions, in appraising 6751 Discovery Boulevard, the Appraiser assumed that no significant environmental concerns existed that would adversely affect the subject's economic viability and that the property complied with all current ADA requirements.

7515 Hartman Industrial Way — Austell (Atlanta), Georgia

Based on the Appraisal in respect of 7515 Hartman Industrial Way, the estimated market value of 7515 Hartman Industrial Way as at February 15, 2013 was $5.4 million. In addition to the Appraiser's standard assumptions, in appraising 7515 Hartman Industrial Way, the Appraiser assumed that no significant environmental concerns existed that would adversely affect the subject's economic viability and that the property complied with all current ADA requirements.

535 Shingle Oak Drive — West Chicago (Chicago), Illinois

Based on the Appraisal in respect of 535 Shingle Oak Drive, the estimated market value of 535 Shingle Oak Drive as at February 15, 2013 was $8.7 million. In addition to the Appraiser's standard assumptions, in appraising 535 Shingle Oak Drive, the Appraiser assumed that the findings of a Phase I environmental assessment of the property were true and correct, that no significant environmental concerns existed that would adversely affect the subject's economic viability and that the property complied with all current ADA requirements. Additionally, due to the recent acquisition of the property, the 2013 budget was not available for review; however, the Appraiser utilized market-appropriate income and expense estimates achievable by the subject property in estimating year-one cash flow.

3003 Reeves Road — Plainfield (Indianapolis), Indiana

Based on the Appraisal in respect of 3003 Reeves Road, the estimated market value of the defined interest in 3003 Reeves Road as at February 15, 2013 was $30.6 million and the estimated market value of the excess land portion of the property as at February 15, 2013 was $700,000. In addition to the Appraiser's standard assumptions, in appraising 3003 Reeves Road, the Appraiser assumed that no significant environmental concerns existed that would adversely affect the subject's economic viability and that the property complied with all current ADA requirements.

6579 West 350 North — Greenfield (Indianapolis), Indiana

Based on the Appraisal in respect of 6579 West 350 North, the estimated market value of 6579 West 350 North as at February 15, 2013 was $26.4 million. In addition to the Appraiser's standard assumptions, in appraising 6579 West 350 North, the Appraiser assumed that no significant environmental concerns existed that would adversely affect the subject's economic viability and that the property complied with all current ADA requirements.

1105 East Northfield Drive — Brownsburg (Indianapolis), Indiana

Based on the Appraisal in respect of 1105 East Northfield Drive, the estimated market value of the 1105 East Northfield Drive as at February 15, 2013 was $21.7 million. In addition to the Appraiser's standard assumptions, in appraising 1105 East Northfield Drive, the Appraiser assumed that no significant environmental concerns existed that would adversely affect the subject's economic viability and that the property complied with all current ADA requirements. Additionally, due to the recent acquisition of the property, the 2013 budget was not available for review; however, the Appraiser utilized market-appropriate income and expense estimates achievable by the subject property in estimating year-one cash flow.

500 Sumner Way — New Century (Kansas City), Kansas

Based on the Appraisal in respect of 500 Sumner Way, the estimated market value of 500 Sumner Way as at February 15, 2013 was $18.9 million. In addition to the Appraiser's standard assumptions, in appraising 500 Sumner Way, the Appraiser assumed that no significant environmental concerns existed that would adversely affect the subject's economic viability and that the property complied with all current ADA requirements.

2440-2450 Midpoint Drive — Edwardsville (Kansas City), Kansas

Based on the Appraisal in respect of 2440-2450 Midpoint Drive, the estimated market value of 2440-2450 Midpoint Drive as at February 15, 2013 was $14.0 million. In addition to the Appraiser's standard assumptions, in appraising 2440-2450 Midpoint Drive, the Appraiser assumed that no significant environmental concerns existed that would adversely affect the subject's economic viability and that the property complied with all current ADA requirements.

2401 and 2430 Midpoint Drive — Edwardsville (Kansas City), Kansas

Based on the Appraisal in respect of 2401 and 2430 Midpoint Drive, the estimated market value of the defined interest in 2401 and 2430 Midpoint Drive as at February 15, 2013 was $9.8 million and the estimated market value of the excess land parcel of 3.698 acres as at February 15, 2013 was $400,000. In addition to the Appraiser's standard assumptions, in appraising 2401 and 2430 Midpoint Drive, the Appraiser assumed that no significant environmental concerns existed that would adversely affect the subject's economic viability and that the property complied with all current ADA requirements.

8500-8950 Hedge Lane Terrace — Shawnee (Kansas City), Kansas

Based on the Appraisal in respect of 8500-8950 Hedge Lane Terrace, the estimated market value of 8500-8950 Hedge Lane Terrace as at February 15, 2013 was $6.6 million. In addition to the Appraiser's standard assumptions, in appraising 8500-8950 Hedge Lane Terrace, the Appraiser assumed that no significant environmental concerns existed that would adversely affect the subject's economic viability and that the property complied with all current ADA requirements.

40 Logistics Boulevard — Walton (Cincinnati-Hamilton), Kentucky

Based on the Appraisal in respect of 40 Logistics Boulevard, the estimated market value of 40 Logistics Boulevard as at February 15, 2013 was $26.3 million. In addition to the Appraiser's standard assumptions, in appraising 40 Logistics Boulevard, the Appraiser assumed that no significant environmental concerns existed that would adversely affect the subject's economic viability and that the property complied with all current ADA requirements. Additionally, due to the recent acquisition of the property, the 2013 budget was not available for review; however, the Appraiser utilized market-appropriate income and expense estimates achievable by the subject property in estimating year-one cash flow.

25295 Guenther Road — Warren (Detroit), Michigan

Based on the Appraisal in respect of 25295 Guenther Road, the estimated market value of 25295 Guenther Road as at February 15, 2013 was $13.1 million. In addition to the Appraiser's standard assumptions, in appraising 25295 Guenther Road, the Appraiser assumed that no significant environmental concerns existed that would adversely affect the subject's economic viability and that the property complied with all current ADA requirements.

224 North Hoover Road — Durham (Cincinnati), North Carolina

Based on the Appraisal in respect of 224 North Hoover Road, the estimated market value of 224 North Hoover Road as at February 15, 2013 was $7.3 million. In addition to the Appraiser's standard assumptions, in appraising 224 North Hoover Road, the Appraiser assumed that the property complied with all current ADA requirements and that no significant environmental concerns existed that would adversely affect the subject's economic viability.

6766 Pontius Road — Groveport (Columbus), Ohio

Based on the Appraisal in respect of 6766 Pontius Road, the estimated market value of 6766 Pontius Road as at February 15, 2013 was $25.5 million. In addition to the Appraiser's standard assumptions, in appraising 6766 Pontius Road, the Appraiser assumed that no significant environmental concerns existed that would adversely affect the subject's economic viability and that the property complied with all current ADA requirements. In its income analysis, the Appraiser also assumed that a vacant 160,000 square foot portion of the property was leased for a five-year period beginning in January 2014 at a rent of $2.50 per square foot. Although the Appraiser assumed lease-up of the vacancy in the first year, Welsh is not underwriting lease-up of any vacancy in the year one forecast. Additionally, due to the recent acquisition of the property, the 2013 budget was not available for review; however, the Appraiser utilized market-appropriate income and expense estimates achievable by the subject property in estimating year-one cash flow.

3051 Creekside Parkway — Obetz (Columbus), Ohio

Based on the Appraisal in respect of 3051 Creekside Parkway, the estimated market value of 3051 Creekside Parkway as at February 15, 2013 was $26.0 million. In addition to the Appraiser's standard assumptions, in appraising 3051 Creekside Parkway, the Appraiser assumed that no significant environmental concerns existed that would adversely affect the subject's economic viability and that the property complied with all current ADA requirements.

325 Larsen Drive — Fond du Lac, Wisconsin

Based on the Appraisal in respect of 325 Larsen Drive, the estimated market value of 325 Larsen Drive as at February 15, 2013 was $7.8 million. In addition to the Appraiser's standard assumptions, in appraising 325 Larsen Drive, the Appraiser assumed that no significant environmental concerns existed that would adversely affect the subject's economic viability and that the property complied with all current ADA requirements.

1962 Queenland Drive — Mosinee (Wausau), Wisconsin

Based on the Appraisal in respect of 1962 Queenland Drive, the estimated market value of 1962 Queenland Drive as at February 15, 2013 was $8.7 million. In addition to the Appraiser's standard assumptions, in appraising 1962 Queenland Drive, the Appraiser assumed that no significant environmental concerns existed that would adversely affect the subject's economic viability and that the property complied with all current ADA requirements.

1685 Boggs Road — Duluth (Atlanta), Georgia

Based on the Appraisal in respect of 1685 Boggs Road, the estimated market value of 1685 Boggs Road as at February 15, 2013 was $7.4 million. In addition to the Appraiser's standard assumptions, in appraising 1685 Boggs Road, the Appraiser assumed that no significant environmental concerns existed that would adversely affect the subject's economic viability and that the property complied with all current ADA requirements.

2940 Old Norcross Road — Duluth (Atlanta), Georgia

Based on the Appraisal in respect of 2940 Old Norcross Road, the estimated market value of 2940 Old Norcross Road as at February 15, 2013 was $6.6 million. In addition to the Appraiser's standard assumptions, in appraising 2940 Old Norcross Road, the Appraiser assumed that no significant environmental concerns existed that would adversely affect the subject's economic viability and that the property complied with all current ADA requirements.

115 West Lake Drive — Glendale Heights (Chicago), Illinois

Based on the Appraisal in respect of 115 West Lake Drive, the estimated market value of 115 West Lake Drive as at February 15, 2013 was $4.5 million. In addition to the Appraiser's standard assumptions, in appraising 115 West Lake Drive, the Appraiser assumed that no significant environmental concerns existed that

would adversely affect the subject's economic viability and that the property complied with all current ADA requirements. Further, the Appraiser modeled into its valuation of this property a renewal lease with FedEx/Kinko that had not been signed at the date of the Appraisal based on terms provided to the Appraiser by Welsh.

1880 Parkview Drive — Shoreview (Minneapolis), Minnesota

Based on the Appraisal in respect of 1880 Parkview Drive, the estimated market value of 1880 Parkview Drive as at February 15, 2013 was $8.7 million. In addition to the Appraiser's standard assumptions, in appraising 1880 Parkview Drive, the Appraiser assumed that the property complied with all current ADA requirements and that no significant environmental concerns existed that would adversely affect the subject's economic viability.

707 West County Road E — Shoreview (Minneapolis), Minnesota

Based on the Appraisal in respect of 707 West County Road E, the estimated market value of 707 West County Road E as at February 15, 2013 was $7.0 million. In addition to the Appraiser's standard assumptions, in appraising 707 West County Road E, the Appraiser assumed that no significant environmental concerns existed that would adversely affect the subject's economic viability and that the property complied with all current ADA requirements.

7401 Cahill Road — Edina (Minneapolis), Minnesota

Based on the Appraisal in respect of 7401 Cahill Road, the estimated market value of 7401 Cahill Road as at February 15, 2013 was $3.0 million. In addition to the Appraiser's standard assumptions, in appraising 7401 Cahill Road, the Appraiser assumed that the property complied with all current ADA requirements and that no significant environmental concerns existed that would adversely affect the subject's economic viability.

3440 Symmes Road — Hamilton (Cincinnati), Ohio

Based on the Appraisal in respect of 3440 Symmes Road, the estimated market value of 3440 Symmes Road as at February 15, 2013 was $2.8 million. In addition to the Appraiser's standard assumptions, in appraising 3440 Symmes Road, the Appraiser assumed that no significant environmental concerns existed that would adversely affect the subject's economic viability and that the property complied with all current ADA requirements.

25 Enterprise Drive — Hamilton (Cincinnati), Ohio

Based on the Appraisal in respect of 25 Enterprise Drive, the estimated market value of 25 Enterprise Drive as at February 15, 2013 was $2.0 million. In addition to the Appraiser's standard assumptions, in appraising 25 Enterprise Drive, the Appraiser assumed that 20,000 square feet of vacant space on the property would be leased within nine months of the start date of the analysis, that no significant environmental concerns existed that would adversely affect the subject's economic viability and that the property complied with all current ADA requirements. Although the Appraiser assumed lease-up of the vacancy in the first year, Welsh is not underwriting lease-up of any vacancy in the year one forecast.

5200-5390 Ashland Way — Franklin (Milwaukee), Wisconsin

Based on the Appraisal in respect of 5200-5390 Ashland Way, the estimated market value of 5200-5390 Ashland Way as at February 15, 2013 was $8.5 million. In addition to the Appraiser's standard assumptions, in appraising 5200-5390 Ashland Way, the Appraiser assumed that no significant environmental concerns existed that would adversely affect the subject's economic viability and that the property complied with all current ADA requirements.

N22 W23977 Ridgeview Parkway — Pewaukee (Milwaukee), Wisconsin

Based on the Appraisal in respect of N22 W23977 Ridgeview Parkway, the estimated market value of N22 W23977 Ridgeview Parkway as at February 15, 2013 was $5.6 million. In addition to the Appraiser's

standard assumptions, in appraising N22 W23977 Ridgeview Parkway, the Appraiser assumed that no significant environmental concerns existed that would adversely affect the subject's economic viability and that the property complied with all current ADA requirements.

3000 Ames Crossing Drive — Eagan (Minneapolis), Minnesota

Based on the Appraisal in respect of 3000 Ames Crossing Drive, the estimated market value of 3000 Ames Crossing Drive as at February 15, 2013 was $14.2 million. In addition to the Appraiser's standard assumptions, in appraising 3000 Ames Crossing Drive, the Appraiser assumed that the property complied with all current ADA requirements and that no significant environmental concerns existed that would adversely affect the subject's economic viability. The Appraiser also noted in its Appraisal that there is an existing easement on the property, which is utilized as parking for the property. However, the building is fully functional and includes adequate parking without inclusion of the easement.

5910 Rice Creek Parkway — Shoreview (Minneapolis), Minnesota

Based on the Appraisal in respect of 5910 Rice Creek Parkway, the estimated market value of 5910 Rice Creek Parkway as at February 15, 2013 was $9.2 million. In addition to the Appraiser's standard assumptions, in appraising 5910 Rice Creek Parkway, the Appraiser assumed that no significant environmental concerns exist that would adversely affect the subject's economic viability and that the property complied with all current ADA requirements.

4350 & 4400 Baker Road — Minnetonka (Minneapolis), Minnesota

Based on the Appraisal in respect of 4350 & 4400 Baker Road, the estimated total market value of 4350 & 4400 Baker Road as at February 15, 2013 was $33.2 million. In addition to the Appraiser's standard assumptions, in appraising 4350 & 4400 Baker Road, the Appraiser assumed that no significant environmental concerns exist that would adversely affect the subject's economic viability and that the property complied with all current ADA requirements.

8085 Rivers Avenue — North Charleston, South Carolina

Based on the Appraisal in respect of 8085 Rivers Avenue, the estimated market value of 8085 Rivers Avenue as at February 15, 2013 was $17.1 million. In addition to the Appraiser's standard assumptions, in appraising 8085 Rivers Avenue, the Appraiser assumed that no significant environmental concerns existed that would adversely affect the property's economic viability and that the property complied with all current ADA requirements. The Appraiser also noted in its Appraisal that the property appears to have originally been developed to be occupied by a large retail tenant and was subsequently converted to a single-story office service project.

Environmental Site Assessments

Each of the Initial Properties has been the subject of a Phase I environmental site assessment report (collectively, the "**Phase I ESA Reports**") prepared by independent and experienced environmental consultants for Welsh from December 2012 to January 2013. The Phase I ESA Reports were prepared in general accordance with the current ASTM International Standard Practice for Environmental Site Assessments — Phase I Environmental Site Assessment Process. In general, the purpose of the Phase I ESA Reports was to identify any recognized environmental conditions ("**RECs**") at the Initial Properties, which means the presence or likely presence of any hazardous substances or petroleum products on any Initial Property under conditions that indicate an existing release, a past release, or a material threat of a release of any hazardous substances or petroleum products into structures on an Initial Property or into the ground, groundwater or surface water of an Initial Property. Intrusive sampling and analysis were not part of these Phase I ESA Reports.

Based on the Phase I ESA Reports, the independent and experienced environmental consultants did not identify any RECs that warranted further environmental assessment or investigation at any of the Initial Properties.

The REIT's operating policy is to obtain a Phase I environmental site assessment of each real property to be acquired by it and, if the Phase I environmental site assessment report recommends that a further environmental site assessment be conducted, the REIT will have conducted such further environmental site assessments, in each case by an independent and experienced environmental consultant. As a condition to any acquisition of real property, such assessments will be satisfactory to the Trustees. Based on the Phase I ESA Reports, the independent environmental consultants did not identify any RECs that warranted further environmental assessment investigation at any of the Initial Properties.

Management is not aware of any non-compliance with environmental laws at any of the Initial Properties that management believes would have a material adverse effect on the REIT. Management is not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of the Initial Properties that would materially adversely affect the REIT or the values of the Initial Properties, taken as a whole, as determined by the Appraiser. The REIT and Welsh, as external asset and property manager, will implement policies and procedures to assess, manage and monitor environmental conditions at the Initial Properties, and to manage exposure to potential liability. See "Risk Factors — Risk Factors Related to the Real Estate Industry — Environmental Matters".

Building Condition Assessments

Each of the Initial Properties has been the subject of a building condition assessment report (collectively, the "**BCA Reports**") prepared by an independent consulting or engineering firm for Welsh from December 2012 to January 2013. The BCA Reports were prepared for each of the Initial Properties for the purpose of assessing and documenting the existing condition of each building and major building operating components and systems forming part of the Initial Properties. The BCA Reports also identified and quantified major defects in materials or systems which might significantly affect the value of any of the Initial Properties or the continued operation thereof. Each of the BCA Reports assessed work required to be completed immediately (i.e., within 90 days of the assessment) and work recommended to be performed in subsequent periods. The BCA Reports identified approximately $0.5 million in immediate required expenditures and $12.7 million in possible capital replacements for the Initial Properties over the next 12 years.

As summarized in the table below, of the estimated $4.7 million in costs identified in the BCA Reports over the next five years, management has estimated that $0.7 million of these amounts will be the direct responsibility of tenants. Non-recoverable and recoverable amounts comprise the balance of the capital expenditures recommended to be completed over the next five years.

Forecast Capital Expenditures ($000's)

	Immediate Cost	5 Year Reserve						
		2013	2014	2015	2016	2017	Total	Avg.
Recoverable & Non-recoverable expense .	$380	$285	$1,038	$709	$441	$1,552	$4,026	$805
Direct Tenant Work	$104	$245	$ 111	$ 46	$132	$ 145	$ 678	$136
Forecast Capital Expenditures	**$484**	**$530**	**$1,149**	**$755**	**$574**	**$1,697**	**$4,704**	**$941**

Management has undertaken to complete all of the immediate work recommended in the BCA Reports following Closing. As security for this obligation, Welsh has agreed to pledge to the REIT, as security agent for the Partnership, on Closing the number of Class B Units equivalent in value to $0.5 million. The pledged Class B Units will be released upon Welsh providing the Independent Trustees with satisfactory evidence that all of the immediate work recommended in the BCA Reports has been completed. See "The Acquisition — Contribution Agreement".

Included in the 2013 forecast capital expenditures are approximately $0.2 million relating to asphalt and concrete repairs in respect of the parking lot at 224 North Hoover Road and approximately $0.2 million relating to roof repairs at 707 West County Road E. Management expects that the expenditures in respect of 707 West County Road E will be paid directly by the tenant at this property.

In its calculation of AFFO for the 12-month period ending March 31, 2014 (See "Financial Forecast"), management has budgeted $850,000 of annual capital expenditures notwithstanding that a significant portion of

such amounts will be recoverable from tenants through gross rents. The $0.7 million of direct work will be funded by tenants directly and, as such, has been excluded from the REIT's capital reserve for AFFO purposes.

As part of its annual asset review program, the REIT will monitor the appropriate level of repairs and maintenance and capital expenditures to ensure that the Initial Properties remain competitive. The REIT intends to manage capital expenditures prudently in order to maintain the physical condition of the Initial Properties.

DEBT STRATEGY AND INDEBTEDNESS

Future Debt Strategy

The REIT intends to maintain a balanced debt profile, taking into account market conditions and the financial characteristics of each property. The future debt strategy will be to obtain secured mortgage financing, primarily on a fixed rate basis, with a term to maturity that is appropriate in relation to the lease maturity profile of the REIT's portfolio. The REIT intends to maintain staggered mortgage debt maturities to mitigate interest rate risk and limit re-financing exposure in any particular period. The REIT also intends to enter into long-term loans at fixed rates when borrowing conditions are favourable.

The Declaration of Trust provides that the REIT may not incur or assume any indebtedness if, after giving effect to the incurring or assumption of such indebtedness, the total indebtedness of the REIT would be more than 60% of Gross Book Value (or 65% of Gross Book Value including convertible debentures). Management of the REIT currently intends to target a total indebtedness level at or below 55% of Gross Book Value. The REIT intends to satisfy principal repayments and other capital expenditures in future years through a combination of re-financing of existing mortgages, working capital and through the Revolving Facility.

Debt Composition

The REIT intends to finance the acquisition of the Initial Properties and its ongoing operations with a combination of fixed rate secured debt with staggered maturities and floating rate debt under the Revolving Facility. The fixed rate debt is expected to be comprised of the Assumed Mortgages and the floating rate debt will be incurred pursuant to the Revolving Facility.

At the time of Closing, the REIT estimates that its aggregate indebtedness, including the Assumed Mortgages and the amounts drawn on the Revolving Facility, will be approximately $236.2 million (or $240.9 million including a mark-to-market adjustment of $4.7 million on the Assumed Mortgages). Total indebtedness is estimated to represent approximately 54.1% of Gross Book Value at Closing.

Revolving Facility

At the time of Closing, the REIT anticipates that the Partnership will enter into a senior secured revolving credit facility (the "**Revolving Facility**"). Pursuant to the terms of a non-binding indicative term sheet, the Revolving Facility will consist of a $75 million senior secured revolving line of credit, with availability determined subject to compliance with a number of borrowing base tests. The Revolving Facility will be available for acquisitions, development, debt repayment and general corporate purposes, and will have an initial maturity of three years, subject to a one-year extension option upon payment of an extension fee and satisfaction of other conditions. Security for the Revolving Facility will consist of a pledge of the Partnership's interest in its wholly owned subsidiaries that hold the Borrowing Base Properties, and will be guaranteed by each such wholly owned subsidiary and by the REIT and US Holdco. An accordion feature will be included which could increase the size of the facility to $200 million, subject to lender approval.

Pricing for the Revolving Facility is expected to be calculated at the Partnership's option at either a base rate or LIBOR (with one, two or three month LIBOR periods), in each case plus an applicable margin that will vary depending on corporate leverage. The base rate will be equal to the greater of (i) the fluctuating annual rate of interest announced from time to time by KeyBank National Association at its head office as the "prime rate" plus 1.0%, (ii) 0.5% above the federal funds effective rate or (iii) 30 day LIBOR plus the applicable margin. It is expected that interest will be payable monthly. There will be no principal payments due prior to maturity except due to changes in the borrowing base availability.

The initial list of Borrowing Base Properties will be set at Closing. The Partnership will have the ability to add other properties to the borrowing base and to remove properties, in each case if certain requirements are met. The maximum borrowings will not be permitted to exceed the lesser of (i) a set percentage of the appraised value of the Borrowing Base Properties, and (ii) the amount implied by a debt service coverage ratio of not less than 1.50 to 1.00 based on a defined mortgage constant.

The Revolving Facility will include financial covenants (i) requiring the Partnership to maintain certain loan to value and debt service coverage ratios; (ii) requiring that the Partnership and its affiliates maintain a tangible net worth of at least $150 million initially plus 80% of future equity offerings and interests in the Partnership issued upon the contribution of assets to the Partnership or any of its Subsidiaries; (iii) requiring the Partnership to maintain overall leverage of less than 65% during the first 18 months and reducing to 60% thereafter; (iv) requiring the Partnership to ensure a maximum pay-out ratio equal to 95% of FFO; and (v) requiring the Partnership to maintain aggregate occupancy rates of 85% for the properties pledged as security.

Based on current estimates, approximately $64 million will be available to the REIT on Closing under the Revolving Facility. At the time of Closing, the Partnership intends to draw approximately $50.2 million on the Revolving Facility to refinance and satisfy debt, including mortgages that encumber certain of the Initial Properties which were transferred to the REIT subject to such debt, which represents approximately 21.3% of the REIT's total indebtedness. On Closing, the REIT intends to purchase an interest rate cap instrument covering a notional principal amount of $50 million and providing for a U.S. LIBOR cap of 50 basis points. The cap will result in payments to the Partnership equal to the product of (i) $50 million and (ii) the extent by which actual one-month U.S. LIBOR exceeds 50 basis points over the two year term of the instrument.

Assumed Mortgages

The REIT's aggregate indebtedness on Closing will also include the Assumed Mortgages, which consist of ten mortgage loans / loan pools with an aggregate principal amount of approximately $185.9 million, excluding a mark-to-market adjustment of $4.7 million. The Assumed Mortgages have varying maturities ranging from April 2014 through to February 2023, with 76.3% of the aggregate principal amount maturing after 2017. At the time of Closing, the Assumed Mortgages are expected to have a weighted average term to maturity and a weighted average interest rate of approximately 7.2 years and 4.64%, respectively.

Loan / Loan Pool	Principal Amount Expected at Closing ($000s)	Maturity Date	Interest Rate
1962 Queenland Drive	$ 3,270	April 2014	5.50%
Prudential Loan Pool[(1)]	$ 22,310	December 2016	5.77%
Atlanta Loan Pool I[(2)]	$ 19,500	August 2018	4.50%
Atlanta Loan Pool II[(3)]	$ 13,700	August 2018	4.50%
6579 West 350 North and 3003 Reeves Road	$ 23,895	October 2021	4.90%
3000 Ames Crossing Drive	$ 7,775	September 2021	5.75%
1880 Parkview Drive and 5910 Rice Creek Parkway	$ 11,531	July 2014	5.69%
2401-2430 Midpoint Drive, & 2440-2450 Midpoint Drive and 8500-8950 Hedge Lane Terrace	$ 17,025	December 2021	4.75%
115 West Lake Drive and N22 W23977 Ridgeview Parkway	$ 6,926	January 2021	5.80%
Allianz Loan Pool[(4)]	$ 60,000	February 2023	3.65%
Total/Weighted Average	$185,933	June 2020	4.64%

Notes:

(1) The Prudential Pool consists of the following Initial Properties: 5301 West 5th Street; 5540 Broadway Avenue; 25 Enterprise Drive; 3440 Symmes Road; and 8085 Rivers Avenue.

(2) The Atlanta Loan Pool I consists of the following Initial Properties: 1370 Discovery Industrial Court; 6751 Discovery Boulevard; 8 Mount Moriah Road; 1685 Boggs Road; and 2940 Old Norcross Road.

(3) The Atlanta Loan Pool II consists of the following Initial Properties: 600 Hartman Industrial Court and 7515 Hartman Industrial Way.

(4) The Allianz Loan Pool consists of the following Initial Properties: 535 Shingle Oak Drive; 1105 East Northfield Drive; 40 Logistics Drive; 6766 Pontius Road; and 3051 Creekside Parkway.

Each of the Assumed Mortgages are subject to customary contractual terms for mortgages and mortgage pools of a similar nature. Each of the mortgages in an Assumed Mortgage Pool will be cross-collateralized and cross-defaulted within such pool but, for greater certainty, the Assumed Mortgages in different pools will not be cross-collateralized or cross-defaulted with each other, except for Atlanta Loan Pool I and Atlanta Loan Pool II which will be cross-collateralized and cross-defaulted with each other.

At Closing, at the request of certain of the lenders and as an accommodation to the REIT, Welsh will remain as guarantor of certain liabilities under the Assumed Mortgages. In connection with these continuing guaranties, at Closing the Partnership and Welsh will enter into an indemnification agreement providing for an indemnity by the Partnership in favour of Welsh to cover any losses by Welsh under these guaranties.

Debt Maturities

The Assumed Mortgages are characterized by a staggered maturity profile and less than 23.7% of total mortgage repayments are scheduled to occur within the first five calendar years of Closing. The following table sets out the principal instalments and maturity balances to be paid in respect of the Assumed Mortgages over each of the five years following Closing (assuming such debt is not renewed at maturity). In addition, any draws on the Revolving Facility will need to be repaid at maturity, which will be three years from the date of Closing. As noted above, the Partnership expects to draw approximately $50.2 million on the Revolving Facility to refinance and satisfy debt on certain of the Initial Properties.

Year	Payments of Principal on Assumed Mortgages During Period	Principal Repayments on Assumed Mortgages on Maturity	Total Assumed Mortgages	% of Total Debt	Weighted Average Interest Rate
2013	$ 1,087	—	$ 1,087	0.6%	—
2014	$ 1,976	$ 14,391	$ 16,366	8.8%	5.65%
2015	$ 1,917	—	$ 1,917	1.0%	—
2016	$ 1,978	$ 20,979	$ 22,957	12.3%	5.77%
2017	$ 1,701	—	$ 1,701	0.9%	—
Thereafter	$13,105	$128,799	$141,904	76.3%	4.38%
Total	$21,765	$164,169	$185,933	100.0%	4.64%

THE ACQUISITION

Principal Transaction Steps

The following is a summary of the principal transactions that will take place prior to or in connection with the Closing of the Offering:

Pre-Closing Events

(i) US Holdco and Welsh will establish the Partnership as a new limited partnership under the laws of Delaware. US Holdco will be the sole general partner of the Partnership. Welsh will be the initial limited partner of the Partnership.

The Offering

(i) The REIT will complete the Offering and the Unit held by Robert T. Wolf, the initial unitholder, will be redeemed for $10.

Indirect Acquisition of the Initial Properties

(i) The REIT will use the net proceeds of the Offering to subscribe for preferred shares and common shares of US Holdco.

(ii) US Holdco will use the proceeds received from the REIT to subscribe for Class A Units of the Partnership.

(iii) Pursuant to the Contribution Agreement, Welsh will transfer its interest in the equity of the limited liability companies and limited partnerships through which Welsh indirectly holds the Initial Properties (the "**Property SPEs**") to the Partnership in consideration for cash of approximately $68.4 million and 10,867,362 Class B Units.

Ancillary Agreements

(i) The Partnership will enter into the Revolving Facility.

(ii) The REIT and the Partnership will enter into the Asset Management Agreement and the Property Management Agreement with Welsh.

(iii) The completion of the Offering and the indirect acquisition by the REIT of the Initial Properties will occur concurrently. The transactions described above under "Indirect Acquisition of the Initial Properties" will be completed pursuant to the Contribution Agreement. For an illustration of the corporate structure of the REIT upon completion of the Offering and the above transactions, see "**Post-Closing Structure**".

Contribution Agreement

The following is a summary of certain provisions in the Contribution Agreement, which is a material contract for the REIT and is qualified in its entirety by reference to all of the provisions of such agreement. The Contribution Agreement will be available following Closing on SEDAR at www.sedar.com.

The REIT will indirectly acquire the Initial Properties from Welsh pursuant to the Contribution Agreement. Welsh will contribute its interest in the equity of the Property SPEs to the Partnership in consideration for approximately $68.4 million in cash (subject to a working capital adjustment following Closing) and 10,867,362 Class B Units.

The Contribution Agreement will contain representations and warranties typical of those contained in purchase agreements for similar real estate assets negotiated between sophisticated purchasers and vendors acting at arm's length. Certain of the representations and warranties will be qualified as to knowledge (after reasonable inquiry), materiality and disclosure. Welsh will provide representations and warranties in favour of the REIT, the Partnership and US Holdco relating to Welsh, the Property SPEs and the Initial Properties. The representations and warranties will include, among other things, representations and warranties as to existence and capacity, due authorization, no contravention, compliance with laws, authorized and issued capital, title to the Initial Properties, condition of tangible assets, financial information, material agreements, tax matters and environmental matters. Welsh will also provide a representation and warranty that, to the best of its knowledge, this prospectus does not contain a misrepresentation (as defined in the Securities Act), subject to exceptions for portions of the prospectus containing extracts or summaries of expert reports. Such representations and warranties will survive for a period of 18 months following the Closing; however, the representations and warranties regarding formation and status, power and due authorization and title to properties and securities will survive indefinitely, the representations and warranties regarding tax and environmental matters will survive for the applicable limitation periods and the representation and warranty regarding the prospectus will survive for three years from the Closing.

Pursuant to the Contribution Agreement, Welsh has undertaken to complete at its expense all of the immediate work recommended in the BCA Reports following Closing, estimated to be approximately $0.5 million. As security for this obligation, Welsh has agreed to pledge to the REIT, as security agent for the Partnership, on Closing the number of Class B Units equivalent in value to $0.5 million as at the time of Closing. The pledged Class B Units will be released upon Welsh providing the Independent Trustees with satisfactory evidence that all of the immediate work recommended in the BCA Reports has been completed.

Welsh will indemnify the REIT, US Holdco and the Partnership for breaches of its covenants, representations and warranties; however, no claim under the indemnity may be made until all claims exceed $750,000. The aggregate maximum liability of Welsh will be limited to 35% of the gross proceeds of the Offering, estimated to be an aggregate of $35 million at Closing (with any amounts paid by Welsh under its indemnities in the Underwriting Agreement operating to reduce its maximum liability under the Contribution Agreement on a dollar-for-dollar basis). As security for its obligations under the Contribution Agreement, Welsh will pledge to the REIT, as security agent for the REIT, US Holdco and the Partnership, for a period of 18 months following the Closing a number of Class B Units equivalent in value to 35% of the gross proceeds of the Offering. In addition, the REIT will obtain a seven-year prospectus liability insurance policy providing coverage to the Trustees and officers of the REIT, Welsh and the REIT (in such order of priority), subject to certain limits, deductibles and other terms and conditions.

There can be no assurance of recovery by the REIT, US Holdco or the Partnership from Welsh for any breach of the covenants, representations and warranties provided under the Contribution Agreement, as there can be no assurance that the assets of Welsh will be sufficient to satisfy such obligations. Only the REIT, US Holdco or the Partnership will be entitled to bring a claim or action against Welsh for misrepresentation or breach of contract under the Contribution Agreement and purchasers of Units under this prospectus will not have any contractual rights or remedies under the Contribution Agreement. Purchasers of Units will, however, have certain statutory rights against the REIT and Welsh, as promoter, under applicable securities laws. See "Retained Interest", "Risk Factors" and "Purchasers' Statutory Rights".

The closing of the Acquisition will be conditional upon, among other things, the completion of the Offering and the receipt of all necessary consents and waivers from third parties, including the lenders of the Assumed Mortgages.

A purchaser of Units should refer to the terms of the Contribution Agreement for a complete description of the representations, warranties and indemnities being provided in favour of the REIT, and related limitations thereunder.

RETAINED INTEREST

At the time of Closing, Welsh will hold 10,867,362 Class B Units (being all of the Class B Units on Closing) representing an approximate 52.1% effective interest in the REIT on a fully diluted basis, assuming all Class B Units held by Welsh are redeemed for Units (an approximate 48.6% effective interest in the REIT if the Over-Allotment Option is exercised in full).

Each Class B Unit will be redeemable by the holder thereof for cash or 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, and will be entitled to distributions of cash from the Partnership equal to the cash distributions paid to holders of Units by the REIT. Any exercise of the redemption right by a holder of Class B Units may be made on a conditional basis and subject to retraction (in whole or in part) by such holder in his, her or its sole discretion following the general partner's determination of whether the redemption will be paid in cash or Units (such determination to be provided by the general partner in writing to the redeeming holder of Class B Units). Since the Class B Units held by Welsh will not carry voting rights, certain transactions not in the ordinary course of business that would generally constitute a fundamental change under corporate law that may be taken by the Partnership, or its general partner acting on its behalf, will require the approval of a majority of the board of directors of the general partner of the Partnership and Welsh, provided that, in the case of Welsh, the Retained Interest constitutes at least 33% of the Units (assuming all Class B Units are redeemed for Units), or, in the event the Retained Interest constitutes less than 33% of the Units (assuming all Class B Units are redeemed for Units), the Retained Interest constitutes at least that number of Units (assuming all Class B Units are redeemed for Units) equal to 33% of the votes cast at a meeting of Unitholders. Pursuant to the Declaration of Trust, Welsh will have the right to nominate a certain number of Trustees to the Board of Trustees depending on the size of the Board of Trustees and the Retained Interest. Initially, Welsh will have the right to nominate two Trustees to the Board of Trustees (which, for greater certainty, does not include the Chief Executive Officer who will be nominated pursuant to the Declaration of Trust).

Welsh has agreed with the Underwriters that, unless otherwise consented to by CIBC World Markets Inc. and RBC Dominion Securities Inc., on behalf of the Underwriters, and the Board of Trustees (such consents not to be unreasonably withheld or delayed), the Units (or securities convertible into, or exercisable, exchangeable or redeemable for Units) issued to Welsh in connection with the completion of the Offering will be subject to a hold period of 18 months following the completion of the Offering (the "**Hold Period**").

During the Hold Period, Welsh will not, directly or indirectly, without the prior written consent of CIBC World Markets Inc. and RBC Dominion Securities Inc., on behalf of the Underwriters, and the Board of Trustees, which consents will not be unreasonably withheld or delayed (i) offer, sell, contract to sell, secure, pledge or grant any option, right or warrant to purchase (other than in connection with plans created on Closing or in connection with the Offering) or otherwise lend, transfer or dispose of (other than in connection with a redemption of its Class B Units for Units or in respect of transfers to its Permitted Transferees) the portion of the Units (or securities convertible into, or exercisable, exchangeable or redeemable for Units) then subject to the Hold Period, or (ii) make any short sale, engage in any hedging transaction, or enter into any swap,

monetization, securitization or other arrangement that transfers to another in whole or in part, any of the economic consequences of ownership of the Units (or securities convertible into, or exercisable, exchangeable or redeemable for Units) then subject to the Hold Period, whether any such transaction described in this section is to be settled by delivery of such securities, other securities, cash or otherwise; provided however, that (subject to any pledge of a portion thereof as security for the covenants under the Contribution Agreement), any such party will be permitted to pledge such Units (or securities convertible into, or exercisable, exchangeable or redeemable for Units) as security for any loans made to it if the terms of such pledge expressly prohibit the party to which the pledge is granted from selling, directly or indirectly, the pledged Units (or securities exercisable, convertible into, exchangeable or redeemable for Units) during the Hold Period. Notwithstanding the restrictions contained in this section, Welsh may transfer, sell, tender or otherwise dispose of, at any time and from time to time, securities of the REIT or any of its affiliates or subsidiaries pursuant to a take-over bid or similar acquisition transaction, reorganization, plan of arrangement, merger or similar transaction involving the REIT or any of its affiliates or subsidiaries.

Almanac is a provider of growth capital to public and private real estate companies across the U.S. Almanac holds an interest in Welsh through a convertible note, under which approximately $183 million aggregate principal amount is currently outstanding. Assuming the conversion of the convertible note on the date hereof, Almanac would hold approximately 81% of the outstanding equity interests of Welsh.

The Declaration of Trust will grant Welsh the exclusive right to nominate a certain number of Trustees based on the Retained Interest and the size of the Board of Trustees at the time of nomination, as shown in the following table (which, for greater certainty, does not include the Chief Executive Officer):

Retained Interest[(1)]	**Total Number of Trustees of the REIT**	**Number of Welsh Nominees**
Greater than 25%	Greater than 10	4
	10	3
	7 to 9	2
	5 to 6	1
	Less than 5	0
15% — 25%	10 or greater than 10	2
	7 to 9	1
	Less than 7	0
Less than 15%[(2)]	Any	0

Notes:

(1) The following are percentages of Units (assuming all Class B Units are redeemed for Units).

(2) In the event that Welsh is no longer the external asset manager, the following modification will apply: If the Retained Interest is between 5% and less than 15%, Welsh will in all circumstances be entitled to one board nominee.

The Declaration of Trust will provide that the Board of Trustees will at all times have not less than seven trustees and such provision may only be amended with the unanimous consent of the Board of Trustees and the approval of not less than two-thirds of the votes cast at a meeting of Unitholders. See "Governance of the REIT — Governance and Board of Trustees". Any other changes to the size of the Board of Trustees will require the prior written consent of the Partnership, such consent to be provided in accordance with the Partnership Agreement.

In the event that no nominees of Welsh (which, for greater certainty, does not include the Chief Executive Officer of the REIT) are elected or appointed to the Board of Trustees, subject to the Retained Interest constituting at least 5% of the Units of the REIT (assuming all Class B Units are redeemed for Units of the REIT), Welsh will have the right to have a representative ("**Board Observer**") attend all meetings of the Board of Trustees (except for any meetings at which only Independent Trustees may attend or in respect of which Welsh has a conflict of interest in accordance with the terms of the Declaration of Trust). The Board Observer will be subject to all confidentiality requirements of any other member of the Board of Trustees and will not have any

voting rights, but will be given notice of, and the right to attend, every meeting of the Board of Trustees, except as noted above. In the event that Welsh is no longer the REIT's external asset manager, the following modification will apply: Subject to the Retained Interest constituting greater than zero and less than 5% of the Units of the REIT, Welsh will in all circumstances be entitled to one Board Observer.

At the time of Closing, it is anticipated that Welsh will have the right to nominate two of the seven Trustees. Welsh has nominated Andrew M. Silberstein and Milo D. Arkema to the Board of Trustees pursuant to its nomination right.

In addition, the Declaration of Trust will provide that the Chief Executive Officer of the REIT will be nominated to serve as a Trustee. In the event that the Chief Executive Officer of the REIT is not elected or appointed to the Board, the Chief Executive Officer of the REIT will have the right to attend all meetings of the Board of Trustees as an observer (except for any meetings that only Independent Trustees may attend).

Registration Rights

The Registration Rights Agreement will provide Welsh with the right (the "**Piggy-Back Registration Right**"), among others, to require the REIT to include Units (including Units issuable upon the redemption of Class B Units) held by Welsh (and/or any of its Permitted Transferees) in any future offering undertaken by the REIT by way of prospectus that it may file with applicable Canadian securities regulatory authorities (a "**Piggy-Back Distribution**"). The REIT will be required to use reasonable commercial efforts to cause to be included in the Piggy-Back Distribution all of the Units Welsh requests to be sold, provided that if the Piggy-Back Distribution involves an underwriting and the lead underwriter determines that the total number of Units to be included in such Piggy-Back Distribution should be limited for certain prescribed reasons, the Units to be included in the Piggy-Back Distribution will be first allocated to the REIT.

In addition, the Registration Rights Agreement will provide Welsh with the right (the "**Demand Registration Right**") to require the REIT to use reasonable commercial efforts to file one or more prospectuses with applicable Canadian securities regulatory authorities, qualifying Units held (or issuable upon the redemption of Class B Units) by Welsh (and/or any of its Permitted Transferees) for distribution (a "**Demand Distribution**"). The REIT may also distribute Units in connection with a Demand Distribution provided that if the Demand Distribution involves an underwriting and the lead underwriter determines (acting reasonably) that the total number of Units to be included in such Demand Distribution should be limited for certain prescribed reasons, the Units to be included in the Demand Distribution will be first allocated to Welsh.

Each of the Piggy-Back Registration Right and the Demand Registration Right will be available in respect of Class B Units that are no longer subject to the Hold Period or otherwise pledged as security for on-going obligations to the REIT, provided that the Retained Interest constitutes a minimum of 10% of the Units (assuming all Class B Units are redeemed for Units). Welsh will be entitled to request not more than two Demand Distributions per calendar year and each Demand Distribution will be in respect of gross proceeds of not less than $20 million.

If the Piggy-Back Distribution right or the Demand Distribution right are exercised by Welsh in respect of Units (including Units issuable upon the redemption of Class B Units) held by any Permitted Transferee, such Permitted Transferee (and not Welsh) will be assigned the rights and assume all obligations (including, without limitation, with respect to indemnification and expense) of Welsh as if such Permitted Transferee were Welsh under the Registration Rights Agreement for all purposes of such exercised right.

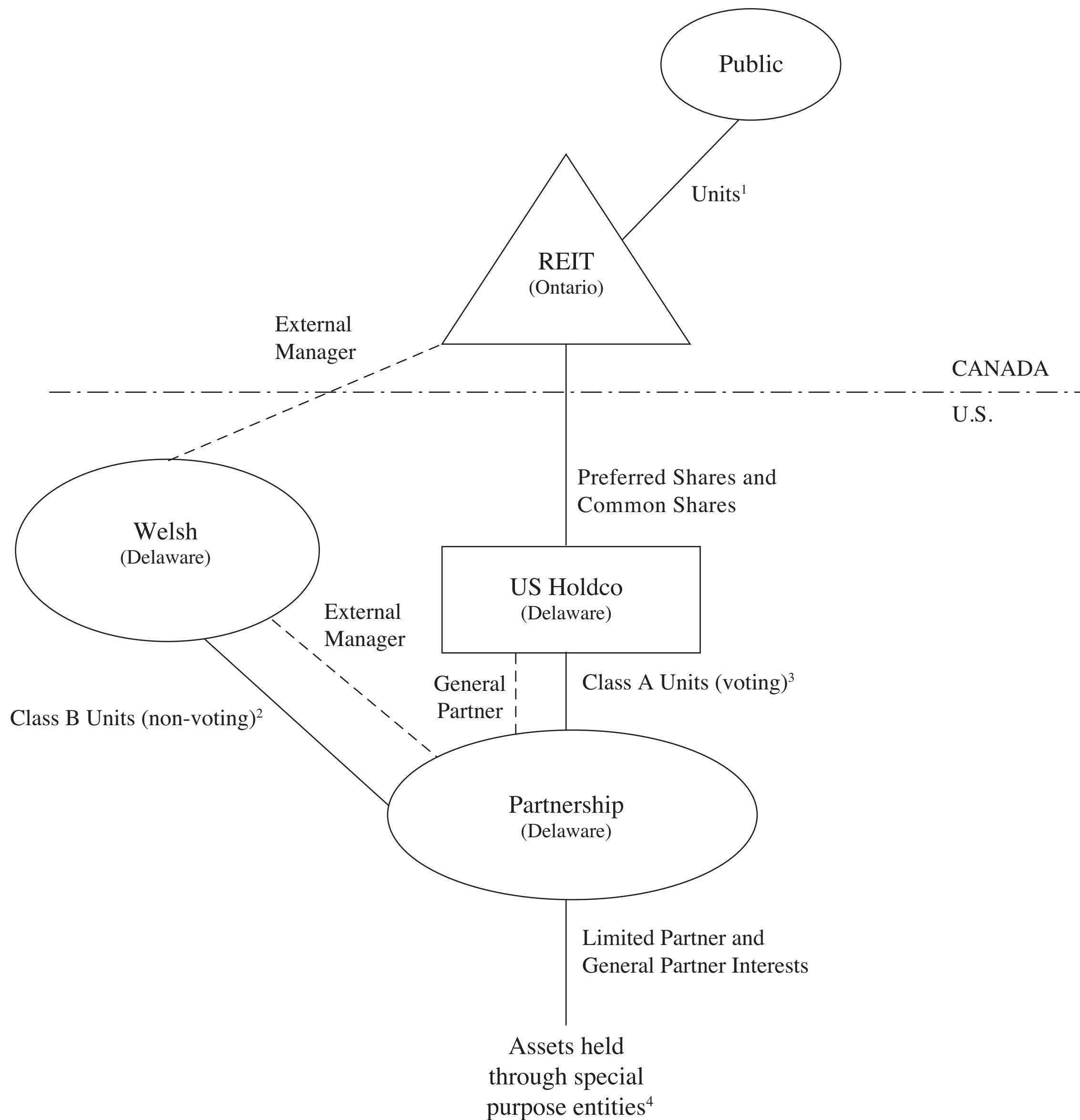
The Piggy-Back Registration Right and the Demand Registration Right will be subject to various conditions and limitations and the REIT will be entitled to defer any Demand Distribution in certain circumstances for a period not exceeding 90 days. The expenses in respect of a Piggy-Back Distribution, subject to certain exceptions, will be borne by the REIT, except that any underwriting fees on the sale of Units by Welsh and the fees of Welsh's external legal counsel will be borne by Welsh. The expenses in respect of a Demand Distribution, subject to certain exceptions, will be borne by the REIT and Welsh on a proportionate basis according to the number of Units distributed by each.

Pursuant to the Registration Rights Agreement, the REIT will indemnify Welsh for any misrepresentation in a prospectus under which Welsh's Units are distributed (other than in respect of any information provided by Welsh, in respect of Welsh, for inclusion in the prospectus) and Welsh will indemnify the REIT for any information provided by Welsh, in respect of Welsh, for inclusion in the prospectus.

The REIT has not and will not, pursuant to the Registration Rights Agreement or otherwise, have any obligation to register, nor will it register, Units under the U.S. Securities Act.

POST-CLOSING STRUCTURE

The following chart sets out the organizational structure of the REIT immediately following Closing:



Notes:

(1) The public will hold 100% of the Units.

(2) Welsh will be the sole limited partner of the Partnership and will hold 100% of the Class B Units. Scott T. Frederiksen, Dennis G. Heieie and Matthew J. Cimino currently hold an aggregate equity interest in Welsh of 13.6% (on an issued and outstanding basis).

(3) The REIT will indirectly hold through US Holdco 100% of the Class A partnership units of the Partnership (“**Class A Units**”). US Holdco will be the sole general partner of the Partnership.

(4) The special purpose entities holding the assets will be comprised of limited partnerships and limited liability companies. The Partnership will own 100% of the limited partner interests of such limited partnerships. The Partnership will own 100% of such limited liability companies.

GOVERNANCE OF THE REIT

Governance and Board of Trustees

The Declaration of Trust will provide that, subject to certain conditions, the Trustees will have absolute and exclusive power, control and authority over the REIT's assets and operations, as if the Trustees were the sole and absolute legal and beneficial owners of the REIT's assets. The governance practices, investment guidelines and operating policies of the REIT will be overseen by a Board of Trustees consisting of a minimum of one and a maximum of nine Trustees, a majority of whom will be Canadian residents. The Declaration of Trust will provide that the Board of Trustees will be comprised of not less than seven Trustees. The REIT must, at all times after the Offering, have a majority of Trustees who are independent within the meaning of NI 58-101; provided, however, that if at any time a majority of the Trustees are not independent because of the death, resignation, bankruptcy, adjudicated incompetence, removal or change in circumstance of any Trustee who was an Independent Trustee, this requirement will not be applicable for a period of 60 days thereafter, during which time the remaining Trustees will appoint a sufficient number of Trustees who qualify as "independent" to comply with this requirement.

The Board of Trustees will initially be comprised of seven Trustees, a majority of whom will be Canadian residents and a majority of whom will be independent. The Board of Trustees will also designate a Lead Trustee from among the Independent Trustees to provide leadership for the Independent Trustees if the Chair is not independent. Pursuant to NI 58-101, an Independent Trustee is one who is free from any direct or indirect relationship which could, in the view of the Board of Trustees, be reasonably expected to interfere with a Trustee's independent judgment. The REIT has determined that Milo D. Arkema, Sarah B. Kavanagh, Harry Rosenbaum, Charles B. Swanson and Robert T. Wolf will be independent under these standards. Scott T. Frederiksen, as Chief Executive Officer of the REIT, Chief Executive Officer of Welsh and a member of the board of managers of Welsh, and Andrew M. Silberstein, a Partner at Almanac, a securityholder in and member of the board of managers of Welsh, will not be independent under these standards. The Independent Trustees have appointed Robert T. Wolf to act as Lead Trustee. As Lead Trustee, Mr. Wolf will be responsible for acting as the effective leader of the Board in circumstances where it is inappropriate for the Chair to act in that role as a result of a conflict of interest. All of the trusteeships and directorships of the Trustees with other public entities are disclosed in the biographical information for each Trustee set out below. Pursuant to the conflict of interest provisions in the Declaration of Trust (See "Governance of the REIT — Conflicts of Interest" below), Mr. Frederiksen will be required to disclose the nature and extent of his interest in, and is not entitled to vote on any resolution to approve, any material contract or transaction or any proposed material contract or transaction, between the REIT and Welsh or any of its affiliates or any other entity in which Mr. Frederiksen has an interest (unless the contract or transaction relates to his remuneration or an indemnity under the provisions of the Declaration of Trust on liability insurance).

The mandate of the REIT's Board of Trustees will be one of stewardship and oversight of the REIT and its business. In fulfilling its mandate, the Board of Trustees will adopt a written charter setting out its responsibility for, among other things, (i) participating in the development of and approving a strategic plan for the REIT; (ii) supervising the activities and managing the investments and affairs of the REIT; (iii) approving major decisions regarding the REIT; (iv) defining the roles and responsibilities of management; (v) reviewing and approving the business and investment objectives to be met by management; (vi) assessing the performance of and overseeing management; (vii) reviewing the REIT's debt strategy; (viii) identifying and managing risk exposure; (ix) ensuring the integrity and adequacy of the REIT's internal controls and management information systems; (x) succession planning; (xi) establishing committees of the Board of Trustees, where required or prudent, and defining their mandates; (xii) maintaining records and providing reports to Unitholders; (xiii) ensuring effective and adequate communication with Unitholders, other stakeholders and the public; (xiv) determining the amount and timing of distributions to Unitholders; and (xv) acting for, voting on behalf of and representing the REIT as a holder of shares of US Holdco and, indirectly, the Class A Units.

The Board of Trustees will adopt a written position description for the Chair of the Board of Trustees, which will set out the Chair's key responsibilities, including, as applicable, duties relating to setting Board of Trustees meeting agendas, chairing Board of Trustees and Unitholder meetings, Trustee development and communicating with Unitholders and regulators. The Board of Trustees will also adopt a written position

description for each of the committee chairs which will set out each of the committee chair's key responsibilities, including duties relating to setting committee meeting agendas, chairing committee meetings and working with the respective committee and management to ensure, to the greatest extent possible, the effective functioning of the committee.

The REIT will adopt a written code of conduct (the "**Code of Conduct**") that applies to all Trustees, officers, and management of the REIT and its Subsidiaries. The objective of the Code of Conduct is to provide guidelines for maintaining the integrity, reputation, honesty, objectivity and impartiality of the REIT and its Subsidiaries. The Code of Conduct addresses conflicts of interest, protecting the REIT's assets, confidentiality, fair dealing with security holders, competitors and employees, insider trading, compliance with laws and reporting any illegal or unethical behaviour. As part of the Code of Conduct, any person subject to the Code of Conduct is required to avoid or fully disclose interests or relationships that are harmful or detrimental to the REIT's best interests or that may give rise to real, potential or the appearance of conflicts of interest. The Board of Trustees will have the ultimate responsibility for the stewardship of the Code of Conduct. The Code of Conduct will also be filed with the Canadian securities regulatory authorities on the SEDAR website at www.sedar.com.

The standard of care and duties of the Trustees provided in the Declaration of Trust will be similar to those imposed on directors of a corporation governed by the *Canada Business Corporations Act*, as amended from time to time (the "**CBCA**"). Accordingly, each Trustee will be required to exercise the powers and discharge the duties of his or her office honestly, in good faith and in the best interests of the REIT and the Unitholders and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Declaration of Trust will provide that each Trustee is entitled to indemnification from the REIT in respect of the exercise of the Trustee's powers and the discharge of the Trustee's duties, provided that the Trustee acted honestly and in good faith with a view to the best interests of the REIT and the Unitholders or, in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, where the Trustee had reasonable grounds for believing that his or her conduct was lawful.

Other than Trustees appointed prior to Closing, which Trustees will hold office for a term expiring at the close of the next annual meeting of Unitholders or until a successor is appointed, Trustees will be elected at each annual meeting of Unitholders to hold office for a term expiring at the close of the next annual meeting, or until a successor is appointed, and will be eligible for re-election. Other than the nominee(s) (determined from time to time based on ownership levels) nominated by Welsh in connection with its nomination right described above and the Chief Executive Officer of the REIT, who will be nominated to serve as a Trustee pursuant to the terms of the Declaration of Trust, nominees will be nominated by the Compensation, Governance and Nominating Committee, in each case for election by Unitholders as Trustees in accordance with the provisions of the Declaration of Trust and will be included in the proxy-related materials to be sent to Unitholders prior to each annual meeting of Unitholders. The first annual meeting of Unitholders will be held on or before June 30, 2014.

A quorum of the Trustees, being the majority of the Trustees then holding office (provided a majority of the Trustees comprising such quorum are residents of Canada), will be permitted to fill a vacancy in the Trustees, except a vacancy resulting from an increase in the number of Trustees, from a failure of the Unitholders to elect the required number of Trustees or a vacancy in the Trustee appointed by virtue of serving as Chief Executive Officer of the REIT. In the absence of a quorum of Trustees, or if the vacancy has arisen from an increase in the number of Trustees other than in accordance with the provision regarding the appointment of trustees in the Declaration of Trust or from a failure of the Unitholders to elect the required number of Trustees, the Trustees will promptly call a special meeting of the Unitholders to fill the vacancy. If the Trustees fail to call that meeting or if there is no Trustee then in office, any Unitholder will be entitled to call such meeting. Except as otherwise provided in the Declaration of Trust, the Trustees may, between annual meetings of Unitholders, appoint one or more additional Trustees to serve until the next annual meeting of Unitholders, provided that the number of additional Trustees so appointed will not at any time exceed one-third of the number of Trustees who held such office at the conclusion of the immediately preceding annual meeting of Unitholders. Any Trustee may resign upon 30 days' written notice to the REIT, unless such resignation would cause the number of remaining Trustees to be less than a quorum, and may be removed by an ordinary resolution passed by a majority of the votes cast at a meeting of Unitholders.

As described above under "Retained Interest", pursuant to the Declaration of Trust, Welsh will have the right to nominate a certain number of Trustees to the Board of Trustees depending on the size of the Board of Trustees and the Retained Interest. In addition, the Declaration of Trust will provide that the Chief Executive Officer of the REIT will be nominated to serve as a Trustee. At the time of Closing, it is anticipated that Andrew M. Silberstein and Milo D. Arkema will serve on the Board of Trustees pursuant to Welsh's nomination right and Scott T. Frederiksen, as the Chief Executive Officer of the REIT, will serve on the Board of Trustees pursuant to the terms of the Declaration of Trust.

The following table sets forth the name, municipality of residence, office held with the REIT and principal occupation during the five preceding years of each Trustee of the REIT:

Name and Municipality of Residence	Office with the REIT	Principal Occupation During Five Preceding Years
MILO D. ARKEMA[1] Minneapolis, Minnesota	Independent Trustee	Independent Consultant Accountant, Baker Tilly Virchow Krause, LLP
SARAH B. KAVANAGH[1] Toronto, Ontario	Independent Trustee	Commissioner, Ontario Securities Commission Former Vice Chair, Co-Head, Diversified Industry Group, Scotia Capital
HARRY ROSENBAUM[2] Toronto, Ontario	Independent Trustee	Founding Principal, Great Gulf Group of Companies Partner, Ashton Wood Homes
ANDREW M. SILBERSTEIN[2] Scarsdale, New York	Trustee	Partner, Almanac Realty Investors LLC Former Chief Investment Officer and Chief Operating Officer of Stoltz Real Estate
CHARLES B. SWANSON[2][4] Nanoose Bay, British Columbia	Independent Trustee	Corporate Director Former Vice President, Real Estate of bcIMC
ROBERT T. WOLF[1][3][6] Toronto, Ontario	Independent Trustee	Principal, RTW Capital Corporation
SCOTT T. FREDERIKSEN[5] Eden Prairie, Minnesota	Trustee and Chief Executive Officer	Chief Executive Officer of the REIT and Chief Executive Officer of Welsh Former Principal of Welsh Companies, LLC

Notes:

(1) Member of the Audit Committee.

(2) Member of the Compensation, Governance and Nominating Committee.

(3) Chair of the Audit Committee.

(4) Chair of the Compensation, Governance and Nominating Committee.

(5) Chair of the Board of Trustees.

(6) Lead Trustee of the Board of Trustees.

The following table sets forth the name, municipality of residence and office held with the REIT of each executive officer of the REIT on Closing:

Name and Municipality of Residence	Office with the REIT
SCOTT T. FREDERIKSEN Eden Prairie, Minnesota	Chief Executive Officer
DENNIS G. HEIEIE Apple Valley, Minnesota	Chief Financial Officer
MATTHEW J. CIMINO Minneapolis, Minnesota	General Counsel and Secretary

As a group, the Trustees and executive officers of the REIT will beneficially own, control or direct, directly or indirectly, 15,000 Units at the time of Closing, representing approximately 0.072% of the issued and outstanding Units upon completion of the Offering and the Acquisition (approximately 0.067% if the Over-Allotment Option is exercised in full), assuming all Class B Units held by Welsh are redeemed for Units. In addition, Welsh (in which Scott T. Frederiksen, Dennis G. Heieie and Matthew J. Cimino currently hold an aggregate equity interest of 13.6% (on an issued and outstanding basis) will hold approximately 10,867,362 Class B Units, representing approximately 52.1% of all Units (assuming all Class B Units are redeemed for Units) outstanding at the time of Closing.

Biographical Information Regarding the Trustees

Additional biographical information regarding the Trustees of the REIT, including a description of each individual's principal occupation within the past five years, is provided below.

Scott T. Frederiksen — Chief Executive Officer and Trustee. Mr. Frederiksen is the Chief Executive Officer of the REIT. He is also the Chief Executive Officer and a member of the Board of Welsh. Mr. Frederiksen has served in many distinguished roles during his 25-year tenure with the Welsh organization. Starting as an industrial broker in 1987, he was named Senior Vice President in 1996 and became a Principal of Welsh Companies, LLC in 2006. Mr. Frederiksen also served as President of WelshInvest, LLC from January 2008 until his appointment as Chief Executive Officer of Welsh Property Trust, LLC in 2010. In his current role as Chief Executive Officer of Welsh, Mr. Frederiksen is responsible for strategic oversight of the asset-based growth of the company, leading a team of dedicated professionals in the areas of financial analysis, acquisitions, due diligence, legal, investor relations, financing, asset management and dispositions. Mr. Frederiksen was also instrumental in negotiating and structuring a $200 million credit facility for Welsh as part of a strategic consolidation of Welsh's industrial portfolio. He serves as a frequent speaker and panellist for regional and national industry organizations, including the UBS Industrial Summit, the National Association of Industrial and Office Properties, Minnesota Commercial Association of Realtors and Minnesota Continuing Legal Education. Mr. Frederiksen holds a Bachelor of Science degree from St. Cloud State University, where he graduated *summa cum laude*. He is a Certified Commercial Investment Member, a member of the National Association of Real Estate Investment Trusts and the Society of Industrial and Office Realtors, and holds a Real Estate Broker's License in the State of Minnesota. Mr. Frederiksen also holds his Series 24, 7 and 63 securities licenses and is a principal license holder for Welsh Securities, LLC.

Milo D. Arkema — Independent Trustee. Mr. Arkema is an independent consultant with Chima Consulting, LLC. Prior to joining Chima Consulting, LLC in 2013, Mr. Arkema was a director and employee of Baker Tilly Virchow Krause, LLP, an accounting and advisory firm, from 2007 to 2012. Prior to 2007, Mr. Arkema was a partner at Baker Tilly Virchow Krause LLP, and served as a member of its executive committee for five years. Mr. Arkema's principal focus has been advising and consulting with entrepreneurs, shareholders, family businesses, and boards regarding strategy, capital formation, management issues, executive compensation and general business issues. Currently, he also leads and manages financial due diligence engagements for private equity firms and strategic buyers. Mr. Arkema is the Chairman of the board of directors of CaringBridge, a non-profit organization that provides free websites to connect family and friends during serious health events. Mr. Arkema also previously served as an independent member of the investment

committee of two investment funds that hold minority equity interests in Welsh. He is a member of the American Institute of Certified Public Accountants and the Minnesota Society of Certified Public Accountants and holds his Series 7 and 63 securities licences through the Financial Industry Regulatory Authority. Mr. Arkema holds a Bachelor of Arts in Accounting from Dordt College.

Sarah B. Kavanagh — Independent Trustee. Since 2011, Ms. Kavanagh has served as a Commissioner at the Ontario Securities Commission. She is also currently a Director and Chair of the Audit Committee at the American Stock Transfer and Canadian Stock Transfer. Between 1999 and 2010, Ms. Kavanagh served in various roles in Investment Banking at Scotia Capital Inc., including Vice-Chair and Co-Head of Diversified Industries Group, Managing Director and Head of Equity Capital Markets, Head of Investment Banking and Head of Canadian Relationship Management. Ms. Kavanagh graduated from Harvard Business School with a Masters in Business Administration and received a Bachelor of Arts degree in Economics from Williams College. Ms. Kavanagh also completed the Directors Education Program at the Institute of Corporate Directors in May 2011.

Harry Rosenbaum — Independent Trustee. Mr. Rosenbaum is a founding principal and director of the Great Gulf Group of Companies, one of North America's premier real estate conglomerates. He has been instrumental in manifesting such iconic projects as One Bloor East, Toronto, Ontario. Mr. Rosenbaum is a partner and director of Ashton Woods Homes, one of the largest private homebuilders in the United States. Prior to the creation of the Great Gulf Group of Companies, Mr. Rosenbaum practised commercial and real estate law at a Toronto law firm. He has also served as a director of Ashton Woods USA LLC since 1997. Mr. Rosenbaum is active as a director of various charitable and non-profit organizations including the ACL (Advocates for Civil Liberties) and CZCA (Canadian Zionist Cultural Association). Mr. Rosenbaum holds a Bachelor of Laws degree from Osgoode Hall Law School and a degree in Economics from York University.

Andrew M. Silberstein — Trustee. Mr. Silberstein is a Partner at Almanac. Mr. Silberstein joined Almanac in 2009 and is responsible for the origination, structuring, and management of Almanac's investments. In 2007, Mr. Silberstein founded AMS Real Estate Partners, where he served as Managing Partner until February 2009. From 2004 through 2007, Mr. Silberstein served as the Chief Investment Officer and Chief Operating Officer for Stoltz Real Estate Partners. From 1994 through 2003, Mr. Silberstein worked in real estate investment banking and private equity, first at The Bear Stearns Companies, Inc., from 1994 to 1999, and then at Morgan Stanley, from May 1999 to December 2003. Mr. Silberstein has been a member of the National Association of Real Estate Investment Trusts, the Urban Land Institute, the International Council of Shopping Centres and the Real Estate Roundtable, and he is currently a director of RXR Realty LLC, Welsh, Westcore Properties, LLC, NRES Holdings, LLC and RAIT Financial Trust (NYSE: RAS). Mr. Silberstein graduated from Yale University with a Bachelor of Arts degree and received a Masters of Business Administration degree from New York University Stern School of Business where he was a Glucksman Fellow.

Charles B. Swanson — Independent Trustee. Mr. Swanson brings to the Board of Trustees over 25 years experience in finance and investments, during which time he has been involved in economic and credit analysis, money market and bond trading, stock, bond and mortgage portfolio management, private placement lending, strategic investment management, and global real estate investing. From 1988 to 2012, Mr. Swanson was Vice President, Real Estate at bcIMC (and its predecessor). In this role, Mr. Swanson managed investments in Canadian and foreign real estate and grew the bcIMC real estate portfolio to approximately Cdn$13 billion in net assets in Canadian and international investments. Mr. Swanson served as a director at SilverBirch Management Ltd. from 2009 to 2011 and as a director at Bentall Capital Limited Partnership from 2006 to 2008. Previously, Mr. Swanson has served on boards of numerous companies, including Delta Hotels Limited, Kennedy Associates Real Estate Counsel, LP, Landon Butler and Company, LP, Heritage Realty Properties Ltd., B.G. Preeco 5 Ltd. and Hillhurst-Sunnyside Community Association. Mr. Swanson has been a member of the Law Society of Alberta since 1988. Mr. Swanson received a Bachelor of Science (Psychology) degree from Washington State University, a Bachelor of Commerce degree and a Masters of Business Administration from the University of Alberta and a Bachelor of Laws from the University of Calgary.

Robert T. Wolf — Independent Trustee. Mr. Wolf, through RTW Capital Corporation, has been providing financial consulting and private investment services to small and medium sized businesses in a variety of sectors

since February 2008. Since March 2013, Mr. Wolf has served as Chairman of C.A. Bancorp Inc., a publicly traded Canadian merchant bank and alternative asset manager. Previously, Mr. Wolf served as a trustee of Retrocom Mid-Market Real Estate Investment Trust (Chair of the Audit Committee, Vice-Chair of the Investment Committee) since June 2010 and was a director of C.A. Bancorp Canadian Realty Finance Corporation from February 2008 to April 2011. Prior to March 2008, Mr. Wolf served as Chief Financial Officer of RioCan Real Estate Investment Trust, Canada's largest real estate investment trust, from its inception in 1994. Prior to 1994, Mr. Wolf held a variety of positions in both public and private real estate companies. Mr. Wolf holds a Chartered Accountancy designation and received a Masters of Business Administration from the Schulich School of Business at York University and a Bachelor of Commerce from McGill University.

Penalties or Sanctions

None of the REIT's existing or proposed Trustees or executive officers, and to the best of the REIT's knowledge, no Unitholder holding a sufficient number of securities to affect materially the control of the REIT, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Individual Bankruptcies

None of the REIT's existing or proposed Trustees or executive officers, and to the best of the REIT's knowledge, no Unitholder holding a sufficient number of securities to affect materially the control of the REIT, has, within the ten years prior to the date of this prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Corporate Cease Trade Orders and Bankruptcies

None of the REIT's existing or proposed Trustees or executive officers, and to the best of the REIT's knowledge, no Unitholder holding a sufficient number of securities to affect materially the control of the REIT is, as of the date of this prospectus, or has been within the ten years before the date of this prospectus, (a) a director, chief executive officer or chief financial officer of any company that was subject to an order that was issued while the existing or proposed director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or (b) was subject to an order that was issued after the existing or proposed director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, or (c) a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets. For the purposes of this paragraph, "order" means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case, that was in effect for a period of more than 30 consecutive days.

Committees of the Board of Trustees

The Board of Trustees will establish two committees: the Audit Committee and the Compensation, Governance and Nominating Committee. All members of the Audit Committee will be persons determined by the Board of Trustees to be Independent Trustees, except for temporary periods in limited circumstances in accordance with National Instrument 52-110 — *Audit Committees* ("**NI 52-110**"). A majority of the members of the Compensation, Governance and Nominating Committee will be persons determined by the Board of Trustees to be Independent Trustees. The Board of Trustees does not initially intend to establish a separate investment committee; instead, all potential acquisitions by the REIT will be considered by the Board of Trustees as a whole.

Audit Committee

The Audit Committee will consist of at least three Trustees, all of whom will be persons determined by the REIT to be both Independent Trustees and financially literate within the meaning of NI 52-110. The Audit Committee will be comprised of Robert T. Wolf, who will act as chair of this committee, Sarah B. Kavanagh and Milo D. Arkema, all of whom have been determined to be independent. Each of the Audit Committee members will have an understanding of the accounting principles used to prepare financial statements and varied experience as to the general application of such accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting.

The following is a brief summary of the education or experience of each member of the Audit Committee that is relevant to the performance of his or her responsibilities as a member of the Audit Committee, including any education or experience that has provided the member with an understanding of the accounting principles used by the REIT to prepare its financial statements.

Sarah B. Kavanagh — Ms. Kavanagh holds a Bachelor of Arts in Economics from Williams College and a Masters in Business Administration from Harvard Business School. Ms. Kavanagh has significant experience in finance and investments, including in her current role as Commissioner for the Ontario Securities Commission and in her various roles with Scotia Capital Inc., including Vice-Chair and Co-Head of Diversified Industries Group (Investment Banking) and Managing Director and Head of Equity Capital Markets, Head of Investment Banking and Head of Canadian Relationship Management. Ms. Kavanagh has also developed expertise in financial matters and an understanding of financial reporting in her role as Director and Chair of the Audit Committee for the American Stock Transfer and Canadian Stock Transfer.

Milo D. Arkema — Mr. Arkema holds a Bachelor of Arts in Accounting from Dordt College. He is a member of the American Institute of Certified Public Accountants and the Minnesota Society of Certified Public Accountants and holds his Series 7 and 63 securities licences through the Financial Industry Regulatory Authority. Mr. Arkema has significant experience in finance and investments, including as a director, employee and partner of Baker Tilly Virchow Krause, LLP, an accounting and advisory firm, where he also served as a member of its executive committee for five years, and previously as an independent member of the investment committee of two investment funds that hold minority equity interests in Welsh. Currently, Mr. Arkema leads and manages financial due diligence engagements for private equity firms and strategic buyers. Through his experience, Mr. Arkema has also developed an understanding of financial reporting.

Robert T. Wolf — Mr. Wolf is a Chartered Accountant and holds a Masters of Business Administration from The Schulich School of Business at York University and a Bachelor of Commerce from McGill University. Mr. Wolf has significant experience in financial matters, particularly in the real estate industry and including with respect to public companies, having served as the Chief Financial Officer of RioCan Real Estate Investment Trust, Canada's largest real estate investment trust, and as a director of C.A. Bancorp Canadian Realty Finance Corporation. In these roles, and in his current role as trustee and Chair of the Audit Committee of Retrocom Mid-market Real Estate Investment Trust, Mr. Wolf has developed expertise in financial matters particular to real estate and an understanding of financial reporting.

The Board of Trustees will adopt a written charter for the Audit Committee, substantially in the form set out under Appendix A to this prospectus, which sets out the Audit Committee's responsibilities. It is expected that the Audit Committee's responsibilities will include: (i) reviewing the REIT's procedures for internal control with the REIT's auditors and Chief Financial Officer; (ii) reviewing and approving the engagement of the auditors; (iii) reviewing annual and quarterly financial statements and all other material continuous disclosure documents, including the REIT's annual information form and management's discussion and analysis; (iv) assessing the REIT's financial and accounting personnel; (v) assessing the REIT's accounting policies; (vi) reviewing the REIT's risk management procedures; (vii) reviewing any significant transactions outside the REIT's ordinary course of business and any pending litigation involving the REIT; (viii) overseeing the work and reviewing of the independence of the external auditors; and (ix) reviewing, evaluating and approving the internal control procedures that are implemented and maintained by management.

The Audit Committee will have direct communication channels with the Chief Financial Officer and the external auditors of the REIT to discuss and review such issues as the Audit Committee may deem appropriate.

Compensation, Governance and Nominating Committee

The Compensation, Governance and Nominating Committee will be comprised of at least three Trustees, a majority of whom will be persons determined by the REIT to be Independent Trustees, and will be charged with reviewing, overseeing and evaluating the compensation, corporate governance and nominating policies of the REIT. The Compensation, Governance and Nominating Committee will be comprised of Charles B. Swanson, who will act as chair of this committee, Harry Rosenbaum and Andrew M. Silberstein, a majority of whom (Messrs. Swanson and Rosenbaum) have been determined by the REIT to be independent.

The Board of Trustees will adopt a written charter for the Compensation, Governance and Nominating Committee setting out its responsibilities for: (i) assessing the effectiveness of the Board of Trustees, each of its committees and individual Trustees; (ii) overseeing the recruitment and selection of candidates as Trustees of the REIT, other than the candidates nominated by Welsh and the Chief Executive Officer of the REIT; (iii) organizing an orientation and education program for new Trustees; (iv) considering and approving proposals by the Trustees to engage outside advisors on behalf of the Board of Trustees as a whole or on behalf of the Independent Trustees; (v) reviewing and making recommendations to the Board of Trustees concerning any change in the number of Trustees composing the Board of Trustees; (vi) considering questions of management succession; (vii) administering securities-based compensation plans of the REIT, including the Option Plan, any securities purchase plan of the REIT, the Deferred Unit Incentive Plan and any other compensation incentive programs; (viii) assessing the performance of management of the REIT; (ix) reviewing and approving the compensation paid by the REIT, if any, to the officers of the REIT; (x) reviewing and making recommendations to the Board of Trustees concerning the level and nature of the compensation payable to Trustees and officers of the REIT; and (xi) reviewing and approving the compensation paid by the REIT, if any, to consultants of the REIT.

Following Closing, it is expected that the Compensation, Governance and Nominating Committee will put in place an orientation program for new Trustees under which a new Trustee will meet with the Chair of the Board of Trustees and members of the executive management team of the REIT. It is anticipated that a new Trustee will be provided with comprehensive orientation and education as to the nature and operation of the REIT and its business, the role of the Board of Trustees and its committees, and the contribution that an individual Trustee is expected to make. The Compensation, Governance and Nominating Committee will be responsible for coordinating development programs for continuing Trustees to enable the Trustees to maintain or enhance their skills and abilities as Trustees as well as ensuring that their knowledge and understanding of the REIT and its business remains current.

Remuneration of Trustees

Each Trustee who is not also an employee of Welsh will be paid a fee of $30,000 per year as well as a fee of $1,500 per meeting of the Board of Trustees or any committee thereof (or $750 per meeting if attending remotely). Each Trustee will be reimbursed for all reasonable travel and ancillary expenses incurred. The Lead Trustee will receive an annual retainer of an additional $10,000. The chair of the Audit Committee will receive an annual retainer of an additional $15,000 and each member of the Audit Committee will receive an annual retainer of an additional $2,500. The chair of the Compensation, Governance and Nominating Committee will receive an annual retainer of an additional $5,000. The Trustees will not receive any additional remuneration for acting as directors on the boards of any of the REIT's Subsidiaries. The Trustees may elect to be paid their board retainer fees in cash or in an equivalent value of Deferred Trust Units.

Conflicts of Interest

The Declaration of Trust will contain "conflict of interest" provisions to protect Unitholders without creating undue limitations on the REIT. As the Trustees will be engaged in a wide range of real estate and other activities, the Declaration of Trust will contain provisions, similar to those contained in the CBCA, that will require each Trustee to disclose to the REIT, at the first meeting of Trustees at which a proposed contract or transaction is considered, any interest in a material contract or transaction or proposed material contract or transaction with the REIT or the fact that such person is a director or officer of or otherwise has a material interest in any person who is a party to a material contract or transaction or proposed material contract or transaction with the REIT. If a material contract or transaction or proposed material contract or transaction is

one that in the ordinary course would not require approval by the Trustees, a Trustee will be required to disclose in writing to the REIT, or request to have entered into the minutes of meetings of Trustees, the nature and extent of his or her interest forthwith after the Trustee becomes aware of the contract or transaction or proposed contract or transaction. In any case, a Trustee who has made disclosure to the foregoing effect will not be entitled to vote on any resolution to approve the contract or transaction unless the contract or transaction relates to his or her remuneration or an indemnity under the provisions of the Declaration of Trust or the purchase or maintenance of liability insurance.

All decisions of the Board of Trustees will require the approval of a majority of the Trustees present in person or by phone at a meeting of the Board of Trustees, except for each of the following matters which will also require the approval of a majority of the Independent Trustees:

(a) an acquisition of a property or an investment in a property, whether by co-investment or otherwise, in which Welsh or any related party of the REIT has any direct or indirect interest, whether as owner, operator or manager;

(b) a material change to any agreement (for greater certainty, not including any agreements relating to compensation of employees of Welsh) with Welsh or a related party of the REIT or any renewal, extension or termination thereof or any increase in any fees (including any transaction fees) or distributions payable thereunder;

(c) the entering into of, or the waiver, exercise or enforcement of any rights or remedies under, any agreement entered into by the REIT, or the making, directly or indirectly, of any co-investment, in each case with (i) any Trustee, (ii) any entity directly or indirectly controlled by any Trustee or in which any Trustee holds a significant interest, or (iii) any entity for which any Trustee acts as a director or other similar capacity;

(d) the refinancing, increase or renewal of any indebtedness owed by or to (i) any Trustee, (ii) any entity directly or indirectly controlled by any Trustee or in which any Trustee holds a significant interest, or (iii) any entity for which any Trustee acts as a director or other similar capacity;

(e) decisions relating to any claims by or against one or more parties to any agreement with Welsh or any related party to the REIT (for greater certainty, not including any agreements relating to compensation of employees of Welsh); or

(f) the election or appointment of members of the Board of Directors of US Holdco.

In connection with any transaction involving the REIT, including any transaction which requires the approval of a majority of the Independent Trustees, the Board of Trustees will have the authority to retain external legal counsel, consultants or other advisors to assist it in negotiating and completing such transaction without consulting or obtaining the approval of any officer of the REIT.

To the extent the Chair of the Board of Trustees is determined not to be an Independent Trustee, an Independent Trustee will be appointed as Lead Trustee in order to ensure appropriate leadership for the Independent Trustees. It is contemplated that the primary responsibilities of the Lead Trustee will be to: (i) ensure that appropriate structures and procedures are in place so that the Board of Trustees may function independently of management of the REIT; and (ii) lead the process by which the Independent Trustees seek to ensure that the Board of Trustees represents and protects the interests of all Unitholders.

It is anticipated that the Independent Trustees will hold in-camera meetings, with members of management not in attendance, as part of regularly scheduled Board of Trustees meetings. The Chair will conduct the in-camera meetings without the presence of management or the other non-independent Trustees, and in circumstances where the Chair is subject to a potential conflict of interest in connection with his non-independence designation pursuant to NI 58-101 or otherwise, the Lead Trustee will conduct such in-camera sessions both without the presence of management and without the presence of management or the non-Independent Trustees (including the Chair).

Welsh's continuing businesses may lead to conflicts of interest between Welsh and the REIT. In addition, the ongoing relationships between Welsh and each of Scott T. Frederiksen (Trustee and Chief Executive Officer of the REIT), Dennis G. Heieie (Chief Financial Officer of the REIT) and Matthew J. Cimino (General

Counsel and Secretary of the REIT) and the ownership interests that Messrs. Frederiksen, Heieie and Cimino hold in Welsh, may lead to such conflicts of interest between such persons and the REIT.

Executive Officers

The responsibilities of the executive officers of the REIT (including pursuant to the Asset Management Agreement) will include: (i) providing the Board of Trustees with information and advice relating to the operation of the REIT's properties, acquisitions and financings; (ii) establishing, at least on an annual basis, investment and operating plans for the ensuing period; (iii) conducting and supervising the due diligence required in connection with proposed acquisitions and completing any acquisitions or dispositions; (iv) maintaining the books and financial records of the REIT; (v) determining and preparing designations, elections and determinations to be made in connection with the income and capital gains of the REIT for tax and accounting purposes; (vi) preparing reports and other information required to be sent to Unitholders and other disclosure documents; (vii) calculating all distributions; (viii) communicating with Unitholders and other persons, including investment dealers, lenders and professionals; and (ix) administering or supervising the administration, on behalf of the Board of Trustees, of the payment of distributions by the REIT.

The Board of Trustees will adopt, effective as of Closing, a written position description and mandate for the Chief Executive Officer which will set out the key responsibilities of the Chief Executive Officer. The primary functions of the Chief Executive Officer will be to lead management of the business and affairs of the REIT, to lead the implementation of the resolutions and the policies of the Board of Trustees, to supervise day to day management and to communicate with Unitholders and regulators. The Chief Executive Officer mandate will be considered by the Board of Trustees for approval annually.

The following table sets forth the name, municipality of residence and positions held with the REIT of each executive officer of the REIT on Closing:

Name and Municipality of Residence	Office with the REIT
SCOTT T. FREDERIKSEN Eden Prairie, Minnesota	Chief Executive Officer
DENNIS G. HEIEIE Apple Valley, Minnesota	Chief Financial Officer
MATTHEW J. CIMINO Minneapolis, Minnesota	General Counsel and Secretary

Additional biographical information regarding the executive officers of the REIT, including a description of each individual's principal occupation within the past five years, is provided below.

Scott T. Frederiksen — Chief Executive Officer. See "Governance of the REIT — Biographical Information Regarding the Trustees".

Dennis G. Heieie — Chief Financial Officer. Mr. Heieie is the Chief Financial Officer of the REIT. Mr. Heieie joined the Welsh organization in 1998 and is currently the Chief Financial Officer of Welsh. As Chief Financial Officer, Mr. Heieie oversees all accounting, analysis and financial operations. Mr. Heieie and his staff are also responsible for all of Welsh's budgeting, forecasting, cash management and financial reporting. Before joining Welsh in 1998, Mr. Heieie was Portfolio Controller for General Growth Properties, Inc. from 1991 to 1998, where he was responsible for accounting and financial reporting to third-party clients. Prior to General Growth, Mr. Heieie spent five years working for Target Corporation in various financial capacities, and prior to that, Mr. Heieie worked for PricewaterhouseCoopers LLP within their audit staff. Mr. Heieie received a Bachelor of Science degree in accounting from Minnesota State University and is a member of the Minnesota Society of Certified Public Accountants. Mr. Heieie also holds his series 27 securities license.

Matthew J. Cimino — General Counsel and Secretary. Mr. Cimino is the General Counsel and Secretary of the REIT. Mr. Cimino joined the Welsh organization in 2007. He currently serves as the General Counsel of Welsh. In this role, Mr. Cimino oversees all legal operations for Welsh and its subsidiaries, including corporate governance and compliance, litigation and the structuring and negotiation of all joint ventures, private

placements, acquisitions, dispositions, financing and leasing. Mr. Cimino also manages Welsh's in-house legal department and serves as Welsh's corporate secretary. Prior to his appointment as General Counsel of Welsh, Mr. Cimino served as Senior Corporate Counsel for Welsh, with primary responsibility for all legal aspects of Welsh's leasing, acquisition and disposition transactions. Before joining Welsh in 2007, Mr. Cimino served as external counsel to Welsh. While in private practice, Mr. Cimino focused in the areas of real estate, finance, corporate and environmental law. He is a frequent speaker on real estate legal matters such as the structuring and negotiation of joint ventures and commercial lease transactions and was also a recipient of the First Chair Award for "Top General Counsel" in 2012. Mr. Cimino is admitted to practice law in Missouri and Minnesota and is a member of the Real Property Law Section of the Minnesota State Bar Association, The Association of Corporate Counsel and the National Association of Industrial and Office Properties. Mr. Cimino is a director of The Soap Factory, a nationally recognized non-profit gallery and artist cooperative located in Minneapolis, Minnesota. He received a Juris Doctor degree from Creighton University School of Law and a Bachelor of Science degree from Montana State University.

Trustees' and Officers' Liability Insurance

The REIT intends to obtain trustees' and officers' liability insurance policies, which cover indemnification of trustees and officers of the REIT in certain circumstances, including coverage for the REIT and its Trustees and officers in relation to the prospectus. The REIT will also obtain a seven-year prospectus liability insurance policy providing coverage to the Trustees and officers of the REIT, Welsh and the REIT, subject to certain limits, deductibles and other terms and conditions. In addition, the REIT will enter into indemnification agreements with each of its Trustees and officers for liabilities and costs in respect of any action or suit against them in connection with the execution of their duties, subject to customary limitations prescribed by applicable law.

ARRANGEMENTS WITH WELSH

Asset Management Agreement

The following is a summary of certain provisions in the Asset Management Agreement, which is a material contract for the REIT and is qualified in its entirety by reference to all of the provisions of such agreement. The Asset Management Agreement will be available following Closing on SEDAR at www.sedar.com.

Following Closing, Welsh will be the external asset manager of the properties directly or indirectly owned by the REIT and will provide the REIT and the Partnership with certain advisory and investment management services, including the services of the Chief Executive Officer, Chief Financial Officer and General Counsel and Secretary, which will initially be provided by Scott T. Frederiksen, Dennis G. Heieie and Matthew J. Cimino, respectively. Welsh will provide the following asset management services under the Asset Management Agreement:

(a) provide the services of a senior management team to provide advisory and investment management services (including the services of the Chief Executive Officer, the Chief Financial Officer and the Secretary) and monitor the financial performance of the REIT and the Partnership, as approved by the REIT;

(b) advise the Trustees and executive officers of the REIT and the directors of the general partner of the Partnership on strategic matters, including potential acquisitions, dispositions, financings and development, as approved by the REIT;

(c) provide guidance to property managers on operating and capital expenditures, in accordance with budgets approved by the REIT;

(d) identify, evaluate, recommend and assist in the structuring of acquisitions, dispositions and other transactions, as approved by the REIT;

(e) advise and assist with borrowings, issuances of securities and other capital requirements, including assistance in dealings with banks and other lenders, investment dealers, institutions and investors;

(f) provide advice in connection with the preparation of business plans and annual budgets, as approved by the REIT, implement such plans and budgets and monitor the financial performance of the REIT and the Partnership;

(g) advise the REIT and the Partnership with respect to investor relations strategies and activities;

(h) advise the REIT and the Partnership with respect to regulatory compliance requirements, risk management policies and certain litigation matters;

(i) assist the Partnership in carrying out its compliance with the real estate investment trust provisions of the Code and the REIT's maintenance of its status as a real estate investment trust for U.S. federal income tax purposes; and

(j) assist the REIT in carrying out its tax compliance in order to maintain its status as a real estate investment trust for U.S. federal income tax purposes, including soliciting required information from Unitholders and complying with the applicable provisions of the Declaration of Trust.

Welsh will also provide in-house legal services to the REIT. Management believes the provision of in-house legal services will benefit the REIT through, among other things, improved internal controls and consistency in processes and documentation, lower external legal costs, enhanced responsiveness and more efficient transaction execution.

Welsh will be entitled to the following fees in consideration for providing the asset management services:

(a) ***Asset Management Fee***. An annual management fee, calculated and payable in cash on a monthly basis and in arrears on the first day of each month with respect to the preceding calendar month, equal to 0.25% of Gross Book Value, which in respect of the Initial Properties, will be the sum of the purchase prices reflected in the Contribution Agreement.

(b) ***Acquisition Fee.*** An acquisition fee (the "**Acquisition Fee**") equal to: (i) 1.0% of the purchase price paid for the first $100 million of properties acquired by the REIT, the Partnership or any of their affiliates in each fiscal year; (ii) 0.75% of the purchase price paid for the next $100 million of properties acquired by the REIT, the Partnership or any of their affiliates in each fiscal year; and (iii) 0.50% of the purchase price paid in excess of $200 million for properties acquired by the REIT, the Partnership or any of their affiliates in each fiscal year (in all cases, other than the Initial Properties and properties owned by Welsh or any of its affiliates at the time of Closing).

(c) ***Construction Management Fee***. With respect to any capital project with costs in excess of $100,000 undertaken by the REIT, the Partnership or any of their 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 provided that such fee will not apply to repair and maintenance costs incurred in the ordinary course.

No disposition, financing, leasing or development fees will be payable to Welsh under the Asset Management Agreement. Additionally, no compensation expenses, including amounts in respect of salary or other compensation payable to employees of Welsh, will be directly billed to the REIT; however, the REIT will be responsible for any compensation paid pursuant to incentive compensation plans of the REIT.

Pursuant to the Asset Management Agreement, Welsh will be reimbursed by the REIT for all legal services provided to the REIT and its subsidiaries by the legal department of Welsh in amounts budgeted by Welsh and presented to the Board of Trustees for approval on an annual basis. Any legal services expenses that exceed or otherwise deviate from an approved legal services budget must be presented to the Board of Trustees for approval. Welsh will also be reimbursed by the REIT for all reasonable and necessary actual out-of-pocket costs and expenses incurred by Welsh in connection with the performance of the services described in the Asset Management Agreement and any other services required by the REIT. The Board of Trustees will establish annually a budget (a "**pursuits budget**") for purposes of determining the aggregate amount of costs and expenses that Welsh will be entitled to receive reimbursement for in connection with the pursuit of potential acquisitions, whether such acquisitions are ultimately completed and approved by the Board of Trustees or not. Any pursuit expenses that exceed the pursuits budget will be presented to the Board of Trustees for approval. Notwithstanding the foregoing, the REIT will pay for all appraisals, environmental, engineering, title and other third party reports required by the REIT whether or not an acquisition is completed. For greater certainty, it is not intended that Welsh be reimbursed for any overhead costs or other internal costs, including in respect of Welsh's premises, general office and administrative costs, computer services and support, office services support and personnel costs.

The Asset Management Agreement has an initial term of five years. Upon completion of the AMA Initial Term, the Asset Management Agreement may be renewed upon the approval of a majority of the Independent Trustees in their sole discretion for an additional five-year term unless or until terminated in accordance with the provisions of the Asset Management Agreement. In the event that the term of the Asset Management Agreement is not renewed by the Independent Trustees, the REIT shall provide Welsh with at least 12 months written notice or, in lieu of such notice, shall pay Welsh an amount equal to 12 months of fees to be calculated based on the gross fees paid to Welsh under the Asset Management Agreement over the 12 months immediately preceding the end of the AMA Initial Term.

Subject to earlier termination, at such time as the REIT has achieved a fully-diluted market capitalization of $750 million based on the volume weighted average price of the Units on a recognized stock exchange over a 20 trading day period, the Asset Management Agreement shall be terminated and the management of the REIT shall be internalized, provided that the REIT shall provide Welsh with at least 12 months written notice of the internalization of management services of the REIT or, in lieu of such notice, shall pay Welsh an amount equal to 12 months of fees to be calculated based on the gross fees paid to Welsh under the Asset Management Agreement over the 12 months immediately preceding the date of termination of the Asset Management Agreement.

The Asset Management Agreement will automatically terminate on: (i) as to any property, the date such property ceases to be owned by the REIT, the Partnership or an affiliate of the REIT or the Partnership; or (ii) the date when all the properties have been disposed of by the REIT, the Partnership and/or the affiliates of the REIT and the Partnership owning the properties or when neither the REIT, the Partnership nor any of their affiliates has any direct or indirect ownership interest in any of the properties.

The REIT and the Partnership will have the right to terminate the Asset Management Agreement at any time upon: (i) a material breach by Welsh of any of the terms of the Asset Management Agreement, subject to 30 days' prior written notice and provided that such breach is not cured within the notice period or within the subsequent 30-day period provided that Welsh has within such initial notice period commenced the curing of such breach and continues to diligently pursue the same to completion, subject to force majeure; (ii) an event of insolvency of Welsh (as defined in the Asset Management Agreement); or (iii) fraud or wilful misconduct of, or misappropriation of funds by, Welsh.

At any time after the AMA Initial Term, Welsh will have the right to terminate the Asset Management Agreement upon 180 days' prior written notice. Welsh will also have the right to terminate the Asset Management Agreement at any time upon (i) a breach by the REIT and/or the Partnership of any of the terms of the Asset Management Agreement, subject to 30 days' prior written notice (or five days' prior written notice if such breach is in respect of a payment required to be made in accordance with the terms of the Asset Management Agreement) and provided that such breach is not cured within the notice period; or (ii) an event of insolvency in respect of the REIT or the Partnership (as defined in the Asset Management Agreeement).

If a change in control of the REIT and/or the Partnership (as defined in the Asset Management Agreement) occurs, Welsh will have the right to terminate the Asset Management Agreement at any time by giving at least three months' prior written notice to such effect to the REIT and the Partnership. Upon any such termination within 12 months following such change in control of the REIT and/or the Partnership, the REIT and the Partnership will pay in cash to Welsh, an amount equal to all fees paid or payable to Welsh for the prior 12-month period immediately preceding such termination.

Property Management Agreement

The following is a summary of certain provisions in the Property Management Agreement, which is a material contract for the REIT and is qualified in its entirety by reference to all of the provisions of such agreement. The Property Management Agreement will be available following Closing on SEDAR at www.sedar.com.

Following Closing, Welsh will be the property manager of the properties directly or indirectly owned by the REIT and will administer the day-to-day operations of the REIT's portfolio of properties which will initially consist of the Initial Properties. Additional properties which may be acquired from time to time by the REIT will, during the term of the Property Management Agreement, be managed by Welsh.

Welsh will be responsible for providing property and facility management services in respect of the REIT's properties pursuant to the Property Management Agreement. Welsh has a dedicated team of employees who will bring experience and continuity to the management of the REIT's industrial portfolio. Welsh may subcontract property management in respect of all or any portion of the properties, provided that such subcontracting will not relieve Welsh of its obligations under the Property Management Agreement.

Pursuant to the Property Management Agreement, Welsh will receive a fee, calculated and payable in cash on a monthly basis, in an amount equal to 2.0%, 3.0% and 4.0% of the REIT's annual gross revenues received in respect of the single-tenant industrial properties, multi-tenant industrial properties and office properties, respectively, that are directly or indirectly owned by the REIT. If the Property Management Agreement is renewed upon completion of the PMA Initial Term as described below, the fees will be subject to review by the Independent Trustees at the end of the PMA Initial Term.

Unless otherwise set forth in the in-place lease(s) at a particular property, services provided under the Property Management Agreement will include the following: supervising and directing the making of renovations, repairs and maintenance; preparing and maintaining accounting books, records and financial reports; overseeing the maintenance of heating, ventilation and air conditioning equipment and ensuring proper climate control; maintaining interior and exterior common areas of the properties; arranging and supervising security with respect to the properties; paying charges and expenses relating to the operation of the properties; supervising all construction and technical services; obtaining and maintaining necessary permits; monitoring the payment of taxes; and other general services reasonably necessary for the management, operation and maintenance of the properties.

The Property Management Agreement has an initial term of five years. Upon completion of the PMA Initial Term, the Property Management Agreement may be renewed upon the approval of a majority of the Independent Trustees in their sole discretion for an additional five-year term unless or until terminated in accordance with the provisions of the Property Management Agreement. In the event that the term of the Property Management Agreement is not renewed by the Independent Trustees, the REIT shall provide Welsh with at least 12 months written notice or, in lieu of such notice, shall pay Welsh an amount equal to 12 months of fees to be calculated based on the gross fees paid to Welsh under the Property Management Agreement over the 12 months immediately preceding the end of the PMA Initial Term.

Subject to earlier termination, such time as the REIT has achieved a fully diluted market capitalization of $750 million based on the volume weighted average price of the Units on a recognized stock exchange over a 20 business day period, the Property Management Agreement shall be terminated and management of the REIT shall be internalized, provided that the REIT shall provide Welsh with at least 12 months written notice of the internalization of management services of the REIT or, in lieu of such notice, shall pay Welsh an amount equal to 12 months of fees to be calculated based on the gross fees paid to Welsh under the Property Management Agreement over the 12 months immediately preceding date of termination of the Property Management Agreement.

The Property Management Agreement will automatically terminate on: (i) as to any property, the date such property ceases to be owned by the REIT, the Partnership or an affiliate of the REIT or the Partnership; or (ii) the date when all the properties have been disposed of by the REIT, the Partnership and/or the affiliates of the REIT and the Partnership owning the properties or when neither the REIT, the Partnership nor any of their affiliates has any direct or indirect ownership interest in any of the properties.

The REIT and the Partnership will have the right to terminate the Property Management Agreement at any time upon: (i) a material breach by Welsh of any of the terms of the Property Management Agreement, subject to 30 days' prior written notice and provided that such breach is not cured within the notice period or within the subsequent 30-day period provided that Welsh has within such initial notice period commenced the curing of such breach and continues to diligently pursue the same to completion, subject to force majeure; (ii) an event of insolvency of Welsh (as defined in the Property Management Agreement); or (iii) fraud or wilful misconduct of, or misappropriation of funds by, Welsh.

At any time after the PMA Initial Term, Welsh will have the right to terminate the Property Management Agreement upon 180 days' prior written notice. Welsh will also have the right to terminate the Property Management Agreement at any time upon (i) a breach by the REIT and/or the Partnership of any of the terms

of the Property Management Agreement, subject to 30 days' prior written notice (or five days' prior written notice if such breach is in respect of a payment required to be made in accordance with the terms of the Property Management Agreement) and provided that such breach is not cured within the notice period; or (ii) an event of insolvency in respect of the REIT or the Partnership (as defined in the Property Management Agreement).

If a change in control of the REIT and/or the Partnership (as defined in the Property Management Agreement) occurs, Welsh will have the right to terminate the Property Management Agreement at any time by giving at least three months' prior written notice to such effect to the REIT and the Partnership. Upon any such termination within 12 months following such change in control of the REIT and/or the Partnership, the REIT and the Partnership will pay in cash to Welsh an amount equal to all fees paid or payable to Welsh for the prior 12-month period immediately preceding such termination.

Non-Competition and Non-Solicitation Agreement

Pursuant to the Non-Competition and Non-Solicitation Agreement, Welsh will not, without the prior written consent of the Independent Trustees, in any manner whatsoever, including, without limitation, either individually, in partnership, jointly or in conjunction with any other person: (a) act as the promoter of, or asset manager of, any other publicly traded industrial real estate business; (b) invest in or manage any private fund that invests principally in industrial real estate that satisfies the REIT's investment guidelines; (c) directly solicit an existing tenant of a REIT property to move from a REIT property to a non-REIT property that Welsh has an ownership interest in or that it manages for another client; or (d) directly solicit an existing employee of the REIT to become employed by Welsh or any of its affiliates.

Welsh will conduct itself professionally, ethically and otherwise as a prudent manager would with respect to the entire property acquisition process. Welsh will agree to bring to the REIT any acquisition opportunity that satisfies the following investment criteria: (i) the property is an industrial property located in the U.S.; and (ii) the property is accretive to the REIT's AFFO per Unit assuming appropriate financing assumptions (the "**Investment Criteria**"); provided, however, that the foregoing will not apply to Welsh in respect of acquisition opportunities that Welsh has (A) (i) identified (and delivered written notice to the REIT in respect thereof) during the period of 45 days following Closing and (ii) acquired during the period of 180 days following Closing for purposes of completing a tax deferred asset exchange under Section 1031 of the Code using proceeds of the Offering; or (B) acquired during the period of 180 days following Closing using proceeds of the Offering (other than for purposes of completing a tax deferred asset exchange under Section 1031 of the Code), provided that, following any such acquisition by Welsh, the REIT will have the right for a period of 180 days from the date of such acquisition to require Welsh to sell to the REIT any property so acquired by Welsh for a purchase price equal to Welsh's cost of acquisition (plus any expenses, capital expenditures and out-of-pocket expenses incurred by Welsh (other than operating expenses of the property incurred by Welsh up to the date of the REIT's acquisition of the property) in connection with such property subsequent to the acquisition date, but not including any expenses or out-of-pocket expenses taken into account in calculating the Acquisition Fee payable to Welsh) upon payment by the REIT to Welsh of the Acquisition Fee set out in the Asset Management Agreement. Further, the REIT will be granted a right of first opportunity (a "**ROFO**") to purchase any property owned by Welsh that meets the Investment Criteria (an "**Offered Property**"). Prior to selling or disposing of an Offered Property to a third party, Welsh will be required to first offer it to the REIT on specified terms and conditions (including, but not limited to the acquisition price) that when taken as a whole and having reasonable regard to the overall economics are not materially less favourable to the REIT than those offered to the third party. If the REIT has given notice, or is deemed under the provisions of the Non-Competition and Non-Solicitation Agreement to have given notice, that it is not interested in purchasing the Offered Property, Welsh will be permitted to sell the Offered Property to a third party on terms no more favourable than were offered to the REIT within 180 days from the date the REIT receives notice from Welsh of the Offered Property. If within 180 days from the date the REIT received notice from Welsh of the Offered Property Welsh proposes to sell the Offered Property to a third party at a lower price than was offered to the REIT, the REIT will once again receive an opportunity to purchase the Offered Property at the lower price, irrespective of whether the REIT has previously given notice, or is deemed to have given notice, that it is not interested in purchasing the Offered Property.

For greater certainty, the provisions of the Non-Competition and Non-Solicitation Agreement will not apply in any manner to Almanac or its principals (including, without limitation, any restrictions under such agreement on investments in, or management of, any funds that invest in industrial real estate or otherwise), subject to appropriate confidentiality arrangements.

The Non-Competition and Non-Solicitation Agreement will be in effect so long as Welsh is the external asset manager of the REIT, provided that the non-solicitation provisions will remain in effect for a period of 12 months following the effective date of any termination of the Asset Management Agreement resulting from: (i) a material breach by Welsh of any of the terms of the Asset Management Agreement, subject to 30 days' prior written notice and provided that such breach is not cured within the notice period; (ii) an event of insolvency in respect of Welsh (as defined in the Asset Management Agreement); or (iii) fraud or wilful misconduct of, or misappropriation of funds by, Welsh.

License of WPT Name

Welsh will grant to the REIT and the Partnership the right to the use of the "WPT" name and trademark and related marks and designs under a non-exclusive, royalty-free trademark license agreement entered into at the Closing.

Welsh may terminate the license at any time on 180 days' prior written notice following the date on which Welsh ceases to be the external asset manager to the REIT.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The REIT's senior management team will consist of individuals employed by Welsh. Welsh will provide asset management services to the REIT pursuant to the Asset Management Agreement, for which the REIT will pay Welsh certain fees. See "Arrangements with Welsh — Asset Management Agreement". Any variability in cash compensation to be paid by Welsh to the named executive officers employed by Welsh will not impact the REIT's financial obligations.

The REIT will not have any employment agreements with members of senior management and will not pay any cash compensation to any individuals serving as officers. Rather, as employees of Welsh, those individuals will be compensated by Welsh. A portion of the compensation paid to those employees of Welsh will be attributable to time spent on the activities of the REIT.

The officers named in the "Summary Compensation Table Expected for Fiscal 2013" below are employees of Welsh. These officers are referred to herein as the "named executive officers".

Welsh will have sole responsibility for determining the compensation of the named executive officers, other than the granting of options ("**Options**") under the Option Plan or Deferred Trust Units under the Deferred Unit Incentive Plan, which will be the responsibility of the Board of Trustees.

Principal Elements of Compensation

The following discussion is intended to describe the portion of the compensation of the named executive officers that is attributable to time spent on the REIT's activities, and supplements the more detailed information concerning executive compensation that appears in the "Summary Compensation Table Expected for Fiscal 2013" and the accompanying narrative.

The compensation of the named executive officers will include three principal elements: (a) base salary; (b) cash bonuses which will be paid by Welsh; and (c) long-term compensation plans, consisting of Options granted under the Option Plan and Deferred Trust Units granted under the Deferred Unit Incentive Plan, all as described below. As a private company, Welsh's process for determining executive compensation involves board discussion with input from senior management of the company. There is no specific formula for determining the amount of each element, nor is there a formal approach applied by Welsh for determining how one element of compensation fits into the overall compensation objectives. Objectives and performance measures may vary from year to year as determined to be appropriate by the board of managers of Welsh with input from the Compensation, Governance and Nominating Committee of the Board of Trustees.

Base Salaries

Base salaries are intended to provide an appropriate level of fixed compensation that will assist in employee retention and recruitment. Base salaries will be determined on an individual basis, taking into consideration the past, current and potential contribution to the REIT's success, the position and responsibilities of the named executive officers and competitive industry pay practices for other real estate investment trusts and companies of comparable size. Welsh does not engage compensation consultants for the purposes of performing benchmarking or apply specific criteria for the selection of comparable real estate businesses. Increases in base salary are at the sole discretion of the board of managers of Welsh, with input from the Compensation, Governance and Nominating Committee of the Board of Trustees. Base salaries will be paid by Welsh, not the REIT.

Annual Cash Bonuses

Annual cash bonuses are discretionary and are not awarded pursuant to a formal incentive plan. Annual cash bonuses will be awarded based on qualitative and quantitative performance standards and reward the performance of the named executive officer individually. The determination of the REIT's performance may vary from year to year depending on economic conditions and conditions in the real estate industry, and may be based on measures such as Unit price performance, the meeting of financial targets against budget (such as AFFO), the meeting of acquisition objectives and balance sheet performance. Individual performance factors vary, and may include completion of specific projects or transactions and the execution of day-to-day management responsibilities. Annual cash bonuses will be paid by Welsh, not the REIT.

Incentive Compensation Plans

Grants of Options under the Option Plan and Deferred Trust Units under the Deferred Unit Incentive Plan may be used to align the interests of the named executive officers more closely with the interests of the Unitholders, since they are tied to the REIT's financial and Unit trading performance and vest or accrue over a number of years. The Board of Trustees, acting on the recommendation of the Compensation, Governance and Nominating Committee, may designate individuals eligible to receive grants of Options or Deferred Trust Units. In determining grants of Options or Deferred Trust Units, an individual's performance and contributions to the REIT's success, relative position, tenure and past grants will be taken into consideration. No Options or Deferred Trust Units will be issued in connection with Closing. It is anticipated that the Compensation, Governance and Nominating Committee and the Board of Trustees will meet following Closing to consider the award of options under the Option Plan to the named executive officers and certain employees of Welsh. No discussions or determinations have taken place regarding the potential quantum or terms of any such option awards as of the date of this prospectus.

Incentive Compensation Plans

Option Plan

The REIT intends to adopt the Option Plan. The Board of Trustees, at its sole discretion, may use grants of Options under the Option Plan to provide long-term incentives to attract, motivate and retain certain key employees, officers and service providers of the REIT, as well as employees of service providers who spend a significant amount of time and attention on the affairs and business of the REIT (the "**Option Plan Participants**") and to compensate the Option Plan Participants for any additional responsibilities assumed, or services provided.

Grants of Options will be based on factors including: (i) the level of performance, service or responsibility assumed, as the case may be; (ii) the level of responsibility within the REIT; (iii) the number and exercise price of Options previously issued to the individual; and (iv) any other factors considered relevant by the Board of Trustees. Options will typically be granted on a periodic basis, at the discretion of the Board of Trustees upon the recommendation of the Compensation, Governance and Nominating Committee.

The following is a summary of the primary terms that will be incorporated into the Option Plan:

(a) ***Units Available for Grant.*** The Option Plan will provide that the maximum number of Units reserved for issuance under the Option Plan will not exceed 10% of the total issued and outstanding Units from

time to time. Subject to applicable law or the requirements of the TSX or any stock exchange upon which the Units may then be listed and any Unitholder or other approval which may be required, the Board of Trustees may, in its discretion, amend the Option Plan to increase such limit without notice to any participants. The maximum aggregate number of Units that may be subject to grants of Options under the Option Plan to any one Option Plan Participant during any 12-month period will be no greater than 5% of the issued and outstanding Units. The Option Plan will further limit the number of Units that may be issued to insiders of the REIT, including those issuable under any other security-based compensation arrangement of the REIT (including the Deferred Unit Incentive Plan), to an amount that may not exceed 10% of the issued and outstanding Units on a non-diluted basis as of the date of the grant of such Options and the maximum aggregate number of Units that may be issued pursuant to Options to such insiders during any 12-month period, including those Units issuable under any other security-based compensation arrangement of the REIT, to an amount that may not exceed 10% of the issued and outstanding Units on a non-diluted basis.

(b) ***Administration.*** The Option Plan will be administered by the Board of Trustees, which may delegate such administration to the Compensation, Governance and Nominating Committee. The Board of Trustees or, upon delegation, the Compensation, Governance and Nominating Committee, will be authorized to determine which Option Plan Participants will receive awards and, consistent with the provisions of the Option Plan, the terms and conditions of such awards. The day-to-day administration of the Option Plan may be delegated to such officers and employees of the REIT as the Board of Trustees determines.

(c) ***Specific Terms of Options.*** The key features of the Options available for grant under the Option Plan will be as follows: (i) an officer of the REIT, an officer of any subsidiary, a current employee of the REIT or any subsidiary, a consultant of the REIT or any subsidiary, any other person engaged to provide bona fide services to the REIT or any subsidiary other than services provided in relation to a distribution of securities of the REIT or any subsidiary in a capital-raising transaction or that directly or indirectly promote or maintain a market for the REIT's securities, and any employee of such service providers (including any employee of Welsh for so long as it is the external asset manager and/or property manager of the REIT or any Subsidiary) who spends a significant amount of time and attention on the affairs and business of the REIT, and includes any corporation of which any such officer, individual employee, consultant, service provider or employee of a service provider is the sole shareholder; (ii) unless otherwise determined by the Board of Trustees, all Options outstanding under the Option Plan will have a maximum term of ten years from the date of issue, provided that if an Option would expire during a black out period during which the REIT has imposed trading restrictions or within nine trading days following the expiration of a black-out period, then the expiry of such Options will be extended for ten business days following the expiry of the black-out period; (iii) the vesting schedule for any Option outstanding under the Option Plan will be determined by the Board of Trustees acting in its sole discretion and will be stated in the option agreement to be entered into between each optionee and the REIT; (iv) the exercise price of all Options issued under the Option Plan will be fixed by the Board of Trustees or the Compensation, Governance and Nominating Committee, as the case may be, at the grant date of each Option and, in any event, may not be less than the volume weighted average closing price for the five trading days immediately preceding the date of grant; and (v) on the exercise of vested options, the Option holder may receive a number of Units from the REIT with a value equal to the in-the-money value of the Options, in lieu of paying for and receiving the full number of Units underlying such option exercise. The in-the-money value of the Options is equal to the amount by which (i) the fair market value of the Units issuable under such Options on the date of exercise exceeds (ii) the aggregate exercise price in respect of such Options.

(d) ***Amendments.*** The Board of Trustees will have the discretion to terminate, suspend or make amendments to the Option Plan, or amend the terms of any previously granted Option, without having to obtain the approval of Unitholders, for the following purposes, including, but not limited to: (i) amendments to the vesting provisions of each Option or to the term of each Option, provided that no Option held by an insider may be extended beyond its original expiry date and no Option may be exercised after the tenth anniversary of the date of grant; (ii) amendments to the provisions of the

Option Plan relating to the treatment of options upon a termination of employment or service; (iii) amendments to add covenants of the REIT for the protection of Option Plan Participants; (iv) amendments not inconsistent with the Option Plan as may be necessary or desirable with respect to matters or questions which, in the good faith opinion of the Board of Trustees, it may be expedient to make, including amendments that are desirable as a result of changes in law; or (v) making such changes or corrections which are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error. The Option Plan will provide that the prior approval of Unitholders will be required for the following amendments: (i) amendments which would increase the number of Units for which awards may be granted under the Option Plan; (ii) amendments which would reduce the exercise price of outstanding Options held by insiders; (iii) amendments which would extend the term of the options held by insiders granted under the Option Plan; (iv) amendments to the definition of Option Plan Participant that may permit the introduction of Trustees or directors that are not also employees of any of the REIT or any subsidiary or any other person engaged to provide services to the REIT or any subsidiary on a discretionary basis; (v) amendments which would increase the limitations on the maximum aggregate number of Units that may be issued to insiders; (vi) amendments which would provide any form of financial assistance to an Option Plan Participant, provided that if the Units are listed on a U.S. exchange, no financial assistance may be provided to the Trustees or to any officers of the REIT; and (vii) amendments which would permit the Board of Trustees to amend any of the foregoing provisions without Unitholder approval.

(e) ***Adjustments.*** In the event of certain events affecting the capitalization of the REIT, including a distribution of Units or certain other trust transactions, the Board of Trustees may adjust the number and kind of Units available for grant under the Option Plan or subject to outstanding awards and the exercise price or base price applicable under outstanding awards.

(f) ***Term.*** The Option Plan will be effective as of the date of Closing.

(g) ***Assignability.*** Options will not be assignable or transferrable, with the exception of an assignment made to a personal representative of a deceased participant.

(h) ***Cessation.*** Unless the Board of Trustees decides otherwise, Options granted under the Option Plan will expire at the earlier of their expiry date and (i) 180 days after the Option holder's death, permanent disability or retirement; (ii) 30 days after (A) the date of the Option holder's resignation or, (B) the date the REIT, any subsidiary or the applicable service provider to the REIT or any subsidiary terminates the Option holder's employment or service without cause; or (iii) on the date the REIT, any subsidiary or the applicable service provider terminates the Option holder's employment or service for cause. The Board of Trustees may, however, in its discretion, at any time prior to or following the foregoing events, permit the exercise of any or all Options held by an option holder or permit the acceleration of vesting of any or all Options.

(i) ***Change of Control.*** In the event of a "change of control" of the REIT, which will be defined in the Option Plan, unless otherwise determined by the Board of Trustees, any Options (whether or not currently exercisable) outstanding immediately prior to the occurrence of a transaction that, if completed, would result in a change of control will become fully exercisable, conditional upon completion of the proposed transaction. The Board of Trustees will also have the discretion to modify the terms of the Options in the event of a change of control to cash settle any outstanding Options or to convert or exchange any outstanding Options into or for other rights or securities.

Deferred Unit Incentive Plan

The REIT intends to adopt the Deferred Unit Incentive Plan. Because Deferred Trust Units are tied to the REIT's financial and Unit trading performance and vest or accrue over a number of years, grants of Deferred Trust Units under the Deferred Unit Incentive Plan align the interests of those individuals eligible to participate in the Deferred Unit Incentive Plan more closely with the interests of Unitholders. Individuals eligible to participate in the Deferred Unit Incentive Plan ("**DTU Participants**") consist of: employees, Trustees, directors, officers and service providers of the REIT and its subsidiaries, as well as employees of Welsh and certain service providers (including Welsh for so long as Welsh is an external asset manager and/or property manager of the

REIT and/or any of its subsidiaries) who spend a significant amount of time and attention on the affairs and business of the REIT.

Each Trustee, in respect of his or her board compensation (collectively, "**Electing Persons**") will be given the right to elect to be a participant in the Deferred Unit Incentive Plan. An Electing Person who elects to be a DTU Participant will receive their Elected Amount (as defined below) in the form of Deferred Trust Units in lieu of cash, provided that the REIT will, on an annual basis, match 50% of the Elected Amount of each Electing Person, such that the aggregate number of Deferred Trust Units issued to each Electing Person annually will be equal in value to one-and-a-half times the Elected Amount for such Electing Person. In respect of a Trustee, the "**Elected Amount**" will be an amount, as elected by the Trustee, in accordance with applicable tax law, between 0% and 100% of the annual retainer and meeting fees paid by the REIT to that Trustee in a calendar year for service on the Board of Trustees (the "**Trustee Fees**").

Under the Deferred Unit Incentive Plan, Deferred Trust Units may also be granted from time to time to DTU Participants at the discretion of the Board of Trustees or the Compensation, Governance and Nominating Committee. The number of Deferred Trust Units granted at any particular time pursuant to the Deferred Unit Incentive Plan will be calculated by dividing (i) the Elected Amount in respect of Trustee Fees, as determined by an Electing Person, or such other amount as allocated to the DTU Participant by the Board of Trustees or the Compensation, Governance and Nominating Committee, by (ii) the market value of a Unit on the award date. "Market value" of a Unit at any date for purposes of the Deferred Unit Incentive Plan will mean the volume weighted average price of all Units traded on the TSX for the five trading days immediately preceding such date (or, if such Units are not listed and posted for trading on the TSX, on such stock exchange on which such Units are listed and posted for trading as may be selected for such purpose by the Board of Trustees). In the event that the Units are not listed and posted for trading on any stock exchange, the market value will be the fair market value of the Units as determined by the Board of Trustees in its sole discretion.

Wherever cash distributions are paid on the Units, additional Deferred Trust Units will be credited to the DTU Participant's Deferred Trust Unit account. The number of such additional Deferred Trust Units will be calculated by multiplying the aggregate number of Deferred Trust Units held on the relevant distribution record date by the amount of distributions paid by the REIT on each Unit, and dividing the result by the market value of the Units on the Distribution Date.

Deferred Trust Units granted to Electing Persons further to their Elected Amount (the "**Individual Contributed DTUs**") will vest immediately upon grant. Deferred Trust Units granted to Electing Persons further to the REIT's obligation to match 50% of the Elected Amount (the "**REIT Contributed DTUs**") and Deferred Trust Units granted to DTU Participants at the discretion of the Board of Trustees or the Compensation, Governance and Nominating Committee will generally vest in accordance with the following schedule:

(a) one-third of the Deferred Trust Units will vest on the first anniversary of the date of grant;

(b) one-third of the Deferred Trust Units will vest on the second anniversary of the date of grant; and

(c) one-third of the Deferred Trust Units will vest on the third anniversary of the date of grant.

Notwithstanding the foregoing, the Board of Trustees will have the discretion to vary the manner in which the REIT Contributed DTUs vest for any DTU Participant. Additional Deferred Trust Units credited to a DTU Participant's account in connection with cash distributions will vest on the same schedule as their corresponding Deferred Trust Units and are considered issued on the same date as the Deferred Trust Units in respect of which they were credited.

DTU Participants that are Canadian residents will generally be permitted to redeem their vested Deferred Trust Units for Units in whole or in part at any time by filing a written notice of redemption with the REIT; provided that, if a DTU Participant redeems his or her Individual Contributed DTUs prior to the date on which the corresponding REIT Contributed DTUs (or portion thereof) have vested, then the DTU Participant will forfeit the right to all such unvested REIT Contributed DTUs. DTU Participants that are U.S. residents will generally be subject to more stringent redemption restrictions to ensure compliance with Section 409A of the Code. Deferred Trust Units may also be subject to other redemption restrictions as required by the Compensation, Governance and Nominating Committee from time to time.

Upon the redemption of Deferred Trust Units for Units, the REIT will issue Units to DTU Participants, within five business days of the relevant redemption date, on the basis of one Unit for each whole vested Deferred Trust Unit that is being redeemed, net of any applicable withholding taxes. Units are issued by the REIT at no cost to DTU Participants. Upon redemption of the Deferred Trust Units for cash, the REIT will make, within five business days of the relevant redemption date, a cash payment, net of any applicable withholding taxes, to the DTU Participant in an amount calculated by multiplying (i) the number for Deferred Trust Units to be redeemed by (ii) the market value of a Unit on the redemption date, calculated with reference to the volume weighted average price of all Units traded on the TSX for five trading days immediately preceding such date. The REIT will also make a cash payment, net of any applicable withholding taxes, to the DTU Participant with respect to the value of fractional Deferred Trust Units standing to the DTU Participant's credit after the maximum number of whole Units have been issued by the REIT, calculated by multiplying (i) the number of such fractional Deferred Trust Units to be redeemed, by (ii) the market value of such fractional Deferred Trust Units on the relevant date. Upon payment in full of the value of the Deferred Trust Units, the Deferred Trust Units will be cancelled.

Deferred Trust Units are non-transferable, except to a DTU Participant's estate, and the rights of DTU Participants under the Deferred Unit Incentive Plan are not assignable, except as required by law.

The maximum number of Deferred Trust Units available for issuance under the Deferred Unit Incentive Plan will be 5% of the issued and outstanding Units, from time to time, subject to adjustment for any subdivision, consolidation or distribution of Units, as contemplated by the Deferred Unit Incentive Plan. The aggregate number of Units that may be subject to grants of Deferred Units under the Deferred Unit Incentive Plan to any one DTU Participant during any 12-month period will not exceed 5% of the REIT's issued and outstanding Units. The aggregate number of Units issuable to insiders of the REIT, at any time, under the Deferred Unit Incentive Plan, when combined with all other security-based compensation arrangements of the REIT (including the Option Plan), will not exceed 10% of the REIT's total issued and outstanding Units on a non-diluted basis as of the date of the grant of such Deferred Units and the aggregate number of Units that may be issued pursuant to Deferred Units to such insiders during any 12-month period, when combined with all other security-based compensation arrangements of the REIT (including the Option Plan) will not exceed 10% of the REIT's total issued and outstanding Units on a non-diluted basis.

The Compensation, Governance and Nominating Committee may review and confirm the terms of the Deferred Unit Incentive Plan from time to time and may, subject to applicable stock exchange rules, amend or suspend the Deferred Unit Incentive Plan in whole or in part as well as terminate the Deferred Unit Incentive Plan without prior notice as it deems appropriate; provided, however, that any amendment to the Deferred Unit Incentive Plan that would, among other things, result in any increase in the number of Deferred Trust Units issuable under the Deferred Unit Incentive Plan or permit Deferred Trust Units granted under the plan to be transferable or assignable other than for normal estate settlement purposes will be subject to the approval of Unitholders. Without limitation, the Compensation, Governance and Nominating Committee may, without obtaining the approval of Unitholders, make changes: (a) to correct errors, immaterial inconsistencies or ambiguities in the Deferred Unit Incentive Plan; (b) necessary or desirable to comply with applicable laws or regulatory requirements, rules or policies (including stock exchange requirements); and (c) to the vesting provisions applicable to Deferred Trust Units issued under the Deferred Unit Incentive Plan. However, subject to the terms of the Deferred Unit Incentive Plan, no amendment may adversely affect the Deferred Trust Units previously granted under the Deferred Unit Incentive Plan without the consent of the affected DTU Participant.

Compensation Risk

The Compensation, Governance and Nominating Committee will consider the implications of the risks associated with the REIT's compensation policies and practices as part of its responsibility to ensure that the compensation for the Trustees and the named executive officers of the REIT align the interests of the Trustees, the named executive officers with Unitholders and the REIT as a whole. The REIT's insider trading policy will prohibit all officers and Trustees of the REIT from selling "short" or selling "call options" on any of the REIT's securities and from purchasing financial instruments, such as prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in the market value of equity

securities granted to such executive officers and Trustees as compensation or held directly or indirectly by such person.

Summary Compensation Table Expected for Fiscal 2013

The following table sets out information concerning the expected compensation to be paid by the REIT or Welsh, as applicable, to the named executive officers in fiscal 2013.

		Annual Compensation		Long-Term Compensation Awards			
Name and principal position	**Year**	**Salary[(1)(2)]**	**Bonus[(3)]**	**Option-based awards[(3)(4)]**	**Deferred Trust Units[(3)(4)]**	**All other compensation**	**Total compensation**
SCOTT T. FREDERIKSEN, Chief Executive Officer	2013	$300,000	—	—	—	—	$300,000
DENNIS G. HEIEIE, Chief Financial Officer	2013	$225,000	—	—	—	—	$225,000
MATTHEW J. CIMINO, General Counsel and Secretary	2013	$200,000	—	—	—	—	$200,000

Notes:

(1) Represents the portion of salary anticipated to be paid by Welsh attributable to time expected to be spent on the REIT's activities.

(2) Annualized base salary.

(3) As this amount is discretionary, it has not been determined as of the date of this prospectus.

(4) No Options or Deferred Trust Units will be issued in connection with Closing. It is anticipated that the Compensation, Governance and Nominating Committee and the Board of Trustees will meet following Closing to consider the award of Options under the Option Plan to the named executive officers and certain employees of Welsh. No discussions or determinations have taken place regarding the potential quantum or terms of any such Option awards as of the date of this prospectus.

CAPITALIZATION OF THE REIT

The following table sets forth the consolidated capitalization of the REIT as of March 4, 2013, both before and after giving effect to the Offering (net of costs relating to the Offering) and use of proceeds therefrom, including the transactions described under "The Acquisition", but without giving effect to the exercise of the Over-Allotment Option. The table should be read in conjunction with the unaudited *pro forma* condensed consolidated financial statements and notes of the REIT thereto contained in this prospectus. See "Index to Financial Statements".

Indebtedness	**As at March 4, 2013[(1)]**	**As at March 4, 2013 after giving effect to the Offering (net of costs relating to the Offering) and the use of proceeds therefrom ($000s)**
Assumed Mortgages, including mark-to-market adjustment of $4.7 million	Nil	$189,998
Class B Redeemable Units (Class B Units)	Nil	$108,674
Revolving Facility	Nil	$ 49,626
Unitholders' Equity		
Units *(Authorized — unlimited; Issued — 10,000,000)*	$10.00	$ 87,403
Total Capitalization	**$10.00**	$435,701

Note:

(1) The REIT was initially settled on March 4, 2013 with $10.00 in cash.

FINANCIAL FORECAST

The following financial forecast was prepared by management of the REIT, using assumptions with an effective date of April 17, 2013, and was approved by the Trustees of the REIT on April 17, 2013. Pursuant to applicable securities policies, the REIT is required to update the forecast during the forecast period by identifying any material changes from the forecast resulting from events that have occurred since it was issued and by comparing such forecast with annual audited actual results and interim unaudited actual results for the periods covered. The results of this comparison will accompany the annual or interim financial statements for the relevant periods.

The forecast has been prepared in accordance with the measurement, presentation and disclosure of financial forecasts established in Part 4A and 4B of National Instrument 51-102 — *Continuous Disclosure Obligations*. The forecast has been prepared using assumptions that reflect management's intended course of action for the REIT for the periods covered, given management's judgment as to the most probable set of economic conditions. The forecast has been prepared after giving effect to the Offering and the other transactions contemplated in this prospectus to be completed before or concurrently with Closing. The forecast assumes that the Over-Allotment Option is not exercised and no acquisitions are completed during the period and that the capital structure at Closing is maintained throughout the forecast period.

The assumptions used in the preparation of the forecast, although considered reasonable by management at the time of preparation, may not materialize as forecast and unanticipated events and circumstances may occur subsequent to the date of the forecast. Accordingly, there is a significant risk that the actual results achieved by the REIT for the forecast period will vary from the forecast results and that such variations may be material. There is no representation by the REIT that actual results achieved during the forecast period will be the same in whole or in part as those forecast. Important factors that could cause actual results to vary materially from the forecast include those disclosed under "Risk Factors". See "Forward-Looking Statements".

The financial forecast should be read in conjunction with the unaudited *pro forma* condensed consolidated financial statements of the REIT, the audited financial statements of the REIT as at and for the one-day period ended March 4, 2013, (the audited carve-out financial statements of the Welsh Initial Properties as at November 30, 2010 and December 31, 2010, 2011 and 2012 and for the period ended December 31, 2010 and the years ended December 31, 2011 and 2012, the carve-out financial statements of the Core Initial Properties as at July 31, 2010 and December 31, 2010, 2011 and 2012 and for the period ended December 31, 2010 and the years ended December 31, 2011 and 2012), as well as the remaining audited historical financial statements which are contained in this prospectus. See "Index to Financial Statements".

REPORT ON CONSOLIDATED FINANCIAL FORECAST

To the Trustees of WPT Industrial Real Estate Investment Trust

The accompanying consolidated financial forecast of WPT Industrial Real Estate Investment Trust (the "REIT"), consisting of the consolidated statements of forecasted net income and comprehensive income for each of the three-month periods ending June 30, 2013, September 30, 2013, December 31, 2013 and March 31, 2014 and for the twelve-month period ending March 31, 2014, has been prepared by management using assumptions with an effective date of April 17, 2013. We have examined the support provided by management for the assumptions, and the preparation and presentation of this forecast. Our examination was made in accordance with the applicable Assurance and Related Services Guideline issued by The Canadian Institute of Chartered Accountants. We have no responsibility to update this report for events and circumstances occurring after the date of our report.

In our opinion:

- as at the date of this report, the assumptions developed by management are suitably supported and consistent with the plans of the REIT, and provide a reasonable basis for the financial forecast;
- this financial forecast reflects such assumptions; and
- the financial forecast complies with the presentation and disclosure standards for future-oriented financial information established in Parts 4A and 4B of National Instrument 51-102, Continuous Disclosure Obligations.

Since this financial forecast is based on assumptions regarding future events, actual results will vary from the information presented and the variations may be material. Accordingly, we express no opinion as to whether this financial forecast will be achieved.

(Signed) KPMG LLP
Chartered Accountants,
Licensed Public Accountants

April 17, 2013
Toronto, Canada

WPT INDUSTRIAL REAL ESTATE INVESTMENT TRUST

CONSOLIDATED STATEMENTS OF FORECASTED NET INCOME AND COMPREHENSIVE INCOME

(In thousands of U.S. Dollars)

	Three-month periods ending				Twelve-month period ending
	June 30, 2013	September 30, 2013	December 31, 2013	March 31, 2014	March 31, 2014
Investment properties revenue	$11,484	$11,470	$11,211	$11,309	$45,474
Investment properties operating expenses	3,010	3,036	2,986	3,070	12,102
Net operating income	8,474	8,434	8,225	8,239	33,372
Other expenses:					
General and administrative	579	579	579	579	2,316
Finance Costs	4,288	4,280	4,272	4,265	17,105
Net income and comprehensive income	**$ 3,607**	**$ 3,575**	**$ 3,374**	**$ 3,395**	**$13,951**

See accompanying notes to consolidated statements of forecasted net income and comprehensive income.

WPT INDUSTRIAL REAL ESTATE INVESTMENT TRUST

NOTES TO CONSOLIDATED STATEMENTS OF FORECASTED NET INCOME AND COMPREHENSIVE INCOME

Three-month periods ending June 30, 2013, September 30, 2013, December 31, 2013 and March 31, 2014 and twelve-month period ending March 31, 2014 (In thousands of U.S. Dollars, except per unit amounts)

1. PURPOSE OF THE CONSOLIDATED FINANCIAL FORECAST:

This consolidated financial forecast has been prepared by management of Welsh Property Trust, LLC ("Welsh") on behalf of WPT Industrial Real Estate Investment Trust (the "REIT") for use by prospective investors in their evaluation of potential investments in the REIT and may not be appropriate for any other purpose.

2. BASIS OF PRESENTATION OF FINANCIAL FORECAST:

The REIT is an unincorporated, open-ended real estate investment trust established pursuant to a Declaration of Trust dated March 4, 2013 as may be amended and/or restated from time to time under the laws of the Province of Ontario. The head office of the REIT is located at 333 Bay Street, Suite 3400, Toronto, Ontario. The REIT has been formed to own and operate a portfolio of primarily industrial properties, located in the United States, with a particular focus on warehouse and distribution industrial real estate.

The consolidated financial forecast consists of the consolidated statements of forecasted net income and comprehensive income of the REIT for the three-month periods ending June 30, 2013, September 30, 2013, December 31, 2013 and March 31, 2014 and for the twelve-month period ending March 31, 2014. The consolidated financial forecast has been prepared using assumptions with an effective date of April 17, 2013, and reflects the assumptions described in note 4.

The consolidated financial forecast has been prepared in compliance with Parts 4A and 4B of National Instrument 51-102, Continuous Disclosure Obligations, using assumptions that reflect the REIT's intended course of action for the periods presented, given management's judgment as to the most probable set of economic conditions. The consolidated financial forecast will be compared with the reported results for the financial forecast periods and any significant differences will be disclosed. The actual results achieved during the consolidated financial forecast periods will vary from the forecasted results, and these variations may be material. Amounts are in thousands of U.S. dollars, unless otherwise stated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The consolidated financial forecast has been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and incorporate the principal accounting policies expected to be used to prepare the REIT's financial statements.

(a) Basis of consolidation:

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

(b) Business combinations:

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

(c) Foreign currency transactions:

The functional and presentation currency of the REIT and its subsidiaries is the U.S. dollar.

(d) Investment properties:

Investment properties are initially recorded at cost, including related transaction costs in the case of asset acquisitions, and includes primarily industrial properties held to earn rental revenue and/or for capital appreciation. The REIT has selected the fair value method 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 forecasted net income and comprehensive income during the period in which they arise. Fair values are primarily determined by using the discounted cash flow method of the income approach.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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

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

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

(e) Revenue recognition:

The REIT accounts for tenant leases as operating leases given that it has retained substantially all of the risks and benefits of ownership of its investment properties.

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

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

Recoveries from tenants are recognized as revenue in the period in which the corresponding costs are incurred. Other revenue is recorded at the time the service is provided.

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

(f) Financial instruments:

(i) Designation of financial instruments:

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

Financial assets and liabilities	Classification	Measurement
Cash and cash equivalents	Loans and receivables	Amortized cost
Restricted cash	Loans and receivables	Amortized cost
Accounts receivable (rent and other receivables)	Loans and receivables	Amortized cost
Mortgages payable	Other liabilities	Amortized cost
Class B Redeemable Units	Other liabilities	Fair value
Revolving Facility	Other liabilities	Amortized cost
Interest rate swaps and caps	Other liabilities	Fair value
Security deposits	Other liabilities	Amortized cost
Accounts payable and other liabilities	Other liabilities	Amortized cost

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(ii) Financial assets:

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

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

(iii) Financial liabilities:

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

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

(iv) Finance costs:

Finance costs include interest expense on mortgages payable, interest expense on the Revolving Facility, and gain or loss on the change in fair value of financial liabilities designated as fair value through profit or loss, including Class B partnership units (“Class B Redeemable Units”) of WPT Industrial, LP (the “Partnership”), distributions on Class B Redeemable Units and amortization associated with the mark-to-market premium and deferred financing costs incurred in connection with obtaining long-term financings. The mark-to-market premium and deferred financing costs are amortized using the effective interest rate method over the term of the related mortgages payable. Unamortized mark-to-market premium and deferred financing costs are fully amortized when mortgages payable are retired before maturity.

(v) Derivative financial instruments:

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

(g) Income taxes:

(i) Canadian status:

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

(ii) U.S. REIT status:

The REIT is treated as a U.S. corporation for all purposes under the Internal Revenue Code of 1986, as amended (the “Code”) and, as a result, it is permitted to elect to be treated as a real estate investment trust under the Code, notwithstanding the fact that it is organized as a Canadian entity. In general, a company which elects real estate investment

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

trust status, distributes at least 90% of its real estate investment trust taxable income to its shareholders in any taxable year and complies with certain other requirements, is not subject to federal income taxation to the extent of the income which it distributes. If it fails to qualify as a real estate investment trust in any taxable year, it will be subject to federal income tax at regular corporate income tax rates on its taxable income. Even if it qualifies for taxation as a real estate investment trust, it may be subject to certain state and local taxes on its income and property and to federal income and excise taxes on its undistributed income. The REIT has reviewed the real estate investment trust requirements and has determined that it qualifies as a real estate investment trust under the Code. Accordingly, no provision for U.S. federal income or excise taxes has been made with respect to the income of the REIT.

(h) REIT Units:

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

(i) Class B Redeemable Units:

The Class B Redeemable Units are redeemable by the holder thereof for cash or REIT Units (on a one-for-one basis subject to customary anti-dilution adjustments), as determined by the general partner of the Partnership in its sole discretion. The REIT Units are puttable and, therefore, the Class B Redeemable Units meet the definition of a financial liability under IAS 32. Further, the Class B Redeemable Units are designated as fair value through profit or loss financial liabilities and are measured at fair value at each reporting period, based upon the value of a REIT Unit, with any changes in fair value recorded in profit or loss.

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

Preparing the consolidated statements of forecasted net income and comprehensive income requires management to make judgments, estimates and assumptions in the application of the policies outlined in note 2. Management bases its judgments and estimates on historical experience and other factors it believes to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or the liability affected in the future.

(i) Critical accounting judgments:

The following are the critical judgments used in applying the REIT's accounting policies that have the most significant effect on the amounts in the consolidated statements of forecasted net income and comprehensive income:

(a) Investment properties:

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(b) Leases:

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

The REIT has entered into a non-cancellable ground lease for land related to one of its buildings, which sits on land that is not owned by the REIT. Annual payments under the lease are approximately $100 through May 31, 2023. Annual payments thereafter are adjusted based on changes in the consumer price index until expiration in 2093.

(c) Income taxes:

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

(ii) Estimates and assumptions:

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

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

(k) Changes in future accounting policies:

Financial instruments:

In November 2009 and October 2010, the first part of IFRS 9, Financial Instruments — Classification and Management (“IFRS 9”), relating to the classification and measurement of financial assets and financing liabilities was issued. IFRS 9 will ultimately replace IAS 39, Financial Instruments — Recognition and Measurement. The standard requires an entity to classify its financial assets on the basis of the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, and subsequently measure the financial assets as either at amortized cost or at fair value. The new standard is mandatory for annual periods beginning on or after January 1, 2015. The impact of adoption has not yet been determined.

The amendments to IAS 32 are intended to clarify existing application issues relating to the offsetting rules and reduce the level of diversity in current practice. The amendments are effective for annual periods beginning on or after January 1, 2014. The impact of adoption has not yet been determined.

4. SIGNIFICANT ASSUMPTIONS:

The assumptions used in the preparation of the consolidated financial forecast, although considered reasonable by the REIT, require significant judgments to be made about future events, which may not materialize as forecast. It is not possible to forecast unanticipated events and circumstances.

(a) Initial transactions:

The consolidated financial forecast assumes that on closing (the “Closing”), the REIT will raise gross proceeds of $100,000 (excluding any over-allotment option) pursuant to the Offering through the issuance of 10 million REIT Units at $10 per unit.

4. SIGNIFICANT ASSUMPTIONS: (Continued)

Costs relating to the Offering, including underwriters' fees, are forecast to be $12,597 and are charged directly to unitholders' equity.

For purposes of the consolidated financial forecast, it is assumed that the closing of the transactions contemplated by this prospectus occurred on April 1, 2013. However, the actual closing date may differ.

On Closing, it is assumed that the Partnership subsidiary of the REIT will indirectly acquire from Welsh 35 industrial properties and 2 office properties located in the United States.

The Initial Properties will be acquired for a gross purchase price of $435,701. The purchase price is supported by third party appraisals. The REIT will assume mortgages with an aggregate principal balance of $185,932 and a mark-to-market adjustment of $4,700 and will refinance and satisfy certain debt, including mortgages in the aggregate amount of $68,013 on certain Initial Properties that are transferred to the REIT subject to such debt. As partial consideration, the Partnership will issue $108,674 of Class B Redeemable Units to Welsh. The remainder of the purchase price will be paid in cash.

(i) Acquisitions:

The fair value of the net assets indirectly acquired by the REIT using the purchase method of accounting and assuming the acquisition occurred on April 1, 2013 is as follows:

Investment properties	$435,701
Other non-current assets	1,309
Amounts receivable	2,086
Prepaid expenses	338
Cash and cash equivalents	3,253
	$442,687
Mortgages and loans payable	258,645
Other financial instruments	103
Security deposits	789
Amounts payable and accrued liabilities	6,094
	265,631
Net assets acquired	$177,056
Consideration given by the REIT consists of the following:	
Class B Redeemable Units issued to Welsh	$108,674
Cash paid	$ 68,382
Total Consideration	**$177,056**

The actual calculation and allocation of the purchase price for the investment properties outlined above will be based on the assets purchased and liabilities assumed on the effective date of the acquisition and other information available at that date. Accordingly, the actual amounts for each of these assets and liabilities will vary from the above amounts and the variation may be material.

(ii) Mortgages payable:

The net assets acquired include mortgages payable on 28 of the Initial Properties with an outstanding principal balance of $190,632 (including mark-to-market adjustment of $4,700), resulting in a weighted average interest rate on such debt of 4.64%. The mortgages payable are secured by first charges on the Initial Properties. The REIT is expected to incur $635 in financing costs on the assumption of the mortgages payable, which has not been included in the total consideration paid to Welsh in note 4(a)(i).

4. SIGNIFICANT ASSUMPTIONS: (Continued)

(iii) Revolving Credit Facility:

The Partnership is expected to have in place, on the Closing, a new $75,000 senior secured revolving credit facility (the "Revolving Facility"). The Revolving Facility will have an initial term of three years from the Closing, subject to a one-year extension option upon the payment of an extension fee and satisfaction of other conditions. The expected rate on the Revolving Facility is, at the borrower's option, based on either a base rate or LIBOR (with one, two or three month LIBOR periods), in each case plus an applicable margin based on corporate leverage. The base rate will be equal to the greater of (i) the fluctuating annual rate of interest announced from time to time by KeyBank National Association at its head office as the "prime rate" plus 1.0%, (ii) 0.5% above the federal funds effective rate or (iii) 30 day LIBOR plus the applicable margin. The Revolving Facility may be increased to $200,000 upon the borrower's request and approval of the lender. The REIT assumes that an average of approximately $50,000 will be drawn on this facility during the forecast period and will incur interest expense of $1,285. No amortization of principal under the Revolving Facility is required.

The Partnership is expected to purchase an interest rate cap instrument at a cost of $65 covering a notional principal amount of $50,000 and providing for a U.S. LIBOR cap of 50 basis points. The cap will result in payments to the Partnership equal to the product of (i) $50,000 and (ii) the extent by which actual one-month U.S. LIBOR exceeds 50 basis points over the two-year term of the instrument.

(iv) Sources and uses of cash:

Sources:	
Proceeds from the Offering	$100,000
Proceeds from draw down of Revolving Facility	50,216
	150,216
Uses:	
Payment of mortgages and loans on closing	68,013
Purchase of Initial Properties (note 4(a)(i))	68,382
Offering costs and expenses	12,597
Financing charges	1,224
	150,216
	$ —

(b) Investment properties revenue:

Forecast investment properties revenue is based on rents from existing leases as well as potential income from leasing space that is vacant and re-leasing of space that becomes vacant during the forecasted period at renewal rates based on market trends. The overall weighted average occupancy for the income-producing properties during the forecast period is assumed to be approximately 95.7%. Investment properties revenue includes all rental income receivable from the Initial Properties, including minimum rent, operating cost, realty tax and administration fee recoveries and all other miscellaneous income paid by the tenants under the terms of their existing leases. In preparing the financial forecast, it is assumed that all existing tenants fulfill their current contractual lease obligations and remain in occupancy and pay rent for the term of the forecast period, other than tenants who are experiencing financial difficulties where management has assumed investment properties revenue based upon their best estimates. Included in investment properties revenue for the twelve-month period ending March 31, 2014 is a reduction of $81 for amortization of tenant incentives ($12, $14, $24 and $31 for the three-month periods ending June 30, 2013, September 30, 2013, December 31, 2013 and March 31, 2014, respectively).

Leases covering 3.2% of the total rentable space of the income-producing investment properties expire during the forecast period. Of the leases expiring during the forecast period, 34.0% of the space is assumed to be immediately renewed. The remaining space is assumed to renew at market rates after varying periods of time based on management's best estimate. In addition, a vacancy allowance of approximately 1.3% of base rental revenue was assumed during the forecast period.

4. SIGNIFICANT ASSUMPTIONS: (Continued)

Investment properties revenue includes a straight-line rent adjustment of $1,756 for the twelve-month period ending March 31, 2014 ($610, $475, $414, and $257, for the three-month periods ending June 30, 2013, September 30, 2013, December 31, 2013 and March 31, 2014, respectively).

(c) Investment properties operating expenses:

Investment properties operating expenses have been forecasted with reference to the operating plans and budgets for the Initial Properties. The consolidated financial forecast reflects historical data adjusted for changes in costs due to inflation and other market trends and anticipated changes. The major components of investment properties operating expenses consist of realty taxes, utilities, repairs and maintenance, insurance and property management fees.

A property management agreement is expected to be entered into on Closing between the REIT, the Partnership and Welsh. Under the property management agreement, Welsh will be the property manager of the properties directly or indirectly owned by the REIT and will administer the day-to-day operations of the REIT's portfolio of investment properties. The property management fee will be calculated as follows:

- 2% of the gross property revenue for single-tenant industrial properties;
- 3% of the gross property revenue for multi-tenant industrial properties; and
- 4% of the gross property revenue for office properties.

Property management fees of $1,167 are included in the consolidated financial forecast as investment properties operating expense for the twelve-month period ending March 31, 2014.

(d) Finance costs:

Finance costs will include interest expense on mortgages payable, interest expense on the Revolving Facility, amortization associated with the mark-to market premium and deferred financing costs, distributions on Class B Redeemable Units and gain or loss on the change in fair value of financial liabilities designated as at fair value through profit or loss, including Class B Redeemable Units, and other financial instruments. The Class B Redeemable Units are entitled to distributions of cash from the Partnership equal to the distributions declared and paid to holders of REIT Units, subject to certain adjustments. The distributions on Class B Redeemable Units are based on the assumption that annual distributions will be made based on 90% of forecasted annual adjusted funds from operations, as defined, of $16,230 for the twelve-month period ending March 31, 2014, and that the Class B Redeemable Units represent approximately a 52.1% interest in the REIT on a fully diluted basis.

Net finance costs consist of:

	Three-month periods ending				Twelve-month period ending March 31, 2014
	June 30, 2013	September 30, 2013	December 31, 2013	March 31, 2014	
Interest expense	$2,488	$2,484	$2,470	$2,459	$ 9,901
Amortization of financing costs	104	102	104	104	414
Amortization of mark-to-market adjustment	(206)	(208)	(204)	(200)	(818)
Distribution on Class B Redeemable Units	1,902	1,902	1,902	1,902	7,608
Finance Costs	**$4,288**	**$4,280**	**$4,272**	**$4,265**	**$17,105**

(e) General and administrative expenses:

General and administrative expenses are forecasted based on management's best estimates with reference to the REIT's plans and budgets and relate to the day-to-day administration of the REIT. The expenses will include trust costs, including legal and audit fees, trustee fees, investor relations and reporting costs, transfer agent fees, insurance costs and the asset management fee.

An asset management agreement is expected to be entered into on Closing between the REIT, the Partnership and Welsh. Under the asset management agreement, Welsh will be the asset manager of the properties directly and indirectly owned by the REIT and

4. SIGNIFICANT ASSUMPTIONS: (Continued)

will provide the REIT and the Partnership with certain advisory and general administrative services. Welsh will be entitled to the following fees in consideration for providing the asset management services:

(i) an asset management fee of 0.25% of the gross book value, as defined in the asset management agreement;

(ii) acquisition fees equal to: (a) 1.0% of the purchase price paid for the first $100,000 of properties acquired by the REIT, the Partnership or any of their affiliates in each year; (b) 0.75% of the purchase price paid for the next $100,000 of properties acquired by the REIT, the Partnership or any of their affiliates in each year; and (c) 0.50% of the purchase price paid in excess of $200,000 for properties acquired by the REIT, the Partnership or any of their affiliates in each year (in all cases, other than the Initial Properties and properties owned by Welsh or any of its affiliates at the time of Closing); and

(iii) a construction management fee equal to 5.0% of aggregate tenant improvements, capital expenditures and construction costs incurred with respect to any capital project with costs in excess of $100 undertaken by the REIT, the Partnership or any of their affiliates, provided that such fee will not apply to repair and maintenance costs incurred in the ordinary course.

Asset management fees of $1,107 and construction management fees of $58 are included in the consolidated financial forecast as general and administrative expense for the twelve-month period ending March 31, 2014. No amounts are assumed for acquisition fees in the forecast for the twelve-month period ending March 31, 2014.

(f) Acquisitions and dispositions of investment properties:

This consolidated financial forecast does not reflect any potential sales of the investment properties or acquisitions of any properties other than the acquisitions discussed in Note 4(a). However, it is possible that the REIT will make purchases and sales of properties during the forecast period which will only be undertaken on a basis considered by management to be advantageous to the REIT and as approved by the Board of Trustees of the REIT.

(g) Fair value change in investment properties:

The REIT has applied the fair value method of accounting for investment properties, requiring the fair value of the properties to be determined at each reporting period. For financial reporting purposes, fair values are impacted by many variables, such as local and global economic conditions that are by their nature not susceptible to forecasting. Accordingly, the consolidated financial forecast does not reflect any changes in fair values of the investment properties.

For illustrative purposes, assuming all other variables remain constant, a 25-basis point decrease in the overall capitalization rate of the investment properties would result in a fair value increase of approximately $15,500. A 25-basis point increase in the overall capitalization rate of the investment properties would result in a fair value decrease of approximately $14,500.

(h) Fair value changes in Class B Redeemable Units and other financial instruments:

The Class B Redeemable Units and other financial instruments are accounted for at fair value with changes in fair value recognized in profit or loss each period. Fair values are impacted by many variables, such as local and global economic conditions that are by their nature not susceptible to forecasting. Accordingly, the consolidated financial forecast does not reflect any change in the fair value of the Class B Redeemable Units and other financial instruments. For illustrative purposes, a 10% change in the market value of a REIT Unit of the REIT would result in a fair value change in the Class B Redeemable Units of approximately $10,867.

(i) Income taxes:

The REIT intends to meet the real estate investment trust requirements under the Code, to not be a SIFT trust pursuant to the Income Tax Act (Canada) and to make the necessary distributions to not be subject to Canadian and U.S. federal income tax.

Accordingly, in the consolidated financial forecast, the REIT has not recorded a provision for current income taxes or deferred income taxes in respect of the assets, liabilities and earnings of the REIT.

(j) Other matters:

No significant changes in economic conditions and government legislation with respect to taxes, including realty taxes, other than announced changes, are anticipated during the forecast period.

5. RELATED PARTY TRANSACTIONS:

The consolidated financial forecast includes the following transactions with Welsh:

(a) Management fees:

Asset management fees of $1,107 will be paid to Welsh pursuant to an asset management agreement, to be entered into on Closing between the REIT, the Partnership and Welsh, establishing asset management fees at 0.25% of gross book value, as defined in the agreement. Construction management fees of $58 will be paid to Welsh pursuant to that asset management agreement establishing construction management fees at 5.0% of aggregate tenant improvements, capital expenditures and construction costs incurred with respect to capital projects in excess of $100 undertaken by the REIT, Partnership or any of their affiliates, provided that such fee will not apply to repair and maintenance costs in the ordinary course. Property management fees of $1,167 will be paid to Welsh pursuant to a property management agreement establishing property management fees as described in note 4(c) for all properties directly or indirectly owned by the REIT.

Under the terms of the asset management agreement, Welsh is also eligible to earn certain acquisition fees based on the performance of the REIT. For purposes of preparing the consolidated financial forecast, it has been assumed that such fees have not been earned.

(b) Class B Redeemable Units:

Distributions on the Class B Redeemable Units of $7,608 are paid to Welsh.

(c) Office rent:

The Partnership will have a lease with Welsh and its affiliates at an investment property located at 4350 Baker Road, Minnetonka, Minnesota 55343. Rental revenue earned by the Partnership from Welsh and its affiliates for the period ending March 31, 2014 is expected to be $1,000. The lease commenced on June 1, 2008 and expires on May 31, 2020, with annual rent increases of 2.0%.

6. COMMITMENT AND CONTINGENCIES:

(a) In connection with the Offering, the REIT has agreed to indemnify the underwriters against certain liabilities, including liabilities under applicable securities legislation, or to contribute to payments the underwriters may be required to make in respect of those liabilities. The REIT has agreed to indemnify, in certain circumstances, the trustees and the officers of the REIT.

(b) The REIT has an obligation to expand the gross leaseable area at two of its investments 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.

FORECAST NON-IFRS RECONCILIATION

The following table reconciles forecast net income to FFO, AFFO and NOI. See "Presentation of Financial Information — Non-IFRS Measures" and "Financial Forecast".

(in thousands of $)	Forecast Three-month periods ending				Twelve-month period ending
	June 30, 2013	September 30, 2013	December 31, 2013	March 31, 2014	March 31, 2014 (Forecast)
Net income and comprehensive income	3,607	3,575	3,374	3,395	13,951
Add/(Deduct)					
Distribution on Class B Redeemable Units treated as interest expense	1,902	1,902	1,902	1,902	7,608
FFO	**5,509**	**5,477**	**5,276**	**5,297**	**21,559**
Add/(Deduct)					
Leasing Cost reserve	(600)	(600)	(600)	(600)	(2,400)
Capital expenditure reserve	(213)	(213)	(213)	(211)	(850)
Mark-to-market debt adjustments	(206)	(208)	(204)	(200)	(818)
Amortization of deferred financing charges	104	102	104	104	414
Amortization of straight line rent	(610)	(475)	(414)	(257)	(1,756)
Amortization of tenant incentives	12	14	24	31	81
AFFO	**3,996**	**4,097**	**3,973**	**4,164**	**16,230**

Below is a reconciliation of the pro forma NOI for the twelve months ended December 31, 2012 to the forecast NOI for the twelve months ending March 31, 2014. This reconciliation is illustrative in nature and has been prepared by management as a supplement for the reader to the financial forecast. The assumptions used in respect of rental activity, market rental rates and the items that make up other adjustments in order to arrive at the figures below constitute forward-looking information. While these assumptions are considered reasonable by management as of the date of this prospectus, they are inherently subject to significant uncertainties and contingencies that may affect the outcome of the forward-looking information. Investors should use caution when considering such forward-looking information, and the REIT cautions readers not to place undue reliance on these statements. See "Forward-Looking Statements".

NOI for the twelve months ended December 31, 2012[(1)]	$28,970
Reduction in Rental Abatements Provided to Tenants as Lease Incentives[(2)]	$ 2,225
Annualized Impact of Leases Entered into Between January 1, 2012 and the Date of this Prospectus	$ 707
Reduction in NOI from Leases Expiring During the Forecast Period	$ (783)
Increased Contribution from Continuing Tenancies[(3)]	$ 154
Other[(4)]	$ 225
Contractual, In-Place NOI in Forecast	**$31,497**
Speculative Re-Leasing of Currently Occupied Space That Expires During Forecast Period	$ 200
Forecast NOI[(5)]	**$31,697**

Notes:

(1) Based on NOI for the twelve-month period ended December 31, 2012 from the Welsh Initial Properties and the Core Initial Properties of $26,382 and $5,987, respectively, adjusted for straight-line rent of $1,358 and $1,780, respectively, and amortization of tenant incentives included in revenue of $77 and $0, respectively. NOI is also adjusted to reverse the $338 allocation of property management fees to General and Administrative expenses within the Welsh Initial Properties for the twelve-month period ended December 31, 2012.

(2) Rental abatements represent a combination of free rent periods and discounted net rental rates offered to tenants as lease incentives. The majority of this item relates to reductions in rental abatements granted to Zulily, Inc. at 3051 Creekside Parkway (impact of $1,229) and Honeywell International Inc. at 6766 Pontius Road (impact of $917).

(3) Represents increase in NOI contribution from leases in-place as at January 1, 2012 and that remain in place through to the end of the twelve-month forecast period ending March 31, 2014.

(4) Represents miscellaneous adjustments including one-time revenue reconciliations, reversal of a tenant liability, increases in tenant improvement and insurance reimbursements, changes in non-recoverable expenses and changes in the property management fee structure as a result of entering into the Property Management Agreement with Welsh.

(5) Based on NOI for the twelve-month forecast period ending March 31, 2014 of $33,372, adjusted for straight-line rent of $1,756 and amortization of tenant incentives included in revenue of $81.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("**MD&A**") discusses the financial condition and results of operations and changes thereto of the Initial Properties and should be read in conjunction with the audited carve-out financial statements, the audited combined financial statements, the audited schedules of assets to be acquired and liabilities to be assumed, and the schedules of revenues and operating expenses, as well as the accompanying notes, in each case, included herein (collectively, the "**Financial Statements**"). All amounts are stated in thousands of U.S. dollars, unless otherwise noted. This discussion contains certain forward-looking statements. See "Forward-Looking Statements".

The Initial Properties consist of 37 industrial properties located throughout the United States. Of the Initial Properties, 32 were indirectly owned by Welsh on December 31, 2012 (collectively, the "**Welsh Initial Properties**"). The remaining five Initial Properties (collectively, the "**Core Initial Properties**") were owned by an unrelated third party on December 31, 2012, and for all other periods presented, before they were indirectly purchased by Welsh on January 24, 2013. The Initial Properties, including their related assets and liabilities, will be indirectly acquired by the REIT upon Closing.

Of the Welsh Initial Properties, 16 were acquired from various Welsh affiliates (collectively, "**The Welsh Group**") during 2010 and 2011 (collectively, the "**Welsh Predecessor Properties**"). The financial position and related results of operations, changes in divisional equity and cash flows for the Welsh Predecessor Properties are included in the audited combined financial statements of the Welsh Predecessor Properties for the periods prior to the acquisition by Welsh. The financial position and related results of operations, changes in divisional equity and cash flows for the Welsh Predecessor Properties subsequent to their acquisition by Welsh are included in the audited carve-out financial statements of the Welsh Initial Properties.

The assets acquired and liabilities assumed in the asset acquisition on September 20, 2011 of the Welsh Initial Property known as "**6579 West 350 North**" are included in the 6579 West 350 North audited schedules of assets to be acquired and liabilities to be assumed and the related schedules of revenues and operating expenses for the periods prior to the acquisition by Welsh. Subsequent to the acquisition by Welsh, 6579 West 350 North's financial position and related activity are included in the audited carve-out financial statements of the Welsh Initial Properties.

The assets acquired and liabilities assumed in the asset acquisition on August 1, 2011 of the Welsh Initial Property known as "**3003 Reeves Road**" are included in the 3003 Reeves Road audited schedules of assets to be acquired and liabilities to be assumed and the related schedules of revenues and operating expenses for the periods prior to the acquisition by Welsh. Subsequent to the acquisition by Welsh, 3003 Reeves Road's financial position and related activity are included in the audited carve-out financial statements of the Welsh Initial Properties.

The financial position and results of operations, changes in divisional equity and cash flows for two additional properties (collectively, the "**Hartman Property Portfolio**"), purchased by Welsh from an unrelated third party on July 7, 2011, are included in the audited carve-out financial statements of the Hartman Property Portfolio for the periods presented prior to the acquisition by Welsh. Subsequent to its acquisition by Welsh, the Hartman Property Portfolio's financial position and related activity are included in the audited carve-out financial statements of the Welsh Initial Properties.

The financial position and results of operations, changes in divisional equity and cash flows for the remaining 12 Welsh Initial Properties for the periods presented prior to the their acquisition by Welsh are not included in any historical audited financial statements due to a lack of available information. Subsequent to their acquisitions by Welsh, these properties' financial position and related activity are included in the audited carve-out financial statements of the Welsh Initial Properties.

The objectives of the REIT are to: (i) provide Unitholders with an opportunity to invest in a portfolio of institutional-quality industrial real estate properties in attractive U.S. markets, with a particular focus on warehouse and distribution properties; (ii) provide Unitholders with predictable, sustainable and growing cash distributions on a tax-efficient basis; (iii) enhance the value of the REIT's portfolio and maximize the long-term value of the Units through the active management of the REIT's properties; and (iv) significantly expand the asset base of the REIT through accretive acquisitions of stabilized, high quality industrial properties located in attractive U.S. markets. See "The REIT — Objectives of the REIT".

Financial information of the Initial Properties has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") and its interpretations as issued by the International Accounting Standards Board (the "**IASB**").

As noted in the Financial Statements and related footnotes, the Initial Properties are not legal entities and are comprised of investment properties. Each of the carve-out and combined financial statements of the Initial Properties has been prepared for the purpose of this prospectus in accordance with IFRS as a method of presenting historical property information. The Financial Statements contain information on the historical investments in the net assets of the Initial Properties. They include the assets, liabilities, revenue and operating expenses associated with owning and operating these properties, which consist primarily of industrial properties held to earn rental revenue and/or for capital appreciation. Due to the inherent limitations of carving out activities from larger entities, the Financial Statements may not necessarily reflect the results of operations, financial position, and cash flows of the Initial Properties for future periods, nor do they necessarily reflect the results of operation, financial position and cash flows that would have been realized had the Initial Properties been held in a stand-alone entity during the periods provided; however, they are being provided to give a prospective purchaser of Units an analysis of the results of owning and managing the Initial Properties for the periods stated. Less emphasis has been placed on analyzing the impact of income taxes and the historical capital structure of the Initial Properties, as the Financial Statements do not reflect the REIT's proposed capital structure and income tax status, which will be significantly different than that of the Initial Properties. The unaudited *pro forma* combined financial statements of the REIT contained in this prospectus reflect the impact of financial leverage, the REIT's tax status and the REIT's proposed capital structure on a going forward basis.

Non-IFRS Measures

All financial information has been prepared in accordance with IFRS. However, this MD&A also contains certain non-IFRS financial measures, including net operating income, or NOI, which is a measure commonly used by entities in the real estate industry as a useful metric for measuring performance. NOI does not have a standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other publicly traded entities. Non-IFRS measures should be considered as supplemental in nature and not as a substitute for related financial information prepared in accordance with IFRS. See "Presentation of Financial Information — Non-IFRS Measures".

Adoption of IFRS

The audited carve-out and audited combined financial statements referenced in this MD&A are the first carve-out and combined financial statements prepared in accordance with IFRS since each reporting group adopted IFRS in accordance with IFRS 1, *First-Time Adoption of International Reporting Standards*. As none of these audited carve-out or audited combined financial statements relate to legal entities that have previously published financial information, an explanation or reconciliation of how the transition to IFRS has affected the financial information is not required and has not been presented.

List of Initial Properties

The following table highlights certain information about the Initial Properties as of December 31, 2012.

Initial Property	City	State	Pre-Welsh Acquisition Reporting Group	Date of Welsh Acquisition	Post-Welsh Acquisition Reporting Group
115 West Lake Drive	Glendale Heights	Illinois	Welsh Predecessor Properties	November 30, 2010	Welsh Initial Properties
500 Sumner Way	New Century	Kansas	Welsh Predecessor Properties	November 30, 2010	Welsh Initial Properties
7401 Cahill Road	Edina	Minnesota	Welsh Predecessor Properties	November 30, 2010	Welsh Initial Properties
4350 & 4400 Baker Road	Minnetonka	Minnesota	Welsh Predecessor Properties	November 30, 2010	Welsh Initial Properties
1962 Queenland Drive	Mosinee	Wisconsin	Welsh Predecessor Properties	November 30, 2010	Welsh Initial Properties
325 Larsen Drive	Fond du Lac	Wisconsin	Welsh Predecessor Properties	November 30, 2010	Welsh Initial Properties
Ridgeview Parkway	Pewaukee	Wisconsin	Welsh Predecessor Properties	November 30, 2010	Welsh Initial Properties
25295 Guenther Road	Warren	Michigan	Welsh Predecessor Properties	November 30, 2010	Welsh Initial Properties
224 North Hoover Road	Durham	North Carolina	Welsh Predecessor Properties	December 20, 2010	Welsh Initial Properties
707 West County Road E	Shoreview	Minnesota	Welsh Predecessor Properties	January 31, 2011	Welsh Initial Properties
5200-5390 Ashland Way	Franklin	Wisconsin	Welsh Predecessor Properties	January 31, 2011	Welsh Initial Properties
600 Hartman Industrial Court	Austell	Georgia	Hartman Property Portfolio	July 7, 2011	Welsh Initial Properties
7515 Hartman Industrial Way	Austell	Georgia	Hartman Property Portfolio	July 7, 2011	Welsh Initial Properties
8 Mount Moriah Road	Auburn	Georgia	N/A	July 7, 2011	Welsh Initial Properties
2940 Old Norcross Road	Duluth	Georgia	N/A	July 7, 2011	Welsh Initial Properties
1685 Boggs Road	Duluth	Georgia	N/A	July 7, 2011	Welsh Initial Properties
1370 Discovery Industrial Court	Mableton	Georgia	N/A	July 7, 2011	Welsh Initial Properties
6751 Discovery Boulevard	Mableton	Georgia	N/A	July 7, 2011	Welsh Initial Properties
3003 Reeves Road	Plainfield	Indiana	3003 Reeves Road Property	August 1, 2011	Welsh Initial Properties
3000 Ames Crossing Drive	Egan	Minnesota	N/A	August 11, 2011	Welsh Initial Properties
1880 Parkview Drive	Shoreview	Minnesota	N/A	August 18, 2011	Welsh Initial Properties
5910 Rice Creek Parkway	Shoreview	Minnesota	N/A	August 18, 2011	Welsh Initial Properties
5301 West 5th Street	Jacksonville	Florida	Welsh Predecessor Properties	August 31, 2011	Welsh Initial Properties
5540 Broadway Avenue	Jacksonville	Florida	Welsh Predecessor Properties	August 31, 2011	Welsh Initial Properties
25 Enterprise Drive	Hamilton	Ohio	Welsh Predecessor Properties	August 31, 2011	Welsh Initial Properties
3440 Symmes Road	Hamilton	Ohio	Welsh Predecessor Properties	August 31, 2011	Welsh Initial Properties

Initial Property	City	State	Pre-Welsh Acquisition Reporting Group	Date of Welsh Acquisition	Post-Welsh Acquisition Reporting Group
8085 Rivers Avenue	North Charleston	South Carolina	Welsh Predecessor Properties	August 31, 2011	Welsh Initial Properties
6579 West 350 North	Greenfield	Indiana	6579 West 350 North Property	September 20, 2011	Welsh Initial Properties
2401 & 2430 Midpoint Drive	Edwardsville	Kansas	N/A	November 21, 2011	Welsh Initial Properties
2440-2450 Midpoint Drive	Edwardsville	Kansas	N/A	November 21, 2011	Welsh Initial Properties
6600 Pritchard Road	Jacksonville	Florida	N/A	February 29, 2012	Welsh Initial Properties
8500-8950 Hedge Lane Terrace	Shawnee	Kansas	N/A	August 1, 2012	Welsh Initial Properties
535 Shingle Oak Drive	West Chicago	Illinois	Core Initial Properties	January 24, 2013	N/A
1105 East Northfield Drive	Brownsburg	Indiana	Core Initial Properties	January 24, 2013	N/A
40 Logistics Boulevard	Walton	Kentucky	Core Initial Properties	January 24, 2013	N/A
6766 Pontius Road	Groveport	Ohio	Core Initial Properties	January 24, 2013	N/A
3051 Creekside Parkway	Obetz	Ohio	Core Initial Properties	January 24, 2013	N/A

The Welsh Initial Properties

Discussion of Selected Financial and Operating Information for the years ended December 31, 2012 and 2011

The following discusses the financial position and results of operations and changes thereto of the Welsh Initial Properties for the years ended December 31, 2012 and 2011 and should be read in conjunction with the Welsh Initial Properties' audited carve-out financial statements and the notes thereto contained elsewhere in this prospectus.

The audited carve-out financial statements are the Welsh Initial Properties' first carve-out financial statements prepared in accordance with IFRS, and management adopted IFRS 1, *First-Time Adoption of International Reporting Standards*. An explanation or reconciliation of how the transition to IFRS has affected the carve-out financial position, performance and cash flows has not been presented as the Welsh Initial Properties have not presented carve-out financial statements in previous years. The date of transition to IFRS for the Welsh Initial Properties was November 30, 2010, the first date any of the Welsh Initial Properties were acquired by Welsh.

The Welsh Initial Properties' functional and reporting currency is the U.S. dollar. Financial data has been prepared in accordance with IFRS and its interpretations adopted by the IASB.

The objective of this discussion is to provide a prospective purchaser of Units of the REIT with an analysis of the historical assets, liabilities, revenues and operating expenses as they relate to the Welsh Initial Properties, for the above-mentioned periods. The unaudited *pro forma* financial statements of the REIT contained elsewhere in this prospectus reflect the impact of financial leverage, the REIT's tax status and the REIT's proposed capital structure on a going forward basis.

Results of operations for the years ended December 31, 2012 and 2011:

	Year Ended December 31, 2012	Year Ended December 31, 2011
Investment properties revenue	$35,423	$22,665
Investment properties operating expenses	9,041	6,401
Net operating income	26,382	16,264
Other (income) and expenses		
General and administrative	338	206
Fair value (increase) decrease to investment properties	(237)	157
Gain on extinguishment of debt	—	(489)
Acquisition related costs, net	—	373
Interest expense	8,779	5,009
Net income and comprehensive income	**$17,502**	**$11,008**

Investment properties revenue

Investment properties revenue consists primarily of net rental income from investment properties as well as reimbursements for operating costs and property taxes from tenants. Investment properties revenue increased by $12.7 million, or 55.9%, to $35.4 million for the year ended December 31, 2012 compared to $22.7 million for the year ended December 31, 2011. This increase is primarily due to a full year of activity for 21 properties acquired during 2011 and partial year of activity for two properties acquired during 2012, resulting in a $13.5 million increase of investment properties revenue. This increase was partially offset by a reduction in investment properties revenue for the existing properties due to a decrease in the average occupancy of 97.4% at December 31, 2011 to 95.2% at December 31, 2012.

Investment properties operating expenses

Investment properties operating expenses consist primarily of occupancy costs and property taxes, as well as certain expenses that are not recoverable from tenants, the majority of which are related to leasing. Investment properties operating expenses fluctuate with changes in occupancy levels, utility costs, property taxes and repairs and maintenance. Investment properties operating expenses increased by $2.6 million, or 40.6%, to $9.0 million for the year ended December 31, 2012 compared to $6.4 million for the year ended December 31, 2011. This increase is primarily due to a full year of activity for 21 properties acquired during 2011 and a partial year of activity for two properties acquired during 2012, resulting in a $3.2 million increase in investment properties operating expenses. This increase was partially offset by a reduction in operating expenses at existing investment properties.

NOI

NOI is used by industry analysts, investors and management to measure operating performance of real estate investment trusts. NOI represents revenue from investment properties less investment properties operating expenses as presented in the carve-out statements of net income and comprehensive income prepared in accordance with IFRS. Accordingly, NOI excludes certain expenses included in the determination of net income and comprehensive income such as interest expense. NOI is not a measure defined by IFRS and, accordingly, the term does not necessarily have a standardized meaning and may not be comparable to similarly titled measures presented by other publicly traded entities. See “Presentation of Financial Information — Non-IFRS Measures”.

NOI increased by $10.1 million, or 62.0%, to $26.4 million for the year ended December 31, 2012 compared to $16.3 million for the year ended December 31, 2011. This increase is primarily the result of a full year of NOI from 21 properties acquired during 2011 and a partial year of NOI from two properties acquired during 2012.

General and administrative expenses

General and administrative expenses consist of asset management fees, professional fees, bad debt expense and other miscellaneous expenses. General and administrative expenses increased by $0.1 million or 50%, to $0.3 million for the year ended December 31, 2012 compared to $0.2 million for the year ended December 31, 2011. This increase is primarily due to an increase in asset management fees as a result of 23 property acquisitions that occurred from January 31, 2011 through August 1, 2012.

Fair value adjustments to investment properties

Fair value adjustments to investment properties increased by $0.4 million, or 200.0%, to $0.2 million for the year ended December 31, 2012 compared to a decrease of $0.2 million for the year ended December 31, 2011. This increase is primarily due to changes in capitalization rates during the periods.

Gain on extinguishment of debt

There was no gain on extinguishment of debt for the year ended December 31, 2012. During the year ended December 31, 2011, $21.5 million in mortgages payable was paid off as well as the associated unamortized deferred financing costs and unamortized debt discount/premium, which resulted in a $0.5 million gain on extinguishment of debt.

Acquisition related costs, net

There were no acquisition related costs, net for the year ended December 31, 2012. During the year ended December 31, 2011, acquisition related costs, net of $0.4 million related to the purchase of 13 investment properties in four separate transactions, which were all accounted for as business combinations and were expensed in the statement of net income and comprehensive income.

Interest expense

Interest expense increased by $3.8 million, or 76.0%, to $8.8 million for the year ended December 31, 2012 compared to $5.0 million for the year ended December 31, 2011. This increase is a result of obtaining $117.3 million in new mortgages payable associated with property acquisitions that occurred from January 31, 2011 through August 1, 2012, resulting in a $4.0 million interest expense increase, which was partially offset by a decrease in variable rate interest expense as the one-month LIBOR rate fell 0.06% from December 31, 2011 to December 31, 2012.

Net income and comprehensive income

Net income and comprehensive income for the year ended December 31, 2012 was $17.5 million, representing an increase of $6.5 million, or 59.1%, compared to $11.0 million for the year ended December 31, 2011. This increase is primarily due to a full year of rental operations from those properties acquired in 2011.

Investment properties and mortgages payable at December 31, 2012 and 2011

The following table highlights selected financial information for the Welsh Initial Properties at December 31, 2012 and December 31, 2011. This information has been compiled from the audited carve-out financial statements of the Welsh Initial Properties for the same dates and from the notes thereto and should be read in conjunction with the Welsh Initial Properties' audited carve-out financial statements and the notes thereto included elsewhere in this prospectus.

	December 31, 2012	December 31, 2011	Variance	%
Investment properties	$304,966	$292,535	$12,431	4.2%
Total Assets	**$310,462**	**$296,851**	**$13,611**	**4.6%**
Mortgages payable	$167,416	$163,732	$ 3,684	2.3%
Total Liabilities	**$174,473**	**$167,932**	**$ 6,541**	**3.9%**

Investment properties

Investment properties include land, building, improvements to the property, all direct leasing costs incurred in arranging property tenants, as well as any lease incentives. Investment properties increased by $12.4 million, or 4.2%, to $305.0 million at December 31, 2012 compared to $292.5 million at December 31, 2011. Of this increase, $9.3 million is due to investment property acquisitions and $1.5 million is as a result of capital additions to the existing investment properties. Additionally, $1.4 million is a result of an increase in the straight-line rent assets and $0.2 million is due to a change in fair value as result of changing market variables.

Fair values of the Welsh Initial Properties were primarily determined by a combination of discounting the expected future cash flows, including a terminal value based on the application of a terminal capitalization rate to the following year's estimated cash flows and applying a market capitalization rate to stabilized NOI, adjusting for cash inflows and outflows required to achieve the stabilized net operating income and deducting the present value of future capital expenditures.

The key valuation metrics for these investment properties are set out in the table below:

	December 31, 2012	December 31, 2011
Weighted average capitalization rate	8.18%	8.53%
Range of capitalization rates	7.00%–10.50%	7.25%–9.50%
Weighted average discount rate	8.32%	8.71%
Range of discount rates	8.01%–10.38%	8.03%–10.32%

Mortgages payable

Mortgages payable increased by $3.7 million, or 2.3%, to $167.4 million at December 31, 2012 from $163.7 million at December 31, 2011. This increase is primarily due to proceeds from new mortgages payable on investment property acquisitions, partially offset by scheduled principal payments. The aggregate principal instalment repayments and balances maturing on the mortgages payable in the next five years is detailed under "Liquidity, Capital Resources and Contractual Commitments" below.

	December 31, 2012	December 31, 2011
Mortgages payable	$168,604	$165,300
Debt discount	(3)	(20)
Financing costs, net	(1,185)	(1,548)
Total	167,416	163,732
Less: Current portion	(24,222)	(1,889)
Non-current mortgages payable	$143,194	$161,843

Cash flows

The Welsh Initial Properties reported a cash balance of $3.3 million at December 31, 2012 and $2.0 million at December 31, 2011. The changes in cash for the year ended December 31, 2012 were as follows:

Cash flows provided by operating activities

Cash flows provided by operating activities in 2012 were $25.4 million as compared to $15.0 million in 2011. The increase of $10.4 million is primarily due to a full year of rental operations from properties acquired in 2011.

Cash flows used in investing activities

Cash flows used in investing activities decreased by $140.7 million, or 92.7%, to $11.1 million in 2012 compared to $151.8 million in 2011. This decrease is primarily due to acquisitions of investment properties in the amount of $9.2 million in 2012 compared to $151.2 million in 2011.

Cash flows provided by or used in financing activities

Cash flows used in financing activities in 2012 were $13.1 million compared to cash flows provided by financing activities of $137.8 million in 2011. The $150.9 million decrease is due to mortgage proceeds of $93.0 million and contributions of $87.8 million offset by $28.6 million in mortgage principal payments and $8.1 million in distributions in 2011 compared to mortgage proceeds of $5.2 million and contributions of $4.8 million offset by distributions of $15.2 million, mortgage principal payments of $1.9 million and a $3.8 million increase in interest paid in 2012.

Discussion of Selected Financial and Operating Information for the year ended December 31, 2011 and for the period from November 30, 2010 to December 31, 2010

The following table highlights the financial position and results of operations and changes thereto of the Welsh Initial Properties for the year ended December 31, 2011 and for the period from November 30, 2010 through December 31, 2010 and should be read in conjunction with the Welsh Initial Properties' audited carve-out financial statements and the notes thereto contained elsewhere in this prospectus. November 30, 2010 is the first date on which properties in this reporting group were purchased by Welsh.

Results of operations for the year ended December 31, 2011 and for the period from November 30, 2010 through December 31, 2010:

	Year Ended December 31, 2011	November 30, 2010 — December 31, 2010
Investment properties revenue	$22,665	$969
Investment properties operating expenses	6,401	266
Net operating income	16,264	703
Other (income) and expenses		
General and administrative	206	9
Fair value decrease to investment properties	157	89
Gain on extinguishment of debt	(489)	–
Acquisition related costs, net	373	–
Interest expense	5,009	206
Net income and comprehensive income	**$11,008**	**$399**

Investment properties revenue

Investment properties revenue consists primarily of net rental income from investment properties as well as reimbursements for operating costs and property taxes from tenants. Investment properties revenue increased by $21.7 million to $22.7 million for the year ended December 31, 2011 compared to $1.0 million for the period from November 30, 2010 through December 31, 2010. This increase is primarily attributable to the difference in length of the reporting periods, as well as additional revenue generated by acquisitions completed in 2011 and full year results for those acquired in 2010.

Investment properties operating expenses

Investment properties operating expenses consist primarily of occupancy costs and property taxes, as well as certain expenses that are not recoverable from tenants, the majority of which are related to leasing. Investment properties operating expenses fluctuate with changes in occupancy levels, utility costs, property taxes and repairs and maintenance. Investment properties operating expenses increased by $6.1 million to $6.4 million for the year ended December 31, 2011 compared to $0.3 million for the period from November 30, 2010 through December 31, 2010. This increase is primarily due to the difference in length of the reporting periods, as well as the costs associated with additional properties acquired in 2011 and full year results for those acquired in 2010.

NOI

NOI increased by $15.6 million to $16.3 million for the year ended December 31, 2011 compared to $0.7 million for the period from November 30, 2010 through December 31, 2010. This increase is primarily due to the difference in length of the reporting periods, as well as the revenue and costs associated with additional properties acquired in 2011 and full year results for those acquired in 2010.

General and administrative expenses

General and administrative expenses consist of asset management fees, professional fees, bad debt expense and other miscellaneous expenses. General and administrative expenses increased by $0.2 million to $0.2 million for the year ended December 31, 2011 compared to $9 for the period from November 30, 2010 through December 31, 2010. This change is primarily due to the difference in length of the reporting periods, as well as an increase in asset management fees associated with additional properties acquired in 2011 and full year results for those acquired in 2010.

Fair value adjustments to investment properties

Fair value adjustments to investment properties increased by $0.1 million, or 100.0%, to $0.2 million for the year ended December 31, 2011 compared to $0.1 million for the period from November 31, 2010 through December 31, 2010. This increase is primarily due to an overall capitalization rate compression during the period.

Gain on extinguishment of debt

During the year ended December 31, 2011, $21.5 million in mortgages payable was paid off as well as the associated unamortized deferred financing costs and unamortized debt discount/premium, which resulted in a $0.5 million gain on extinguishment of debt. There was no gain on extinguishment of debt for the period from November 30, 2010 through December 31, 2010.

Acquisition related costs, net

Acquisition related costs, net of $0.4 million were recorded in the statement of net income and comprehensive income for the year ended December 31, 2011 related to the acquisition of 13 properties in four separate transactions, which were accounted for as business combinations. There were no acquisition related costs, net during the period from November 30, 2010 through December 31, 2010.

Interest expense

Interest expense increased by $4.8 million to $5.0 million for the year ended December 31, 2011 compared to $0.2 million for the period from November 30, 2010 through December 31, 2010. This increase is primarily due to the difference in length of the reporting periods, as well as additional mortgages payable entered into during 2011 related to property acquisitions.

Net income and comprehensive income

Net income and comprehensive income increased by $10.6 million to $11.0 million for the year ended December 31, 2011 compared to $0.4 million for the period from November 30, 2010 through December 31, 2010. This increase is primarily due to the difference in length of the reporting periods, as well as the revenue and costs associated with additional properties acquired in 2011 and 2010.

Investment properties and mortgages payable at December 31, 2011 and December 31, 2010:

The following table highlights selected financial information for the Welsh Initial Properties at December 31, 2011 and December 31, 2010. This information has been compiled from the audited carve-out financial statements of the Welsh Initial Properties for the same dates and from the notes thereto and should be

read in conjunction with the Welsh Initial Properties' audited carve-out financial statements and the notes thereto included elsewhere in this prospectus.

	December 31, 2011	December 31, 2010	Variance	%
Investment properties	$292,535	$86,377	$206,158	238.7%
Total Assets	**$296,851**	**$88,111**	**$208,740**	**236.9%**
Mortgages payable	$163,732	$57,468	$106,264	184.9%
Total Liabilities	**$167,932**	**$59,129**	**$108,803**	**184.0%**

Investment properties

Investment properties include land, building, improvements to the property, all direct leasing costs incurred in arranging property tenants, as well as any lease incentives. Investment properties increased by $206.2 million, or 238.7%, to $292.5 million at December 31, 2011 compared to $86.4 million at December 31, 2010. Of this increase, $204.2 million is due to investment property acquisitions, $1.2 million is a result of capital additions to the existing investment properties, and $1.0 million is a result of an increase in the straight-line rent assets, all of which are partially offset by a $0.2 million decrease in fair value as result of changing market variables.

Fair values of the Welsh Initial Properties were primarily determined by a combination of discounting the expected future cash flows, including a terminal value based on the application of a terminal capitalization rate to the following year's estimated cash flows and applying a market capitalization rate to stabilized net operating income, adjusting for cash inflows and outflows required to achieve the stabilized net operating income and deducting the present value of future capital expenditures.

The key valuation metrics for these investment properties are set out in the table below:

	December 31, 2011	December 31, 2010
Weighted average capitalization rate	8.53%	9.13%
Range of capitalization rates	7.25%-9.50%	8.00%-10.50%
Weighted average discount rate	8.71%	9.59%
Range of discount rates	8.03%-10.32%	8.25%-11.00%

Mortgages payable

Mortgages payable increased by $106.3 million, or 184.9%, to $163.7 million at December 31, 2011, compared to $57.5 million at December 31, 2010. During the year ended December 31, 2011, debt totalling $21.5 million was extinguished and new mortgages payable proceeds of $93.0 million were received. The aggregate principal instalment repayments and balances maturing on the mortgages payable in the next five years is detailed under "Liquidity, Capital Resources and Contractual Commitments" below.

	December 31, 2011	December 31, 2010
Mortgages payable	$165,300	$57,093
Debt (discount) premium	(20)	375
Financing costs, net	(1,548)	—
Total	163,732	57,468
Less: Current portion	(1,889)	(6,888)
Non-current mortgages payable	$161,843	$50,580

Cash flows

The Welsh Initial Properties reported a cash balance of $2.0 million at December 31, 2011 and $1.0 million at December 31, 2010. The changes in cash for the year ended December 31, 2011 were as follows:

Cash flows provided by operating activities

Cash flows provided by operating activities increased by $14.6 million to $15.0 million for the year ended December 31, 2011 compared to $0.4 million for the period from November 30, 2010 through December 31, 2010. The increase is primarily due to the difference in length of the reporting periods, as well as the full year results of the 2011 acquisitions.

Cash flows used in investing activities

Cash flows used in investing activities increased by $149.8 million to $151.8 million in 2011 compared to $2.0 million for the period from November 30, 2010 through December 31, 2010. This change is primarily due to the difference in length of the reporting periods, as well as cash used for investment property acquisitions in 2011.

Cash flows provided by or used in financing activities

Cash flows provided by financing activities increased by $136.3 million to $137.8 million for the year ended December 31, 2011 compared to $1.5 million for the period from November 30, 2010 through December 31, 2010. This change is primarily due to the difference in length of the reporting periods, and to proceeds from new mortgages of $93.0 million and $87.8 million in contributions offset by extinguishment of debt of $21.5 million and other mortgage payables of $7.1 million during the year ended December 31, 2011.

Liquidity, Capital Resources and Contractual Commitments

The REIT expects to be able to meet all of its obligations as they become due. The REIT expects to have sufficient liquidity as a result of the following sources: (i) cash flow from operating activities; (ii) financing availability through a Revolving Facility, which will be in place on Closing in the initial amount of $75.0 million, and conventional mortgage debt secured by investment properties; and (iii) the ability to issue new equity. At the time of Closing, the Partnership intends to draw approximately $50.2 million from the Revolving Facility to refinance debt including mortgages on certain of the Initial Properties.

Contractual Commitments

A summary of the Welsh Initial Properties' future debt and interest obligations, based on principal debt maturities at December 31, 2012, is as follows:

	Total	2013	2014	2015	2016	2017	Thereafter
Mortgages payable	$168,604	24,222	32,016	5,803	22,957	1,702	81,904
Interest payable	$ 39,298	7,644	6,484	5,509	5,352	4,030	10,279

Of the $24.2 million of principal payments due in fiscal year 2013, $22.8 million relates to a single mortgage payable originally due on November 29, 2012. On that date, management entered into a seventh modification amendment with the lender to extend the maturity date to February 28, 2013. Effective February 28, 2013, management entered into an eighth modification amendment with the lender to extend the maturity date to June 30, 2013. It is management's intention to pay off this mortgage with proceeds from the Offering.

Building condition assessment reports ("**BCA Reports**") were prepared for each of the Welsh Initial Properties by independent engineering firms. The BCA Reports identified approximately $11.9 million in estimated capital expenditures relating to deferred maintenance and capital replacements over the next 12 years. Of the estimated $4.4 million in costs identified in the BCA reports over the next five years (being an average of

$0.9 million per year), the REIT estimates $0.7 million will be the direct responsibility of tenants. A summary of projected future obligations is as follows:

	Immediate Cost	2013	2014	2015	2016	2017	Total	Avg.
Direct Tenant Work	$102	$245	$ 111	$ 46	$132	$ 135	$ 668	$134
Recoverable & Non-recoverable Expense	$326	$263	$1,011	$596	$365	$1,449	$3,685	$737
Forecast Capital Expenditures	**$428**	**$507**	**$1,122**	**$642**	**$497**	**$1,584**	**$4,353**	**$871**

Management has the obligation to expand the GLA at two investment properties at the option of the tenant. Management estimates the cost associated with these expansions, should they occur, to range between $10.0 million and $12.0 million in the aggregate. Such expansions are conditional on mutual agreement between the tenant and the REIT with regards to the base rental rates to be charged for occupying such expansion space.

Transactions with Related Parties

Management fees are paid by the Welsh Initial Properties to The Welsh Group pursuant to a management agreement, providing for a broad range of management, accounting and other administrative services. Total fees paid to The Welsh Group for the years ended December 31, 2012 and December 31, 2011 and for the period from November 30, 2010 through December 31, 2010 were $1.0 million, $0.6 million and $30, respectively.

For the years ended December 31, 2012 and December 31, 2011 and for the period from November 30, 2010 through December 31, 2010, the Welsh Initial Properties incurred total fees from The Welsh Group related to architectural and construction services, as well as certain brokerage services, of $0.3 million, $0.3 million and $1, respectively. Additionally, the Welsh Initial Properties had $45, $33, $17 and $5 in amounts payable to related parties at December 31, 2012, December 31, 2011, December 31, 2010 and November 30, 2010, respectively. Additionally, the Welsh Initial Properties had a $2.5 million note payable to a related party as of December 31, 2012.

The investment property located at 4350 Baker Road has entered into a lease with The Welsh Group. Rental revenue earned from The Welsh Group for the years ended December 31, 2012 and December 31, 2011 was $1.0 million in each year. The lease commenced on June 1, 2008 and expires on May 31, 2020, with annual rent increases of 2.0%.

Significant Accounting Policies and Estimates

A summary of significant accounting policies is set out in Note 3 of the Welsh Initial Properties' audited carve-out financial statements for the years ended December 31, 2012 and December 31, 2011 and for the period from November 30, 2010 to December 31, 2010. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities as of each financial statement date, and revenues and expenses for the periods indicated. Actual results could differ from those estimates.

Future Accounting Changes

New standards and amendments to existing standards issued by the IASB may be relevant to the REIT in preparing the consolidated financial statements of the REIT in future periods, including IFRS 9, IFRS 10, IFRS 12, IFRS 13, IAS 1 and IAS 32. The REIT intends to adopt these standards on their respective effective dates. The extent of the impact of adoption of these standards on the REIT or the Initial Properties is currently not anticipated to have a material impact on the consolidated financial statements.

Risks and Uncertainties

There are business risks associated with the ownership of the Initial Properties. See "Risk Factors".

Subsequent Events

Effective February 28, 2013, management entered into an eighth modification amendment with a lender to extend the maturity date of the mortgage payable on one investment property to June 30, 2013. It is management's intention to pay off this mortgage with proceeds from the Offering.

Core Initial Properties

Discussion of Selected Financial and Operating Information for the years ended December 31, 2012 and 2011

The following discusses the financial position and results of operations and changes thereto of the Core Initial Properties for the years ended December 31, 2012 and 2011 and should be read in conjunction with the Core Initial Properties' audited carve-out financial statements and the notes thereto contained elsewhere in this prospectus.

The audited carve-out financial statements are the Core Initial Properties' first carve-out financial statements prepared in accordance with IFRS, and management adopted IFRS 1, *First-Time Adoption of International Reporting Standards*. An explanation or reconciliation of how the transition to IFRS has affected the carve-out financial position, performance and cash flows has not been presented as the Core Initial Properties have not presented carve-out financial statements in previous years. The date of transition to IFRS for the Core Initial Properties was July 31, 2010, the first date any of the Core Initial Properties were acquired.

The Core Initial Properties' functional and reporting currency is the U.S. dollar. Financial data has been prepared in accordance with IFRS and its interpretations adopted by the IASB.

The objective of this discussion is to provide a prospective purchaser of Units of the REIT with an analysis of the historical assets, liabilities, revenues and operating expenses as they relate to the Core Initial Properties, for the above-mentioned periods. The unaudited *pro forma* financial statements of the REIT contained elsewhere in this prospectus reflect the impact of financial leverage, the REIT's tax status and the REIT's proposed capital structure on a going forward basis.

Results of operations for the years ended December 31, 2012 and 2011:

	Year Ended December 31, 2012	Year Ended December 31, 2011
Investment properties revenue	$ 7,717	$ 4,451
Investment properties operating expenses	1,730	1,190
Net operating income	5,987	3,261
Other (income) and expenses		
Fair value increase to investment properties	(3,994)	(1,254)
Acquisition related costs, net	—	828
Interest expense	2,352	972
Net income and comprehensive income	**$ 7,629**	**$ 2,715**

Investment properties revenue

Investment properties revenue consists primarily of net rental income from investment properties as well as reimbursements for operating costs and property taxes from tenants. Investment properties revenue increased by $3.2 million, or 71.1%, to $7.7 million for the year ended December 31, 2012 compared to $4.5 million for the year ended December 31, 2011. This increase is primarily attributable to revenue generated by two additional properties acquired in 2011.

Investment properties operating expenses

Investment properties operating expenses consist primarily of occupancy costs and property taxes, as well as certain expenses that are not recoverable from tenants, the majority of which are related to leasing. Investment properties operating expenses fluctuate with changes in occupancy levels, utility costs, property taxes and repairs and maintenance. Investment properties operating expenses increased by $0.5 million, or 41.7%, to $1.7 million for the year ended December 31, 2012 compared to $1.2 million for the year ended December 31, 2011. This increase is primarily due to the additional costs associated with two properties acquired in 2011.

NOI

NOI is used by industry analysts, investors and management to measure operating performance of real estate investment trusts. NOI represents revenue from investment properties less investment properties operating expenses as presented in the carve-out statements of net income and comprehensive income prepared in accordance with IFRS. Accordingly, NOI excludes certain expenses included in the determination of net income and comprehensive income such as interest expense. NOI is not a measure defined by IFRS and, accordingly, the term does not necessarily have a standardized meaning and may not be comparable to similarly titled measures presented by other publicly traded entities. See "Presentation of Financial Information — Non-IFRS Measures".

NOI increased by $2.7 million, or 81.8%, to $6.0 million for the year ended December 31, 2012 compared to $3.3 million for the year ended December 31, 2011. This increase is primarily the result of additional NOI from two property acquisitions that occurred during 2011.

Fair value adjustments to investment properties

Fair value adjustments to investment properties increased by $2.7 million, or 207.7%, to $4.0 million for the year ended December 31, 2012 compared to $1.3 million for the year ended December 31, 2011. This increase is primarily due to significant leasing activity at the properties, as well as from an overall change in discount rate during the periods.

Acquisition related costs, net

There were no acquisition related costs, net during the year ended December 31, 2012. Acquisition related costs, net of $0.8 million were recorded in the statement of net income and comprehensive income for the year ended December 31, 2011 related to the acquisition of two investment properties in a single transaction, which was accounted for as a business combination.

Interest expense

Interest expense increased by $1.4 million, or 140.0%, to $2.4 million for the year ended December 31, 2012 compared to $1.0 million for the year ended December 31, 2011. This increase is primarily a result of the additional mortgages payable entered into in 2011.

Net income and comprehensive income

Net income and comprehensive income increased by $4.9 million, or 181.5%, to $7.6 million for the year ended December 31, 2012 compared to $2.7 million for the year ended December 31, 2011. This increase is due to a full year of results from the two 2011 property acquisitions, as well as a favourable fair value adjustment for the year ended December 31, 2012.

Investment properties and mortgages payable at December 31, 2012 and 2011:

The following discusses selected financial information for the Core Initial Properties at December 31, 2012 and December 31, 2011. This information has been compiled from the audited carve-out financial statements of the Core Initial Properties' for the same dates and from the notes thereto and should be read in conjunction

with the Core Initial Properties' audited carve-out financial statements and the notes thereto included elsewhere in this prospectus.

	December 31, 2012	December 31, 2011	Variance	%
Investment properties	$99,500	$92,416	$7,084	7.7%
Total Assets	**$99,657**	**$92,435**	**$7,222**	**7.8%**
Mortgages payable	$50,092	$48,378	$1,714	3.5%
Total Liabilities	**$52,501**	**$50,863**	**$1,638**	**3.2%**

Investment properties

Investment properties include land, building, improvements to the property, all direct leasing costs incurred in arranging property tenants, as well as any lease incentives. Investment properties increased by $7.1 million, or 7.7%, to $99.5 million at December 31, 2012 compared to $92.4 million at December 31, 2011. Of this increase, $1.3 million is due to capital additions to the existing investment properties. Additionally, $1.8 million is a result of an increase in the straight-line rent asset and $4.0 million is due to an increase in fair value as a result of significant leasing activity at these properties, as well as changing market variables.

Fair values of the Core Initial Properties were primarily determined by a combination of discounting the expected future cash flows, including a terminal value based on the application of a terminal capitalization rate to the following year's estimated cash flows and applying a market capitalization rate to stabilized net operating income, adjusting for cash inflows and outflows required to achieve the stabilized net operating income and deducting the present value of future capital expenditures.

The key valuation metrics for these investment properties are set out in the table below:

	December 31, 2012	December 31, 2011
Weighted average capitalization rate	7.50%	7.50%
Weighted average discount rate	6.92%	7.81%
Range of discount rates	3.90%-9.01%	7.22%-8.92%

Mortgages payable

Mortgages payable increased by $1.7 million, or 3.5%, to $50.1 million at December 31, 2012 compared to $48.4 million at December 31, 2011. This increase is primarily due to additional advances on existing mortgages. The aggregate principal instalment repayments and balances maturing on the mortgages payable in the next five years is detailed under "Liquidity, Capital Resources and Contractual Commitments" below.

	December 31, 2012	December 31, 2011
Mortgages payable	$50,433	$48,898
Financing costs, net	(341)	(520)
Total mortgages payable	$50,092	$48,378

Cash flows

The Core Initial Properties do not maintain their own cash accounts. Cash management is handled at the parent level with all cash inflows and outflows shown as net contributions from or distributions to the parent.

Cash flows provided by operating activities

Cash flows provided by operating activities in 2012 were $4.1 million as compared to $5.5 million in 2011. The decrease of $1.4 million was due to an increase in net income and comprehensive income offset by a $1.0 million increase in the straight-line rent asset and a $2.6 million decrease in non-cash working capital.

Cash flows used in investing activities

Cash flows used in investing activities in 2012 were $1.3 million as compared to $44.9 million in 2011. This change was primarily due to the use of $41.4 million in cash for property acquisitions in 2011.

Cash flows used in/provided by financing activities

Cash flows used in financing activities were $2.8 million in 2012 as compared to $39.5 million provided by financing activities in 2011. This $42.3 million change is primarily due to proceeds from mortgages of $48.9 million in 2011 offset by a reduction in net contributions/distributions of $6.1 million in 2012.

Discussion of Selected Financial and Operating Information for the year ended December 31, 2011 and for the period from July 31, 2010 through December 31, 2010

The following table highlights the financial position and results of operations and changes thereto of the Core Initial Properties for the year ended December 31, 2011 and for the period from July 31, 2010 through December 31, 2010 and should be read in conjunction with the Core Initial Properties' audited carve-out financial statements and the notes thereto contained elsewhere in this prospectus. July 31, 2011 is the first date on which financial information is available for these investment properties.

Results of operations for the year ended December 31, 2011 and for the period from July 31, 2010 through December 31, 2010:

	Year Ended December 31, 2011	July 31, 2010 — December 31, 2010
Investment properties revenue	$ 4,451	$ 1,554
Investment properties operating expenses	1,190	370
Net operating income	3,261	1,184
Other (income) and expenses		
Fair value increase to investment properties	(1,254)	(7,631)
Acquisition related costs, net	828	—
Interest expense	972	—
Net income and comprehensive income	**$ 2,715**	**$ 8,815**

Investment properties revenue

Investment properties revenue consists primarily of net rental income from investment properties as well as reimbursements for operating costs and property taxes from tenants. Investment properties revenue increased by $2.9 million, or 181.3%, to $4.5 million for the year ended December 31, 2011 compared to $1.6 million for the period from July 31, 2010 through December 31, 2010. The increase is primarily due to the difference in the length of the reporting periods, as well as additional revenues generated by acquisitions completed in 2011 and 2010.

Investment properties operating expenses

Investment properties operating expenses consist primarily of occupancy costs and property taxes, as well as certain expenses that are not recoverable from tenants, the majority of which are related to leasing. Investment properties operating expenses fluctuate with changes in occupancy levels, utility costs, property taxes and repairs and maintenance. Investment properties operating expenses increased by $0.8 million, or 200.0%, to $1.2 million for the year ended December 31, 2011 compared to $0.4 million for the period from July 31, 2010 through December 31, 2010. The increase is primarily due to the difference in the length of the reporting periods, as well as additional costs associated with the properties acquired in 2011 and a full year of results for those acquired in 2010.

NOI

NOI increased by $2.1 million, or 175.0%, to $3.3 million for the year ended December 31, 2011 compared to $1.2 million for the period from July 31, 2010 through December 31, 2010. This increase is primarily due to the difference in length of the reporting periods, as well as the revenues and costs associated with the additional properties acquired in 2011 and a full year of results for those acquired in 2010.

Fair value adjustments to investment properties

Fair value adjustments to investment properties decreased by of $6.3 million, or 82.9% to $1.3 million for the year ended December 31, 2011 compared to $7.6 million for the period from July 31, 2010 through December 31, 2010. This decrease is primarily due to a slow down of leasing activities in 2011 compared to 2010, as well as changes in market variables.

Interest expense

Interest expense increased to $1.0 million for the year ended December 31, 2011 compared to zero for the period from July 31, 2010 through December 31, 2010. This increase is due to new mortgages obtained during 2011 for properties purchased in 2010.

Net income and comprehensive income

Net income and comprehensive income decreased by $6.1 million, or 69.3%, to $2.7 million for the year ended December 31, 2011, compared to $8.8 million for the period from July 31, 2010 through December 31, 2010. This decrease is due to a net increase in net operating income of $2.1 million, offset by a $1.0 million increase in interest expense and a net difference of $6.3 million in the fair value adjustment to investment property as compared to the prior period.

Investment properties and mortgages payable at December 31, 2011 and December 31, 2010:

The following table highlights selected financial information for the Core Initial Properties at December 31, 2011 and December 31, 2010. This information has been compiled from the audited carve-out financial statements of the Core Initial Properties for the same dates and from the notes thereto and should be read in conjunction with the Core Initial Properties' audited carve-out financial statements and the notes thereto included elsewhere in this prospectus.

	December 31, 2011	December 31, 2010	Variance	%
Investment properties	$92,416	$45,138	$47,278	104.7%
Total Assets	**$92,435**	**$48,080**	**$44,355**	**92.3%**
Mortgages payable	$48,378	—	$48,378	0.0%
Total Liabilities	**$50,863**	**$ 1,116**	**$49,747**	**4457.6%**

Investment properties

Investment properties include land, building, improvements to the property, all direct leasing costs incurred in arranging property tenants, as well as any lease incentives. Investment properties increased by $47.3 million, or 104.7%, to $92.4 million at December 31, 2011 compared to $45.1 million at December 31, 2010. Of this increase, $41.8 million is due to property acquisitions and $3.4 million is due to additions to existing investment properties. Additionally, $0.8 million is a result of an increase in the straight-line rent asset and $1.3 million is due to an increase in fair value as result of significant leasing activity at these properties, as well as changing market variables.

Fair values of the Core Initial Properties were primarily determined by a combination of discounting the expected future cash flows, including a terminal value based on the application of a terminal capitalization rate, to the following year's estimated cash flows and applying a market capitalization rate to stabilized net operating income, adjusting for cash inflows and outflows required to achieve the stabilized net operating income and deducting the present value of future capital expenditures.

The key valuation metrics for these investment properties are set out in the table below:

	December 31, 2011	December 31, 2010
Weighted average capitalization rate	7.50%	7.75%
Weighted average discount rate	7.81%	7.84%
Range of discount rates	7.22%-8.92%	7.34%-8.37%

Mortgages payable

Mortgages payable totalled $48.4 million at December 31, 2011. There was no debt outstanding at December 31, 2010. The aggregate principal instalment repayments and balances maturing on the mortgages payable in the next five years is detailed under "Liquidity, Capital Resources and Contractual Commitments" below.

	December 31, 2011	December 31, 2010
Mortgages payable	$48,898	$—
Financing costs, net	(520)	—
Total mortgages payable	$48,378	$—

Cash flows

The Core Initial Properties do not maintain their own cash accounts. Cash management is handled at the parent level with all cash inflows and outflows shown as net contributions from or distributions to the parent.

Cash flows provided by/used in operating activities

Cash flows provided by operating activities for the year ended December 31, 2011 were $5.5 million compared to cash flows used in operating activities of $1.2 million for the period from July 31, 2010 through December 31, 2010. The $6.7 million difference in cash flows provided by/used in operating activities is primarily due to an increase in NOI, as well as a significant change in the fair value of the investment properties as a result of significant leasing activity during the year ended December 31, 2011.

Cash flows used in investing activities

Cash flows used in investing activities increased by $39.1 million, or 674.1%, to $44.9 million in 2011 compared to $5.8 million for the period from July 31, 2010 to December 31, 2010. This increase is due to the use of $41.4 million in cash for property acquisitions, as well as $3.5 million for building improvements in 2011.

Cash flows provided by financing activities

Cash flows provided by financing activities increased by $32.5 million, or 464.3%, to $39.5 million for the year ended December 31, 2011 compared to $7.0 million for the period from July 31, 2010 through December 31, 2010. This increase is due to mortgage proceeds of $48.9 million, as well as a change of $15.1 million in net contributions/distributions in 2011.

Liquidity and Capital Resources and Contractual Commitments

The REIT expects to be able to meet all of its obligations as they become due. The REIT expects to have sufficient liquidity as a result of the following sources: (i) cash flow from operating activities; (ii) financing availability through a Revolving Facility, which will be in place on Closing in the initial amount of $75.0 million, and conventional mortgage debt secured by investment properties; and (iii) the ability to issue new equity. At the time of Closing, the Partnership intends to draw approximately $50.2 million from the Revolving Facility to refinance debt including mortgages on certain of the Initial Properties.

Contractual Commitments

A summary of the Core Initial Properties' future debt and interest obligations, based on principal debt maturities at December 31, 2012, is as follows:

	Total	2013	2014	2015	2016	2017	Thereafter
Mortgages payable	$50,433	—	26,358	419	438	458	22,760
Interest payable	$ 7,038	2,044	1,393	1,053	1,034	1,014	500

BCA Reports were prepared for each of the Core Initial Properties by independent engineering firms. The BCA Reports identified approximately $0.8 million in estimated capital expenditures relating to deferred maintenance and capital replacements over the next 12 years. Of the estimated $0.4 million in costs identified in the BCA reports over the next five years (being an average of $70 per year), the REIT estimates $10 will be the direct responsibility of tenants. A summary of projected future obligations is as follows:

	Immediate Cost	2013	2014	2015	2016	2017	Total	Avg.
Direct Tenant Work	$ 2					$ 10	$ 10	$ 2
Recoverable & Non-recoverable Expense	$54	$23	$27	$113	$77	$103	$341	$68
Forecast Capital Expenditures	**$56**	**$23**	**$27**	**$113**	**$77**	**$113**	**$351**	**$70**

Transactions with Related Parties

The Core Initial Properties are engaged in various transactions with an entity deemed to be a related party through common ownership, prior to Welsh's ownership. The related party discussed in this section has no relationship to Welsh or any of its affiliates. These transactions are described in the paragraphs below.

Management fees are paid by the Core Initial Properties to the related party pursuant to a management agreement, providing for a broad range of management, accounting and other administrative services. Total fees paid for the years ended December 31, 2012 and December 31, 2011 and for the period from July 31, 2010 through December 31, 2010 were $0.2 million, $0.2 million and $0.2 million, respectively. Additionally, the Core Initial Properties had $30, $10 and $10 in amounts payable to the related party at December 31, 2012, December 31, 2011 and December 31, 2010, respectively. There were no amounts payable to the entity at July 31, 2010.

The Core Initial Properties do not maintain their own cash accounts. Cash management is handled at the parent level with all cash inflows and outflows shown as net contributions from or distributions to the parent in the audited carve-out statements of divisional surplus and cash flows shown elsewhere in this prospectus.

Significant Accounting Policies and Estimates

A summary of significant accounting policies is set out in Note 3 of the Core Initial Properties' audited carve-out financial statements for the years ended December 31, 2012 and December 31, 2011 and for the period from July 31, 2010 to December 31, 2010. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities as of each financial statement date, and revenues and expenses for the periods indicated. Actual results could differ from those estimates.

Future Accounting Changes

New standards and amendments to existing standards issued by the IASB may be relevant to the REIT in preparing the consolidated financial statements of the REIT in future periods, including IFRS 9, IFRS 10, IFRS 12, IFRS 13, IAS 1 and IAS 32. The REIT intends to adopt these standards on their respective effective dates. The extent of the impact of adoption of these standards on the REIT or the Initial Properties is currently not anticipated to have a material impact on the consolidated financial statements of the REIT.

Risks and Uncertainties

There are business risks associated with the ownership of the Initial Properties. See "Risk Factors".

Subsequent Events

On January 24, 2013, the Core Initial Properties were acquired by Welsh for cash proceeds of $99.5 million. Subsequent to that date, the financial position and results of operations of the portfolio are reported in the financial statements of Welsh.

Welsh Predecessor Properties

Discussion of Selected Financial and Operating Information for the period from January 1, 2011 through August 31, 2011 and for the year ended December 31, 2010

The following discusses the financial position and results of operations and changes thereto of the Welsh Predecessor Properties for the period from January 1, 2011 through August 31, 2011 and for the year ended December 31, 2010 and should be read in conjunction with the Welsh Predecessor Properties' audited combined financial statements and the notes thereto contained elsewhere in this prospectus. August 31, 2011 is the date on which the last investment properties in this reporting group were sold to Welsh.

The audited combined financial statements are the Welsh Predecessor Properties' first combined financial statements prepared in accordance with IFRS, and management adopted IFRS 1, *First-Time Adoption of International Reporting Standards*. An explanation or reconciliation of how the transition to IFRS has affected the combined financial position, performance and cash flows has not been presented as the Welsh Predecessor Properties have not presented combined financial statements in previous years. The date of transition to IFRS for the Welsh Predecessor Properties was January 1, 2010.

The Welsh Predecessor Properties' functional and reporting currency is the U.S. dollar. Financial data has been prepared in accordance with IFRS and its interpretations adopted by the IASB.

The objective of this discussion is to provide a prospective purchaser of Units of the REIT with an analysis of the historical assets, liabilities, revenues and operating expenses, as they relate to the Welsh Predecessor Properties, for the above-mentioned periods. The unaudited *pro forma* financial statements of the REIT contained elsewhere in this prospectus reflect the impact of financial leverage, the REIT's tax status and the REIT's proposed capital structure on a going forward basis.

Results of operations for the period from January 1, 2011 through August 31, 2011 and for the year ended December 31, 2010:

	January 1, 2011-August 31, 2011	Year Ended December 31, 2010
Investment properties revenue	$2,591	$15,838
Investment properties operating expenses	557	4,964
Net operating income	2,034	10,874
Other (income) and expenses		
General and administrative	34	174
Fair value increase to investment properties	(684)	(2,178)
Loss on sale of investment properties	102	318
Interest expense	957	4,936
Net income and comprehensive income	**$1,625**	**$ 7,624**

Investment properties revenue

Investment properties revenue consists primarily of net rental income from investment properties as well as reimbursements for operating costs and property taxes from tenants. Investment property revenue decreased by

$13.2 million, or 83.5%, to $2.6 million for the period from January 1, 2011 through August 31, 2011 compared to $15.8 million for the year ended December 31, 2010. The primary drivers of the decrease are the difference in the length of the reporting periods, as well as the difference in the number of properties held during the two periods. For the period from January 1, 2011 to August 31, 2011, five properties were held for the entire eight-month period and two properties were held for one month. For the year ended December 31, 2010, 16 properties were held for eleven months and seven properties were held for the entire 12-month period.

Investment properties operating expenses

Investment properties operating expenses consist primarily of occupancy costs and property taxes, as well as certain expenses that are not recoverable from tenants, the majority of which are related to leasing. Investment properties operating expenses fluctuate with changes in occupancy levels, utility costs, property taxes and repairs and maintenance. Investment properties operating expenses decreased by $4.4 million, or 88.0%, to $0.6 million for the period from January 1, 2011 through August 31, 2011 compared to $5.0 million for the year ended December 31, 2010. The primary drivers of the decrease are the difference in the length of the reporting periods, as well as the difference in the number of properties held during the two periods.

NOI

NOI is used by industry analysts, investors and management to measure operating performance of real estate investment trusts. NOI represents revenue from investment properties less investment properties operating expenses as presented in the carve-out statements of income and comprehensive income prepared in accordance with IFRS. Accordingly, NOI excludes certain expenses included in the determination of net income and comprehensive income such as interest expense. NOI is not a measure defined by IFRS and, accordingly, the term does not necessarily have a standardized meaning and may not be comparable to similarly titled measures presented by other publicly traded entities. See “Presentation of Financial Information — Non-IFRS Measures”.

NOI decreased by $8.9 million, or 81.7%, to $2.0 million for the period from January 1, 2011 through August 31, 2011 compared to $10.9 million for the year ended December 31, 2010. This decrease is primarily the result of the difference in the length of the reporting periods, as well as the difference in the number of properties held during the two periods.

General and administrative expenses

General and administrative expenses consist of asset management fees, professional fees, bad debt expense and other miscellaneous expenses. General and administrative expenses decreased by $0.1 million, or 83.0%, to $34 for the period from January 1, 2011 through August 31, 2011 compared to $0.2 million for the year ended December 31, 2010. This decrease is primarily due to the difference in length of the reporting periods, as well as the difference in the number of properties held during the two periods.

Fair value adjustments to investment properties

Fair value adjustments to investment properties changed by $1.5 million, or 68.2%, to $0.7 million for the period from January 1, 2011 through August 31, 2011 compared to $2.2 million for the year ended December 31, 2010. This change is primarily a result of the difference in the number of properties held during the two periods, as well as a result of changing market variables.

Loss on sale of investment properties

For the period from January 1, 2011 through August 31, 2011 and the year ended December 31, 2010, seven and ten properties, respectively, were contributed to Welsh in exchange for a combination of cash of $2.8 million and equity units of Welsh worth $26.2 million.

Interest expense

Interest expense decreased by $3.9 million, or 79.6%, to $1.0 million for period from January 1, 2011 through August 31, 2011 compared to $4.9 million for the year ended December 31, 2010. This decrease is primarily due to the difference in the length of the reporting period, as well as the difference in the number of properties held during the two periods.

Net income and comprehensive income

Net income and comprehensive income decreased by $6.0 million, or 78.9%, to $1.6 million for the period from January 1, 2011 through August 31, 2011, compared to $7.6 million for the year ended December 31, 2010. This decrease is the result of the difference in the length of the reporting periods, as well as the difference in the number of properties held during the two periods, and to the other changes discussed above.

Investment properties and mortgages payable at August 31, 2011 and December 31, 2010:

The following table highlights selected financial information for the Welsh Predecessor Properties at August 31, 2011 and December 31, 2010. This information has been compiled from the audited combined financial statements of the Welsh Predecessor Properties for the same dates and from the notes thereto and should be read in conjunction with the Welsh Predecessor Properties' audited combined financial statements and the notes thereto included elsewhere in this prospectus.

	August 31, 2011	December 31, 2010	Variance	%
Investment properties	$28,430	$41,198	$(12,768)	−31.0%
Total Assets	**$29,564**	**$42,435**	**$(12,871)**	**−30.3%**
Mortgages payable	$22,619	$31,769	$ (9,150)	−28.8%
Total Liabilities	**$23,014**	**$32,536**	**$ (9,522)**	**−29.3%**

Investment properties

Investment properties include land, building, improvements to the property, all direct leasing costs incurred in arranging property tenants, as well as any lease incentives. Investment properties decreased by $12.8 million, or 31.0%, to $28.4 million at August 31, 2011 compared to $41.2 million at December 31, 2010. Of this decrease, $13.5 million is due to investment property disposals, partially offset by a $0.7 million increase in fair value as a result of changing market variables.

Fair values of the Welsh Predecessor Properties were primarily determined by a combination of discounting the expected future cash flows, including a terminal value based on the application of a terminal capitalization rate, to the following year's estimated cash flows and applying a market capitalization rate to stabilized net operating income, adjusting for cash inflows and outflows required to achieve the stabilized net operating income and deducting the present value of future capital expenditures.

The key valuation metrics for these investment properties are set out in the table below:

	August 31, 2011	December 31, 2010
Weighted average capitalization rate	9.32%	8.75%
Range of capitalization rates	8.00%-10.00%	7.50%-9.75%
Weighted average discount rate	9.33%	9.47%
Range of discount rates	8.00%-10.50%	8.08%-11.85%

Mortgages payable

Mortgages payable decreased by $9.2 million, or 28.9%, to $22.6 million at August 31, 2011, compared to $31.8 million at December 31, 2010. Mortgages payable totalling $9.1 million were assumed by Welsh as part of their purchase of two properties during the period from January 1, 2011 through August 31, 2011.

	August 31, 2011	December 31, 2010
Mortgages payable	$22,783	$32,078
Financing costs, net	(164)	(309)
Total	22,619	31,769
Less: Current portion	430	416
Non-current mortgages payable	$22,189	$31,353

Cash flows

The Welsh Predecessor Properties reported a cash balance of $0.2 million at August 31, 2011 and $0.4 million at December 31, 2010. The changes in cash for the period from January 1, 2011 through August 31, 2011 were as follows:

Cash flows provided by operating activities

Cash flows provided by operating activities for the period from January 1, 2011 through August 31, 2011 decreased by $8.0 million, or 80.0%, to $2.0 million compared to $10.0 million for the year ended December 31, 2010. The decrease is due to the difference in the length of the reporting periods, as well as differences in the number of properties held during the two periods.

Cash flows provided by/used in investing activities

Cash flows provided by investing activities for the period from January 1, 2011 through August 31, 2011 were $1.1 million as compared to cash flows used in investing activities of $11.4 million during the year ended December 31, 2010. This change of $12.5 million is primarily due to the acquisition of investment properties of $12.8 million during the year ended December 31, 2010.

Cash flows provided by/used in financing activities

Cash flows used in financing activities for the period from January 1, 2011 through August 31, 2011 were $3.2 million compared to cash flows provided by financing activities of $0.3 million for the year ended December 31, 2010. The difference is due to the cash flows provided by mortgage proceeds and contributions during the year ended December 31, 2010.

Liquidity and Capital Resources and Contractual Commitments

The REIT expects to be able to meet all of its obligations as they become due. The REIT expects to have sufficient liquidity as a result of the following sources: (i) cash flow from operating activities; (ii) financing availability through a Revolving Facility, which will be in place on Closing in the initial amount of $75.0 million, and conventional mortgage debt secured by investment properties; and (iii) the ability to issue new equity. At the time of Closing, the Partnership intends to draw approximately $50.2 million from the Revolving Facility to refinance debt including mortgages on certain of the Initial Properties.

Contractual Commitments

All future contractual obligations of the Welsh Predecessor Properties are contained within the Welsh Initial Properties disclosure presented earlier in this MD&A as all investment properties in this reporting group were purchased by Welsh throughout 2010 and 2011.

Transactions with Related Parties

Management fees are paid by the Welsh Predecessor Properties to The Welsh Group pursuant to a management agreement, providing for a broad range of management, accounting and other administrative services. Total fees paid to The Welsh Group for the period from January 1, 2011 through August 31, 2011 and for the year ended December 31, 2010 were $0.1 million and $0.6 million, respectively.

For the period from January 1, 2011 through August 31, 2011, the Welsh Predecessor Properties incurred no other fees from The Welsh Group. For the year ended December 31, 2010, the Welsh Predecessor Properties incurred total fees from The Welsh Group related to architectural and construction services as well as certain brokerage services from The Welsh Group of $0.3 million. Additionally, the Welsh Predecessor Properties had $0.1 million included in amounts payable to related parties at January 1, 2010. There were no amounts payable to related parties at August 31, 2011 or December 31, 2010.

The investment property located at 4350 Baker Road has entered into a lease with The Welsh Group. Rental revenue earned from The Welsh Group for the year ended December 31, 2010 was $1.0 million. This investment property was sold to Welsh in November 2010.

Significant Accounting Policies and Estimates

A summary of significant accounting policies is set out in Note 3 of the Welsh Predecessor Properties' audited combined financial statements for the period from January 1, 2011 through August 31, 2011 and for the year ended December 31, 2010. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities as of each financial statement date, and revenues and expenses for the periods indicated. Actual results could differ from those estimates.

Risks and Uncertainties

There are business risks associated with the ownership of the Initial Properties. See "Risk Factors".

Subsequent Events

On August 31, 2011, the five remaining investment properties were sold to Welsh. The Welsh Predecessor Properties' investors exchanged their membership interests for 643,597 common units of Welsh, either directly or indirectly, subject to existing mortgages and other indebtedness.

Hartman Property Portfolio

Discussion of Selected Financial and Operating Information for the period from January 1, 2011 through July 7, 2011 and for the year ended December 31, 2010

The following discusses the financial position and results of operations and changes thereto of the Hartman Property Portfolio for the period from January 1, 2011 through July 7, 2011 and for the year ended December 31, 2010 and should be read in conjunction with the Hartman Property Portfolio's audited carve-out financial statements and the notes thereto contained elsewhere in this prospectus. July 7, 2011 is the date on which all investment properties in this reporting group were sold to Welsh.

The audited carve-out financial statements are the Hartman Property Portfolio's first carve-out financial statements prepared in accordance with IFRS, and management adopted IFRS 1, *First-Time Adoption of International Reporting Standards*. An explanation or reconciliation of how the transition to IFRS has affected the carve-out financial position, performance and cash flows has not been presented as the Hartman Property Portfolio has not presented carve-out financial statements in previous years. The date of transition to IFRS for the Hartman Property Portfolio was January 1, 2010.

The Hartman Property Portfolio's functional and reporting currency is the U.S. dollar. Financial data has been prepared in accordance with IFRS and its interpretations adopted by the IASB.

The objective of this discussion is to provide a prospective purchaser of Units of the REIT with an analysis of the historical assets, liabilities, revenues and operating expenses, as they relate to the Hartman Property Portfolio, for the above-mentioned periods. The unaudited *pro forma* financial statements of the REIT contained elsewhere in this prospectus reflect the impact of financial leverage, the REIT's tax status and the REIT's proposed capital structure on a going forward basis.

Results of operations for the period from January 1, 2011 through July 7, 2011 and for the year ended December 31, 2010:

	January 1, 2011-July 7, 2011	Year Ended December 31, 2010
Investment properties revenue	$1,199	$ 2,257
Investment properties operating expenses	249	552
Net operating income	950	1,705
Other (income) and expenses		
General and administrative	13	25
Fair value increase to investment properties	(686)	(1,611)
Interest expense	719	1,397
Other income	—	(724)
Net income and comprehensive income	**$ 904**	**$ 2,618**

Investment properties revenue

Investment properties revenue consists primarily of net rental income from investment properties as well as reimbursements for operating costs and property taxes from tenants. Investment properties revenue decreased by $1.1 million, or 47.8%, to $1.2 million for the period from January 1, 2011 through July 7, 2011 as compared to $2.3 million for the year ended December 31, 2010. The decrease is due to the difference in the length of the reporting periods, and because there were no property acquisitions or disposals from January 1, 2011 to July 7, 2011.

Investment properties operating expenses

Investment properties operating expenses consist primarily of occupancy costs and property taxes, as well as certain expenses that are not recoverable from tenants, the majority of which are related to leasing. Investment properties operating expenses fluctuate with changes in occupancy levels, utility costs, property taxes and repairs and maintenance. Investment properties operating expenses decreased by $0.4 million, or 66.7%, to $0.2 million for the period from January 1, 2011 through July 7, 2011 as compared to $0.6 million for the year ended December 31, 2010. This decrease is due to the difference in the length of the reporting periods.

NOI

NOI is used by industry analysts, investors and management to measure operating performance of real estate investment trusts. NOI represents revenue from investment properties less investment properties operating expenses as presented in the carve-out statements of net income and comprehensive income prepared in accordance with IFRS. Accordingly, NOI excludes certain expenses included in the determination of net income and comprehensive income such as interest expense. NOI is not a measure defined by IFRS and, accordingly, the term does not necessarily have a standardized meaning and may not be comparable to similarly titled measures presented by other publicly traded entities. See "Presentation of Financial Information — Non-IFRS Measures".

NOI decreased by $0.7 million, or 41.2%, to $1.0 million for the period from January 1, 2011 through July 7, 2011 compared to $1.7 million for the year ended December 31, 2010. This decrease is primarily due to the difference in the length of the reporting periods.

General and administrative expenses

General and administrative expenses consist of asset management fees, professional fees, bad debt expense and other miscellaneous expenses. General and administrative expenses for the period from January 1, 2011 through July 7, 2011 were $13, a decrease of $12, or 48.0%, over the year ended December 31, 2010, primarily due to the difference in the length of the reporting periods.

Fair value adjustments to investment properties

Fair value adjustments to investment properties of $0.7 million and $1.6 million were recognized in the period from January 1, 2011 through July 7, 2011 and for the year ended December 31, 2010, respectively, primarily resulting from changes in market conditions.

Interest expense

Interest expense decreased by $0.7 million, or 50.0%, to $0.7 million for the period from January 1, 2011 through July 7, 2011 compared to $1.4 million for the year ended December 31, 2010. This decrease is primarily due to the difference in the length of the reporting periods.

Net income and comprehensive income

Net income and comprehensive income decreased by $1.7 million, or 65.4%, to $0.9 million for the period from January 1, 2011 through July 7, 2011 compared to $2.6 million for the year ended December 31, 2010. This decrease is primarily the result of the difference in the length of the reporting periods and the change in fair value.

Investment properties and mortgages payable at July 7, 2011 and at December 31, 2010:

The following table highlights selected financial information for the Hartman Property Portfolio at July 7, 2011 and December 31, 2010. This information has been compiled from the audited carve-out financial statements of the Hartman Property Portfolio for the same dates and from the notes thereto and should be read in conjunction with the Hartman Property Portfolio's audited carve-out financial statements and the notes thereto included elsewhere in this prospectus.

	July 7, 2011	December 31, 2010	Variance	%
Investment properties	$27,500	$26,700	$ 800	3.0%
Total Assets	**$27,580**	**$26,786**	**$ 794**	**3.0%**
Mortgages payable	$18,362	$18,391	$ (29)	0.2%
Total Liabilities	**$19,093**	**$19,237**	**$(144)**	**0.7%**

Investment properties

Investment properties include land, building, improvements to the property, all direct leasing costs incurred in arranging property tenants, as well as any lease incentives. Investment properties increased by $0.8 million, or 3.0%, to $27.5 million at July 7, 2011 compared to $26.7 million at December 31, 2010. Of this increase, $0.1 million is a result of an increase in the straight-line rent asset and $0.7 million is due to a change in fair value as result of changing market variables.

Fair values of the Hartman Property Portfolio were primarily determined by a combination of discounting the expected future cash flows, including a terminal value based on the application of a terminal capitalization rate to the following year's estimated cash flows and applying a market capitalization rate to stabilized net operating income, adjusting for cash inflows and outflows required to achieve the stabilized net operating income and deducting the present value of future capital expenditures.

The key valuation metrics for these investment properties are set out in the table below:

	July 7, 2011		December 31, 2010	
	Range (%)	Weighted Average (%)	Range (%)	Weighted Average (%)
Capitalization rate	7.25	7.25	7.50	7.50
Discount rate	8.45	8.45	8.50	8.50

Mortgages payable

Mortgages payable totalled $18.4 million at July 7, 2011 and December 31, 2010.

	July 7, 2011	December 31, 2010
Mortgages payable	$ 18,373	$18,421
Financing costs, net	(11)	(30)
Total	18,362	18,391
Less: Current portion	$(18,362)	(3,665)
Non-current mortgages payable	—	$14,726

Cash flows

The Hartman Property Portfolio reported a cash balance of $80 at July 7, 2011 and $4 at December 31, 2010. The changes in cash for the period from January 1, 2011 through July 7, 2011 were as follows:

Cash flows provided by operating activities

Cash flows provided by operating activities in the period from January 1, 2011 through July 7, 2011 was $0.9 million as compared to $2.0 million for the year ended December 31, 2010. The decrease of $1.1 million was due to the difference in the length of the reporting periods.

Cash flows used in investing activities

Cash flows used in investing activities in the period from January 1, 2011 through July 7, 2011 were $1.3 million lower than the year ended December 31, 2010. During the year ended December 31, 2010, there was a $0.7 million investment in building improvements and $0.7 million in payments on deferred leasing costs.

Cash flows used in financing activities

Cash flows used in financing activities increased by $0.2 million, or 33.3%, to $0.8 million during the period from January 1, 2011 through July 7, 2011 compared to $0.6 million for the year ended December 31, 2010. During the year ended December 31, 2010, mortgage proceeds of $1.0 million and contributions of $0.7 million were offset by interest payments of $1.4 million, distributions of $0.8 million and mortgage principal payments of $0.1 million. The largest use of cash was $0.8 million for interest payments during the period from January 1, 2011 through July 7, 2011.

Liquidity, Capital Resources and Contractual Commitments

The REIT expects to be able to meet all of its obligations as they become due. The REIT expects to have sufficient liquidity as a result of the following sources: (i) cash flow from operating activities; (ii) financing availability through a Revolving Facility, which will be in place on Closing in the initial amount of $75.0 million, and conventional mortgage debt secured by investment properties; and (iii) the ability to issue new equity. At the time of Closing, the Partnership intends to draw approximately $50.2 million from the Revolving Facility to refinance debt including mortgages on certain of the Initial Properties.

Contractual Commitments

All future contractual obligations of the Hartman Property Portfolio are contained within the Welsh Initial Properties disclosure presented earlier in this MD&A as all investment properties in this reporting group were purchased by Welsh during 2011.

Transactions with Related Parties

The Hartman Property Portfolio had the following transactions with parties considered related parties prior to Welsh's ownership. The related parties discussed in this section have no relationship to Welsh or any of its affiliates. The transactions occurred at the dates noted in the table below:

	July 7, 2011	December 31, 2010
Amounts receivable	$193	$193
Allowance for doubtful accounts	193	193
Amounts payable and accrued liabilities	336	366
Cash contributions	98	698
Cash distributions	64	793
Investment properties revenue received	—	82
Recovery of bad debt	—	671
Asset management fees	13	25
Interest expense	23	42

As of January 1, 2010, the Hartman Property Portfolio had $0.3 million of amounts receivable, which were fully reserved for, and $0.3 million of amounts payable and accrued liabilities due to related parties.

Related to one of the investment properties in the Hartman Property Portfolio, a related party earned a construction fee for having performed building construction services and a development fee. Although the construction fee was earned rateably as costs were incurred and the development fee was earned upon certain criteria being met, neither fee was payable until the sooner of property stabilization, sale or April 2010. In accordance with the agreement, the Hartman Property Portfolio elected to extend the payment for up to six months beyond April 2010, subject to interest, as defined. However, these fees had not been paid as of July 7, 2011.

The Hartman Property Portfolio was required to pay an asset management fee to a related party. The fee is calculated as 1.5% of the Hartman Property Portfolio's by-building annual net operating income calculated on a cash basis but is no less than zero.

In April 2009, one of the Hartman Property Portfolio's related parties filed Voluntary Petitions under Chapter 11 of the United States Code (the Bankruptcy Code) in United States Bankruptcy Court (U.S. Bankruptcy Court). In August 2010, the bankrupt related party converted from Chapter 11 to Chapter 7. In response to the bankruptcy petitions, the Hartman Property Portfolio filed a Proof of Claim in U.S. Bankruptcy Court against the party to establish the Hartman Property Portfolio's creditor position. The amounts receivable and payable to the bankrupt related party are included in the above table.

The collection and payment outcomes related to these receivables and payables will not be known until the bankruptcy case is resolved.

Significant Accounting Policies and Estimates

A summary of significant accounting policies is set out in Note 3 of the Hartman Property Portfolio's audited carve-out financial statements for the period from January 1, 2011 through July 7, 2011 and for the year ended December 31, 2010. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities as of each financial statement date, and revenues and expenses for the periods indicated. Actual results could differ from those estimates.

Future Accounting Changes

New standards and amendments to existing standards issued by the IASB may be relevant to the REIT in preparing the consolidated financial statements of the REIT in future periods, including IFRS 9, IFRS 10, IFRS 12, IFRS 13, IAS 1 and IAS 32. The REIT intends to adopt these standards on their respective effective dates. The extent of the impact of adoption of these standards on the REIT or the Initial Properties is currently not anticipated to have a material impact on the consolidated financial statements of the REIT.

Risks and Uncertainties

There are business risks associated with the ownership of the Initial Properties. See "Risk Factors".

Subsequent Events

On July 7, 2011, the two investment properties comprising the Hartman Property Portfolio were sold to Welsh in exchange for cash proceeds of $27.5 million, and the related mortgages and notes payable were paid off. Subsequent to that date, the financial position and results of operation of the Hartman Property Portfolio are reported in the financial statements of Welsh.

3003 Reeves Road

Discussion of Selected Financial and Operating Information for the period from January 1, 2011 through July 31, 2011 and for the year ended December 31, 2010

The following discusses the assets to be acquired and liabilities to be assumed and revenues and operating expenses of 3003 Reeves Road for the period from January 1, 2011 through July 31, 2011 and for the year ended December 31, 2010 and should be read in conjunction with the 3003 Reeves Road audited schedules of assets to be acquired and liabilities to be assumed and the related schedules of revenues and operating expenses (collectively, the "**3003 Reeves Road Schedules**") and the notes thereto contained elsewhere in this prospectus. July 31, 2011 is the date on which this investment property was sold to Welsh.

The presentation of the 3003 Reeves Road Schedules is not intended to be a complete presentation of the investment property's assets, liabilities, revenues and operating expenses. Certain presentation and disclosure requirements of IFRS have been omitted from the 3003 Reeves Road Schedules, including, but not limited to, complete statements of financial position, statements of net income and comprehensive income, statements of changes in equity, statements of cash flows and certain other information required by IAS 1, *Presentation of Financial Statements,* and IFRS 1, *First-time Adoption of IFRS,* and other related disclosures.

The functional and reporting currency of 3003 Reeves Road is the U.S. dollar. Financial data has been prepared in accordance with IFRS and its interpretations adopted by the IASB, except as noted above.

The objective of this discussion is to provide a prospective purchaser of Units of the REIT with an analysis of the historical assets, liabilities, revenues and operating expenses, as they relate to 3003 Reeves Road, for the above-mentioned periods. The unaudited *pro forma* financial statements of the REIT contained elsewhere in this prospectus reflect the impact of financial leverage, the REIT's tax status and the REIT's proposed capital structure on a going forward basis.

Revenues and operating expenses for the period from January 1, 2011 through July 31, 2011 and for the year ended December 31, 2010:

	January 1, 2011–July 31, 2011	Year Ended December 31, 2010
Revenues:		
Investment property revenue	$1,285	$2,191
Operating Expenses:		
Investment property expenses	282	458
Revenues less operating expenses	**$1,003**	**$1,733**

Investment property revenue

Investment property revenue consists primarily of net rental income from the investment property as well as reimbursements for operating costs and property taxes from the tenant. Investment property revenue decreased by $0.9 million, or 40.9%, to $1.3 million for the period from January 1, 2011 through July 31, 2011 compared to $2.2 million for the year ended December 31, 2010. The decrease is primarily due to the difference in the length of the reporting periods.

Investment property operating expenses

Investment property operating expenses consist primarily of occupancy costs and property taxes, as well as certain expenses that are not recoverable from tenants, the majority of which are related to leasing. Operating expenses fluctuate with changes in occupancy levels, utility costs, property taxes and repairs and maintenance. Operating expenses decreased by $0.2 million, or 40.0%, to $0.3 million for the period from January 1, 2011 through July 31, 2011 compared to $0.5 million for the year ended December 31, 2010. The decrease is primarily due to the difference in the length of the reporting periods.

Investment property and mortgages payable at July 31, 2011 and December 31, 2010:

The following table highlights selected financial information for 3003 Reeves Road at July 31, 2011 and December 31, 2010. This information has been compiled from the audited 3003 Reeves Road Schedules for the same dates and from the notes thereto and should be read in conjunction with the audited 3003 Reeves Road Schedules and the notes thereto included elsewhere in this prospectus.

	July 31, 2011	December 31, 2010	Variance	%
Investment properties	$23,000	$23,111	$(111)	−0.5%
Total Assets	**$23,000**	**$23,111**	**$(111)**	−0.5%
Mortgages payable	—	—	—	0.0%
Total Liabilities	—	—	—	**0.0%**

Investment property

Investment property includes land, building, improvements to the property, all direct leasing costs incurred in arranging property tenants, as well as any lease incentives. Investment property decreased by $0.1 million, or 0.5%, to $23.0 million at July 31, 2011 compared to $23.1 million at December 31, 2010. This decrease is due to a $0.1 million change in fair value as result of changing market variables.

The fair values of 3003 Reeves Road were primarily determined by a combination of discounting the expected future cash flows, including a terminal value based on the application of a terminal capitalization rate to the following year's estimated cash flows and applying a market capitalization rate to stabilized net operating income, adjusting for cash inflows and outflows required to achieve the stabilized net operating income and deducting the present value of future capital expenditures.

The key valuation metrics for this investment property are set out in the table below:

	July 31, 2011	December 31, 2010
Capitalization rate	8.25%	7.75%
Discount rate	9.50%	9.39%

Liquidity, Capital Resources and Contractual Commitments

The REIT expects to be able to meet all of its obligations as they become due. The REIT expects to have sufficient liquidity as a result of the following sources: (i) cash flow from operating activities; (ii) financing availability through a Revolving Facility, which will be in place on Closing in the initial amount of $75.0 million, and conventional mortgage debt secured by investment properties; and (iii) the ability to issue new equity. At the time of Closing, the Partnership intends to draw approximately $50.2 million from the Revolving Facility to refinance debt including mortgages on certain of the Initial Properties.

Contractual Commitments

All future contractual obligations of 3003 Reeves Road are contained within the Welsh Initial Properties disclosure presented earlier in this MD&A as the investment property was purchased by Welsh during 2011.

Significant Accounting Policies and Estimates

A summary of significant accounting policies is set out in Note 2 of the audited schedules of assets to be acquired and liabilities to be assumed and the related schedules of revenues and operating expenses for the period from January 1, 2011 through July 31, 2011 and for the year ended December 31, 2010.

Future Accounting Changes

New standards and amendments to existing standards issued by the IASB may be relevant to the REIT in preparing the consolidated financial statements of the REIT in future periods, including IFRS 9, IFRS 10, IFRS 12, IFRS 13, IAS 1 and IAS 32. The REIT intends to adopt these standards on their respective effective dates. The extent of the impact of adoption of these standards on the REIT or the Initial Properties is currently not anticipated to have a material impact on the consolidated financial statements of the REIT.

Risks and Uncertainties

There are business risks associated with the ownership of the Initial Property. See "Risk Factors".

Subsequent Events

On July 31, 2011, 3003 Reeves Road was sold to Welsh in exchange for cash proceeds of $23.0 million. Subsequent to that date, the financial position and results of operations of 3003 Reeves Road are reported in the financial statements of Welsh.

6579 West 350 North

Discussion of Selected Financial and Operating Information for the period from January 1, 2011 through September 20, 2011 and for the year ended December 31, 2010

The following discusses the assets to be acquired and liabilities to be assumed and revenues and operating expenses of 6579 West 350 North for the period from January 1, 2011 through September 20, 2011 and for the year ended December 31, 2010 and should be read in conjunction with the 6579 West 350 North audited schedules of assets to be acquired and liabilities to be assumed and the related schedules of revenues and operating expenses (the "**6579 West 350 North Schedules**") and the notes thereto contained elsewhere in this prospectus. September 20, 2011 is the date on which this investment property was sold to Welsh.

The presentation of the 6579 West 350 North Schedules is not intended to be a complete presentation of the investment property's assets, liabilities, revenues and operating expenses. Certain presentation and

disclosure requirements of IFRS have been omitted from the 6579 West 350 North Schedules, including, but not limited to, complete statements of financial position, statements of net income and comprehensive income, statements of changes in equity, statements of cash flows and certain other information required by IAS 1, *Presentation of Financial Statements,* and IFRS 1, *First-time Adoption of IFRS,* and other related disclosures.

The functional and reporting currency of 6579 West 350 North is the U.S. dollar. Financial data has been prepared in accordance with IFRS and its interpretations adopted by the IASB, except as noted above.

The objective of this discussion is to provide a prospective purchaser of Units of the REIT with an analysis of the historical assets, liabilities, revenues and operating expenses, as they relate to 6579 West 350 North, for the above-mentioned periods. The unaudited *pro forma* financial statements of the REIT contained elsewhere in this prospectus reflect the impact of financial leverage, the REIT's tax status and the REIT's proposed capital structure on a going forward basis.

Revenues and operating expenses for the period from January 1, 2011 through September 20, 2011 and for the year ended December 31, 2010:

	January 1, 2011-September 20, 2011	Year Ended December 31, 2010
Revenues:		
Investment property revenue	$1,472	$1,995
Operating Expenses:		
Investment property expenses	388	396
Revenues less operating expenses	**$1,084**	**$1,599**

Investment property revenue

Investment property revenue consists primarily of net rental income from the investment property as well as reimbursements for operating costs and property taxes from tenants. Investment property revenue decreased by $0.5 million, or 25.0%, to $1.5 million for the period from January 1, 2011 through September 20, 2011 compared to $2.0 million for the year ended December 31, 2010. The decrease is due to the difference in the length of the reporting periods.

Investment property operating expenses

Investment property operating expenses consist primarily of occupancy costs and property taxes, as well as certain expenses that are not recoverable from tenants, the majority of which are related to leasing. Investment property operating expenses fluctuate with changes in occupancy levels, utility costs, property taxes and repairs and maintenance. Investment property operating expenses were $0.4 million for the period from January 1, 2011 through September 20, 2011 and for the year ended December 31, 2010. For the period from January 1, 2011 through September 20, 2011, 6579 West 350 North incurred $22 in professional fees and $49 in additional building and grounds expense that were not incurred in the year ended December 31, 2010.

Investment property and mortgages payable at September 20, 2011 and December 31, 2010:

The following table highlights selected financial information for 6579 West 350 North at September 20, 2011 and December 31, 2010. This information has been compiled from the audited 6579 West 350 North

Schedules for the same periods and from the notes thereto and should be read in conjunction with the audited 6579 West 350 North Schedules and the notes thereto included elsewhere in this prospectus.

	September 20, 2011	December 31, 2010	Variance	%
Investment properties	$21,400	$20,977	$423	2.0%
Total Assets	**$21,400**	**$20,977**	**$423**	**2.0%**
Mortgages payable	—	—	—	0.0%
Total Liabilities	**$ 171**	**$ 54**	**$117**	**2.2%**

Investment property

Investment property includes land, building, improvements to the property, all direct leasing costs incurred in arranging property tenants, as well as any lease incentives. Investment property increased by $0.4 million, or 2.0%, to $21.4 million at September 20, 2011 compared to $21.0 million at December 31, 2010. This increase is due to a $0.4 million change in fair value as result of changing market variables.

The fair values of 6579 West 350 North were primarily determined by a combination of discounting the expected future cash flows, including a terminal value based on the application of a terminal capitalization rate to the following year's estimated cash flows and applying a market capitalization rate to stabilized net operating income, adjusting for cash inflows and outflows required to achieve the stabilized net operating income and deducting the present value of future capital expenditures.

The key valuation metrics for this investment property are set out in the table below:

	September 20, 2011	December 31, 2010
Capitalization rate	8.25%	8.00%
Discount rate	8.75%	9.36%

Liquidity, Capital Resources and Contractual Commitments

The REIT expects to be able to meet all of its obligations as they become due. The REIT expects to have sufficient liquidity as a result of the following sources: (i) cash flow from operating activities; (ii) financing availability through a Revolving Facility, which will be in place on Closing in the initial amount of $75.0 million, and conventional mortgage debt secured by investment properties; and (iii) the ability to issue new equity. At the time of Closing, the Partnership intends to draw approximately $50.2 million from the Revolving Facility to refinance debt including mortgages on certain of the Initial Properties.

Contractual Commitments

All future contractual obligations of 6579 West 350 North are contained within the Welsh Initial Properties disclosure presented earlier in this MD&A as the investment property was purchased by Welsh during 2011.

Significant Accounting Policies and Estimates

A summary of significant accounting policies is set out in Note 2 of 6579 West 350 North's audited schedules of assets to be acquired and liabilities to be assumed and the related schedules of revenues and operating expenses for the period from January 1, 2011 through September 20, 2011 and for the year ended December 31, 2010.

Future Accounting Changes

New standards and amendments to existing standards issued by the IASB may be relevant to the REIT in preparing the consolidated financial statements of the REIT in future periods, including IFRS 9, IFRS 10, IFRS 12, IFRS 13, IAS 1 and IAS 32. The REIT intends to adopt these standards on their respective effective dates. The extent of the impact of adoption of these standards on the REIT or the Initial Properties is currently not anticipated to have a material impact on the consolidated financial statements of the REIT.

Risks and Uncertainties

There are business risks associated with the ownership of the Initial Property. See "Risk Factors".

Subsequent Events

On September 20, 2011, 6579 West 350 North was sold to Welsh in exchange for cash proceeds of $21.4 million. Subsequent to that date, the financial position and results of operations of 6579 West 350 North are reported in the financial statements of Welsh.

INVESTMENT GUIDELINES AND OPERATING POLICIES

Investment Guidelines

The Declaration of Trust provides certain guidelines on investments that may be made directly or indirectly by the REIT. The assets of the REIT after Closing may be invested only in accordance with the following restrictions:

(a) the REIT may only invest, directly or indirectly, in interests (including fee ownership and leasehold interests) in any income-producing industrial, flex or office real estate located in North America and assets ancillary thereto necessary for the operation of such real estate and such other activities as are consistent with the other investment guidelines of the REIT;

(b) notwithstanding anything else contained in the Declaration of Trust, the REIT will not make any investment, take any action or omit to take any action that would result in Units not being units of a "mutual fund trust" within the meaning of the Tax Act or that would result in the Units not being qualified investments for Exempt Plans;

(c) the business of the REIT will be limited to and conducted in such a manner so as to permit the REIT at all times to be classified as a real estate investment trust (as defined in the Code) for U.S. federal income tax purposes, unless the REIT has chosen to cease to qualify the REIT as a real estate investment trust due to changes in the Code applicable to real estate investment trusts. Subject to the foregoing, the REIT may make investments in real estate-related assets including real property, interests in debt instruments secured by real property, securities in other real estate investment trusts and cash. Additionally, the REIT may conduct activities or make investments that a real estate investment trust is prohibited from engaging or investing in if such activities or investments are conducted through a taxable REIT subsidiary to the extent that it does not disqualify the REIT from being classified as a real estate investment trust for U.S. federal income tax purposes;

(d) the REIT will not invest in any interest in a single real property (which, for greater certainty, will not include a portfolio of properties) if, after giving effect to the proposed investment, the cost to the REIT of such investment (net of the amount of debt incurred or assumed in connection with such investment and excluding investment by any joint venture partner) will exceed 20% of Gross Book Value at the time the investment is made;

(e) the REIT may, directly or indirectly, invest in a joint venture arrangement for the purposes of owning interests or investments otherwise permitted to be held by the REIT; provided that such joint venture arrangement contains terms and conditions which, in the opinion of the Trustees, are commercially reasonable, including without limitation such terms and conditions relating to restrictions on the transfer, acquisition and sale of the REIT's and any joint venturer's interest in the joint venture arrangement, provisions to provide liquidity to the REIT, provisions to limit the liability of the REIT and its Unitholders to third parties, and provisions to provide for the participation of the REIT in the management of the joint venture arrangement. For purposes hereof, a "**joint venture arrangement**" is an arrangement between the REIT and one or more other persons pursuant to which the REIT, directly or indirectly, conducts an undertaking for one or more of the purposes set out in the investment guidelines of the REIT and in respect of which the REIT may hold its interest jointly or in common or in another manner with others either directly or through the ownership of securities of a corporation or other entity;

(f) except for temporary investments held in cash, deposits with a Canadian or U.S. chartered bank or trust company registered under the laws of a province of Canada or a state of the U.S., short-term government debt securities or money market instruments maturing prior to one year from the date of issue and except as permitted pursuant to the investment guidelines and operating policies of the REIT, the REIT may not hold securities of a person other than to the extent such securities would constitute an investment in real property (as determined by the Trustees) and provided further that, notwithstanding anything contained in the Declaration of Trust to the contrary, but in all events subject to paragraph (b) above, the REIT may hold securities of a person: (i) acquired in connection with the carrying on, directly or indirectly, of the REIT's activities or the holding of its assets; or (ii) which focuses its activities primarily on the activities described in paragraph (a) above, provided in the case of any proposed investment or acquisition which would result in the beneficial ownership of more than 10% of the outstanding securities of an issuer (the "**Acquired Issuer**"), the investment is made for the purpose of pursuing the merger or combination of the business and assets of the REIT and the Acquired Issuer or for otherwise ensuring that the REIT will control the business and operations of the Acquired Issuer;

(g) the REIT will not invest in rights to or interests in mineral or other natural resources, including oil or gas, except as incidental to an investment in real property;

(h) the REIT will not invest, directly or indirectly, in operating businesses unless:

  (i) revenue will be principally associated with the ownership, directly or indirectly, of industrial, flex or office properties, or

  (ii) it principally involves the ownership, maintenance, development, improvement, leasing or management, directly or indirectly, of an industrial, flex or office property (in each case as determined by the Trustees), or

  (iii) it is an indirect investment and is incidental to a transaction which satisfies (h)(i) or (h)(ii) above;

(i) the REIT will not invest in raw land for development, except (i) for existing properties with additional development or properties adjacent to existing properties of the REIT for the purpose of the renovation or expansion of existing properties, or (ii) the development of new properties which will be capital property of the REIT, provided that the aggregate value of the investments of the REIT in raw land, excluding raw land under development, after giving effect to the proposed investment, will not exceed 5% of Gross Book Value;

(j) the REIT may invest in mortgages and mortgage bonds (including participating or convertible mortgages) and similar instruments where:

  (i) the real property which is security for such mortgages and similar instruments is income producing real property which otherwise meets the other investment guidelines of the REIT; and

  (ii) the aggregate book value of the investments of the REIT in mortgages, after giving effect to the proposed investment, will not exceed 15% of Gross Book Value; and

(k) the REIT may invest an amount (which, in the case of an amount invested to acquire real property, is the purchase price less the amount of any debt incurred or assumed in connection with such investment) up to 10% of the Gross Book Value of the REIT in investments which do not comply with one or more of paragraphs (a), (e), (f), (h) and (i).

Operating Policies

The Declaration of Trust provides that operations and affairs of the REIT are to be conducted in accordance with the following policies:

(a) the REIT will not purchase, sell, market or trade in currency or interest rate futures contracts otherwise than for hedging purposes where, for the purposes hereof, the term "**hedging**" has the meaning ascribed thereto by National Instrument 81-102 — *Mutual Funds* adopted by the Canadian Securities Administrators, as replaced or amended from time to time;

(b) (i) any written instrument creating or including an obligation on the REIT to grant a mortgage, and (ii) to the extent practicable, any written instrument which in the judgment of the Trustees (exercised in accordance with their fiduciary duties to act in the best interest of the Unitholders) creates a material obligation of the REIT, must, in each case, contain a provision or be subject to an acknowledgement to the effect that the obligation being created is not personally binding upon, and that resort will not be had to, nor will recourse or satisfaction be sought from, by lawsuit or otherwise, the private property of any of the Trustees, Unitholders, annuitants or beneficiaries under a plan of which a Unitholder acts as a trustee or carrier, or officers, employees or agents of the REIT, but that only property of the REIT or a specific portion thereof is bound; the REIT, however, is not required, but must use all reasonable efforts, to comply with this requirement in respect of obligations assumed by the REIT upon the acquisition of real property;

(c) the REIT may engage in construction or development of real property: (i) to maintain its real properties in good repair or to improve the income producing potential of properties in which the REIT has an interest; and (ii) to develop new properties that will be capital properties of the REIT on completion, provided that the aggregate value of the investments of the REIT in properties under development after giving effect to the proposed investment in the construction or development, will not exceed 10% of Gross Book Value;

(d) title to each real property will be held by and registered in the name of a corporation or other entity wholly owned, directly or indirectly, by the REIT or jointly-owned, directly or indirectly, by the REIT, with joint venturers; provided, that where land tenure will not provide fee simple title, a corporation or other entity wholly owned, directly or indirectly, by the REIT or jointly owned, directly or indirectly, by the REIT will hold a land lease as appropriate under the land tenure system in the relevant jurisdiction;

(e) the REIT will not incur or assume any indebtedness if, after giving effect to the incurrence or assumption of such indebtedness, the total indebtedness of the REIT would be more than 60% of Gross Book Value (or 65% of Gross Book Value including convertible debentures);

(f) the REIT will not directly or indirectly guarantee any indebtedness or liabilities of any kind of a third party, except indebtedness or liabilities assumed or incurred by an entity in which the REIT holds an interest, directly or indirectly, or by an entity jointly owned by the REIT with joint venturers and operated solely for the purpose of holding a particular property or properties, where such indebtedness, if granted by the REIT directly, would cause the REIT to contravene its investment guidelines or operating policies. The REIT is not required but will use its reasonable best efforts to comply with this requirement (i) in respect of obligations assumed by the REIT pursuant to the acquisition of real property; or (ii) if doing so is necessary or desirable in order to further the initiatives of the REIT permitted under the Declaration of Trust;

(g) the REIT will directly or indirectly obtain and maintain at all times property insurance coverage in respect of potential liabilities of the REIT and the accidental loss of value of the assets of the REIT from risks, in amounts, with such insurers, and on such terms as the Trustees consider appropriate, taking into account all relevant factors including the practice of owners of comparable properties;

(h) the REIT will have obtained an appraisal of each real property that it intends to acquire and an engineering survey with respect to the physical condition thereof, in each case, by an independent and experienced consultant, unless the requirement for such an appraisal or engineering survey is waived by the Independent Trustees;

(i) the REIT will obtain a Phase I environmental site assessment of each real property to be acquired by it and, if the Phase I environmental site assessment report recommends that a further environmental site assessment be conducted, the REIT will have conducted such further environmental site assessments, in each case by an independent and experienced environmental consultant; as a condition to any acquisition such assessments will be satisfactory to the Trustees; and

(j) the REIT will not engage in any sales of properties, directly or indirectly, if it would subject the REIT to tax under Section 857 of the Code.

For the purpose of the foregoing investment guidelines and operating policies, the assets, liabilities and transactions of a corporation or other entity wholly or partially-owned by the REIT will be deemed to be those of the REIT on a proportionate consolidation basis. In addition, any references in the foregoing investment guidelines and operating policies to investment in real property will be deemed to include an investment in a joint venture arrangement that invests in real property.

Amendments to Investment Guidelines and Operating Policies

Pursuant to the Declaration of Trust, all of the investment guidelines set out under the heading "— Investment Guidelines" and the operating policies contained in paragraphs (a), (e), (f), (g), (h), (i) and (j) set out under the heading "— Operating Policies" may be amended only with the approval of two-thirds of the votes cast by Unitholders of the REIT at a meeting of Unitholders called for such purpose. The remaining operating policies may be amended with the approval of a majority of the votes cast by Unitholders at a meeting called for such purpose.

Notwithstanding the foregoing paragraph, if at any time a government or regulatory authority having jurisdiction over the REIT or any property of the REIT will enact any law, regulation or requirement which is in conflict with any investment guideline or operating policy of the REIT then in force (other than subparagraph (b) at "— Investment Guidelines"), such investment guideline or operating policy in conflict will, if the Trustees on the advice of legal counsel to the REIT so resolve, be deemed to have been amended to the extent necessary to resolve any such conflict and, notwithstanding anything to the contrary, any such resolution of the Trustees will not require the prior approval of Unitholders.

DECLARATION OF TRUST

General

The REIT is an unincorporated open-ended real estate investment trust established pursuant to the Declaration of Trust under, and governed by, the laws of the Province of Ontario. Although the REIT is expected to qualify on Closing as a "mutual fund trust" as defined in the Tax Act, the REIT will not be a "mutual fund" as defined by applicable securities legislation.

Operations and Assets of the REIT

All operations and assets of the REIT will be held through the Partnership unless (i) the Board of Trustees determines that an alternative ownership structure would be in the best interests of the REIT and (ii) such alternative structure provides Welsh with legal rights and economic benefits derived therefrom that are equivalent to the rights and benefits that Welsh would have had if the operations and assets were held through the Partnership. This requirement may not be amended, modified or removed without the prior written consent of Welsh.

Units

The REIT is authorized to issue an unlimited number of Units. Issued and outstanding Units may be subdivided or consolidated from time to time by the Trustees without notice to or the approval of the Unitholders.

No Unit will have any preference or priority over another. Each Unit will represent a Unitholder's proportionate undivided beneficial ownership interest in the REIT and will confer the right to one vote at any meeting of Unitholders and to participate *pro rata* in any distributions by the REIT, whether of net income, net realized capital gains or other amounts and, in the event of termination or winding-up of the REIT, in the net assets of the REIT remaining after satisfaction of all liabilities. Units will be fully paid and non-assessable when issued and are transferable. The Units are redeemable by the holder thereof, as described below under "— Redemption Right" and, except as set out in "Retained Interest", "— Issuance of Units" and "The Partnership — Operation", the Units have no other conversion, retraction, redemption or pre-emptive rights. Fractional Units may be issued as a result of an act of the Trustees, but fractional Units will not entitle the holders thereof to vote, except to the extent that such fractional Units may represent in the aggregate one or more whole Units.

The Declaration of Trust will provide that in exercising their discretion to declare a cash distribution on the Units, the Trustees will be required to confirm that the Partnership has or will have sufficient funds to make a corresponding cash distribution on the Class B Units in accordance with their terms.

The Units are not "deposits" within the meaning of the Canada Deposit Insurance Corporation Act and are not insured under the provisions of such act or any other legislation. The Units are not shares in the REIT and, although the protections, rights and remedies set out in the Declaration of Trust are similar to those provided under the CBCA, Unitholders do not have statutory rights of shareholders of a corporation including, for example, "dissent rights" in respect of certain corporate transactions and fundamental changes, the right to apply to a court to order the liquidation or dissolution of the REIT, or the right to bring "oppression" or "derivative" actions. Furthermore, the REIT is not a trust company and accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

Issuance of Units

The REIT may allot and issue new Units from time to time, in such manner, for such consideration and to such person or persons as the Trustees will determine. Unitholders will not have any pre-emptive rights whereby additional Units proposed to be issued would be first offered to existing Unitholders, except that, for so long as Welsh continues to hold at least 10% of the Units (on a fully diluted basis assuming all Class B Units are redeemed for Units), Welsh will have the pre-emptive right to purchase additional Units issued by the REIT to maintain its *pro rata* ownership interest in the REIT (on a fully diluted basis assuming all Class B Units are redeemed for Units). If the Trustees determine that the REIT does not have cash in an amount sufficient to make payment of the full amount of any distribution, the payment may include the issuance of additional Units having a value equal to the difference between the amount of such distribution and the amount of cash which has been determined by the Trustees to be available for the payment of such distribution.

The REIT may also issue new Units (i) as consideration for the acquisition of new properties or assets by it, at a price or for the consideration determined by the Trustees, (ii) pursuant to any incentive or option plan established by the REIT from time to time, and (iii) pursuant to a Unitholder rights plan of the REIT.

The Declaration of Trust also provides that immediately after any *pro rata* distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated so that each Unitholder will hold, after the consolidation, the same number of Units as the Unitholder held before the non-cash distribution. In this case, each certificate representing a number of Units prior to the non-cash distribution is deemed to represent the same number of Units after the non-cash distribution and the consolidation. Where amounts distributed represent income, Non-Resident unitholders will be subject to withholding tax and the consolidation will not result in such Non-Resident Unitholders holding the same number of Units. Such Non-Resident Unitholders will be required to surrender the certificates (if any) representing their original Units in exchange for a certificate representing post-consolidation Units.

Restrictions on Ownership and Transfer

REIT Qualification

In order for the REIT to qualify as a real estate investment trust for U.S. federal income tax purposes, the Units must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months or during a proportionate part of a shorter taxable year. Also, not more than 50% of the value of the outstanding Units (after taking into account options to acquire Units) may be owned, directly or through certain constructive ownership rules, by five or fewer individuals (as defined in the Code to include certain entities such as private foundations) at any time during the last half of a taxable year.

The Declaration of Trust contains restrictions on the ownership and transfer of the Units that are intended to assist the REIT in complying with these requirements to qualify as a real estate investment trust. The relevant sections of the Declaration of Trust provide that, subject to the exceptions described below, no person or entity may actually or beneficially own, or be deemed to own by virtue of the applicable constructive ownership provisions of the Code, more than 9.8% of the Units, excluding any Units that are not treated as outstanding for U.S. federal income tax purposes. Each of these restrictions, as well as the restrictions described below under

"Declaration of Trust — FIRPTA", is referred to as an "**ownership limit**" and collectively as the "**ownership limits**." A person or entity that would have acquired actual, beneficial or constructive ownership of the Units but for the application of the ownership limits or any of the other restrictions on ownership and transfer of the Units is a "**prohibited owner**."

The constructive ownership rules under the Code are complex and may cause Units owned actually or constructively by a group of related individuals and/or entities to be owned constructively by one individual or entity. As a result, the acquisition of less than 9.8% of the Units (or the acquisition of an interest in an entity that owns, actually or constructively, the Units) by an individual or entity could, nevertheless, cause that individual or entity, or another individual or entity, to own constructively in excess of 9.8% of the Units and thereby violate the applicable ownership limit.

The Declaration of Trust provides that the Board of Trustees, subject to certain limits including any applicable fiduciary duties, will prospectively exempt a person from the ownership limits and, if necessary, establish a different limit on ownership for such person if it determines that such exemption could not cause or permit:

- five or fewer individuals to actually or beneficially own more than 49% in value of the outstanding Units; or
- the REIT to own, actually or constructively, an interest in a tenant of the REIT (or a tenant of any entity owned in whole or in part by the REIT).

As a condition of the exception, the Board of Trustees may require an opinion of counsel or an IRS ruling, in either case in form and substance satisfactory to the Board of Trustees, in its sole and absolute discretion, in order to determine or ensure the REIT's status for U.S. federal income tax purposes, and such representations, covenants and/or undertakings as are necessary or prudent to make the determinations above. Notwithstanding the receipt of any ruling or opinion, the Board of Trustees may impose such conditions or restrictions as it deems appropriate in connection with such an exception.

In connection with a waiver of an ownership limit or at any other time, the Board of Trustees may, in its sole and absolute discretion, increase or decrease Unit ownership limits for one or more persons, except that a decreased ownership limit will not be effective for any person whose actual, beneficial or constructive ownership of the Units exceeds the decreased ownership limit at the time of the decrease until the person's actual, beneficial or constructive ownership of the Units equals or falls below the decreased ownership limit, although any further acquisition of the Units will violate the decreased ownership limit. The Board of Trustees may not increase or decrease any ownership limit if the new ownership limit would allow five or fewer persons to actually or beneficially own more than 49% of the Units.

In connection with Closing, the REIT will enter into an excepted holder agreement with Welsh permitting Welsh (and/or any of its Permitted Transferees) to receive and own Units acquired through the redemption of Class B Units, including Class B Units received through the exercise of Welsh's pre-emptive right. This special ownership limitation applies only to Welsh (and/or any of its Permitted Transferees) and will be reduced over time as Welsh (and/or any of its Permitted Transferees) sells or otherwise disposes of any Units received by it on redemption of Class B Units. Welsh (and/or its Permitted Transferees) will be subject to the excess units provisions (described below under "Excess Units") with respect to any Units acquired in excess of its special ownership limitation.

The Declaration of Trust further prohibits:

- any person from actually, beneficially or constructively owning Units that could result in the REIT being "closely held" under Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or otherwise cause the REIT to fail to qualify as a real estate investment trust (including, but not limited to, actual, beneficial or constructive ownership of Units that could result in the REIT owning (actually or constructively) an interest in a tenant that is described in Section 856(d)(2)(B) of the Code if the income the REIT derives from such tenant, taking into account the REIT's other income that would not qualify under the gross income requirements of Section 856(c)

of the Code, would cause the REIT to fail to satisfy any of the gross income requirements imposed on real estate investment trusts); and

- any person from transferring Units if such transfer would result in the Units being beneficially owned by fewer than 100 persons (determined without reference to any rules of attribution).

Any person who acquires or attempts or intends to acquire actual, beneficial or constructive ownership of Units that will or may violate the ownership limits or any of the other restrictions on ownership and transfer of the Units described above must give written notice immediately to the REIT or, in the case of a proposed or attempted transaction, provide us at least 15 days prior written notice, and provide the REIT with such other information as the REIT may request in order to determine the effect of such transfer on the REIT's status for U.S. federal income tax purposes.

The ownership limits and other restrictions on ownership and transfer of the Units described above will not apply if the Board of Trustees determines that it is no longer in the REIT's best interests to continue to qualify as a real estate investment trust or that compliance is no longer required in order for the REIT to qualify as a real estate investment trust.

Every owner of 5% or more (or such lower percentage as required by the Code or the Treasury regulations promulgated thereunder) of the outstanding Units, within 30 days after the end of each taxable year, must give written notice to the REIT stating the name and address of such owner, the number of Units that the owner actually or beneficially owns and a description of the manner in which the Units are held. Each such owner also must provide the REIT with any additional information that the REIT requests in order to determine the effect, if any, of the person's actual or beneficial ownership on the REIT's status for U.S. federal income tax purposes and to ensure compliance with the ownership limits and the other restrictions on ownership and transfer of the Units set forth in the Declaration of Trust. In addition, any person that is an actual, beneficial owner or constructive owner of Units and any person (including the Unitholder of record) who is holding Units for an actual, beneficial or constructive owner must, on request, disclose to the REIT in writing such information as the REIT may request in good faith in order to determine the REIT's status for U.S. federal income tax purposes and to comply with requirements of any taxing authority or governmental authority or to determine such compliance.

FIRPTA

Under FIRPTA, if any non-U.S. person holds, actually or constructively, more than 5% of the outstanding Units, the REIT will be required to withhold 10% on distributions in excess of the REIT's current and accumulated earnings and profits (as determined for U.S. federal income tax purposes), and to withhold 35% (or less to the extent provided in applicable Treasury regulations) of any distribution to such non-U.S. person that could be designated by the REIT as a capital gain dividend. Any such withheld amount is creditable against such non-U.S. person's FIRPTA tax liability.

In order for the REIT to comply with its withholding obligations under FIRPTA, the Units are subject to notice requirements and transfer restrictions. Non-U.S. persons holding Units are required to provide the REIT with such information as the REIT may request. Furthermore, any non-U.S. person that would be treated as having acquired sufficient Units to be treated as owning more than 5% of the Units is required to notify the REIT by the close of the business day prior to the date of the transfer that would cause the non-U.S. person to own more than 5% of the Units.

The constructive ownership rules under the Code are complex and may cause Units owned actually or constructively by a group of related individuals and/or entities to be owned constructively by one individual or entity. As a result, the acquisition of 5% or less of the Units (or the acquisition of an interest in an entity that owns, actually or constructively, the Units) by an individual or entity could, nevertheless, cause that individual or entity, or another individual or entity, to own constructively in excess of 5% of the Units and thereby become subject to the notice requirement. Under these rules of constructive ownership, Units can be attributed (i) among family members, (ii) to non-U.S. persons from entities that own Units, to the extent that such non-U.S. persons own interests in such entities and (iii) to entities from non-U.S. persons that own interests in

such entities. Under these attribution rules, Units of related entities (including related investment funds) may be aggregated to the extent of overlapping ownership.

If any non-U.S. person that would otherwise be treated as having acquired sufficient Units to be treated as owning more than 5% of the Units fails to comply with the FIRPTA notice provisions described above, the excess Units (*i.e*., the excess of the number of Units it would be treated as owning over an amount equal to 5% of the outstanding Units) will be sold, through the mechanism described below under "Declaration of Trust — Excess Units," with such non-U.S. person receiving the lesser of (i) its original purchase price for the excess Units and (ii) the sale price of the excess Units (net of commissions and other expenses of sale). Non-U.S. persons holding Units are strongly advised to monitor their actual and constructive ownership of Units.

Excess Units

Pursuant to the Declaration of Trust, if any purported transfer of the Units or any other event would otherwise result in any person violating the ownership limits described above under "Declaration of Trust Restrictions on Ownership and Transfer — REIT Qualification" or such other limit established by the Board of Trustees or otherwise failing to qualify as a real estate investment trust, or if a non-U.S. person would otherwise be treated as owning more than 5% of the Units and has not complied with the notice provisions described under "Declaration of Trust Restrictions on Ownership and Transfer — FIRPTA," then the number of Units that exceeds the applicable ownership limit (rounded up to the nearest whole Unit) will be automatically transferred to, and held by, a charitable trust for the exclusive benefit of one or more charitable beneficiaries selected by the REIT. The prohibited owner will have no rights in Units held by the charitable trustee. The automatic transfer will be effective as of the close of business on the business day prior to the date of the violative transfer or other event that results in the transfer to the charitable trust. Any dividend or other distribution paid to the prohibited owner, prior to the REIT's discovery that the Units had been automatically transferred to a charitable trust, must be repaid to the charitable trustee upon demand. If the transfer to the charitable trust as described above is not automatically effective, for any reason, to prevent violation of the applicable restriction on ownership and transfer of the Units, then the transfer of the number of Units that otherwise would cause any person to violate the above restrictions will be void and of no force or effect and the intended transferee will acquire no rights in the Units. If any transfer of the Units would result in Units being beneficially owned by fewer than 100 persons (determined without reference to any rules of attribution), then any such purported transfer will be void and of no force or effect and the intended transferee will acquire no rights in the Units.

Units transferred to the charitable trustee are deemed offered for sale to the REIT, or the REIT's designee, at a price per Unit equal to the lesser of (1) the price per Unit in the transaction that resulted in the transfer of the Units to the charitable trust (or, in the event of a gift, devise or other such transaction, the last sale price reported on the TSX on the day of the transfer or other event that resulted in the transfer of such Units to the charitable trust) and (2) the last sale price reported on the TSX on the date the REIT accepts, or the REIT's designee accepts, such offer. The REIT must reduce the amount payable to the prohibited owner by the amount of dividends and distributions paid to the prohibited owner and owed by the prohibited owner to the charitable trustee and pay the amount of such reduction to the charitable trustee for the benefit of the charitable beneficiary. The REIT has the right to accept such offer until the charitable trustee has sold the Units held in the charitable trust. Upon a sale to the REIT, the interest of the charitable beneficiary in the Units terminates and the charitable trustee must distribute the net proceeds of the sale to the prohibited owner and any dividends or other distributions held by the charitable trustee with respect to such Units will be paid to the charitable beneficiary.

If the REIT does not buy the Units, the charitable trustee must, within 20 days of receiving notice from the REIT of the transfer of Units to the charitable trust, sell the Units to a person or persons designated by the charitable trustee who could own the Units without violating the ownership limits or other restrictions on ownership and transfer of the Units. Upon such sale, the charitable trustee must distribute to the prohibited owner an amount equal to the lesser of (1) the price paid by the prohibited owner for the Units (or, if the prohibited owner did not give value in connection with the transfer or other event that resulted in the transfer to the charitable trust (e.g., a gift, devise or other such transaction), the last sale price reported on the TSX on the

day of the transfer or other event that resulted in the transfer of such Units to the charitable trust) and (2) the sales proceeds (net of commissions and other expenses of sale) received by the charitable trustee for the Units. The charitable trustee must reduce the amount payable to the prohibited owner by the amount of dividends and other distributions paid to the prohibited owner and owed by the prohibited owner to the charitable trustee. Any net sales proceeds in excess of the amount payable to the prohibited owner will be immediately paid to the charitable beneficiary, together with any dividends or other distributions thereon. In addition, if prior to discovery by the REIT that Units have been transferred to the charitable trustee, such Units are sold by a prohibited owner, then such Units will be deemed to have been sold on behalf of the charitable trust and, to the extent that the prohibited owner received an amount for or in respect of such Units that exceeds the amount that such prohibited owner was entitled to receive, such excess amount will be paid to the charitable trustee upon demand.

The charitable trustee will be designated by the REIT and will be unaffiliated with the REIT and with any prohibited owner. Prior to the sale of any Units by the charitable trust, the charitable trustee will receive, in trust for the beneficiary, all dividends and other distributions paid by the REIT with respect to such Units, and may exercise all voting rights with respect to such Units for the exclusive benefit of the charitable beneficiary.

Subject to Ontario law, effective as of the date that the Units have been transferred to the charitable trust, the charitable trustee may, at the charitable trustee's sole discretion:

- rescind as void any vote cast by a prohibited owner prior to the REIT's discovery that the Units have been transferred to the charitable trust; and
- recast the vote in accordance with the desires of the charitable trustee acting for the benefit of the beneficiary of the charitable trust.

However, if the REIT has already taken irreversible corporate action, then the charitable trustee may not rescind and recast the vote.

If the Board of Trustees determines in good faith that a proposed transfer or other event has taken place that violates the restrictions on ownership and transfer of the Units set forth in the Declaration of Trust, the Board of Trustees may take such action as it deems advisable in its sole discretion to refuse to give effect to or to prevent such transfer, including, but not limited to, causing the REIT to redeem Units, refusing to give effect to the transfer on the REIT's books or instituting proceedings to enjoin the transfer.

The Units are subject to the restrictions on ownership and transfer of the Units described herein under "Declaration of Trust — Restrictions on Ownership and Transfer." These restrictions on ownership and transfer could delay, defer or prevent a transaction or a change of control of the REIT that might involve a premium price for the Units that the Unitholders believe to be in their best interest.

Meetings of Unitholders

The Declaration of Trust provides that meetings of Unitholders will be required to be called and held in various circumstances, including (i) for the election or removal of Trustees, (ii) the appointment or removal of the auditors of the REIT, (iii) the approval of amendments to the Declaration of Trust (except as described below under "— Amendments to the Declaration of Trust"), (iv) the sale or transfer of the assets of the REIT as an entirety or substantially as an entirety (other than as part of an internal reorganization of the assets of the REIT approved by the Trustees), (v) the termination of the REIT, and (vi) for the transaction of any other business as the Trustees may determine or as may be properly brought before the meeting. Meetings of Unitholders will be called and held annually, commencing in 2014, for the election of the Trustees and the appointment of the auditors of the REIT. All meetings of Unitholders must be held in Canada.

A meeting of Unitholders may be convened at any time and for any purpose by the Trustees and must be convened, except in certain circumstances, if requisitioned in writing by the holders of not less than 5% of the Units then outstanding. A requisition must state in reasonable detail the business proposed to be transacted at the meeting. Unitholders have the right to obtain a list of Unitholders to the same extent and upon the same conditions as those which apply to shareholders of a corporation governed by the CBCA.

Unitholders may attend and vote at all meetings of Unitholders either in person or by proxy. Two persons present in person or represented by proxy, and such persons holding or representing by proxy not less in the aggregate than 10% of the total number of outstanding Units, will constitute a quorum for the transaction of business at all such meetings. Any meeting at which a quorum is not present within one-half hour after the time fixed for the holding of such meeting, if convened upon the request of the Unitholders, will be terminated, but in any other case, the meeting will stand adjourned to a day not less than 14 days later and to a place and time as chosen by the chair of the meeting, and if at such adjourned meeting a quorum is not present, the Unitholders present either in person or by proxy will be deemed to constitute a quorum.

Pursuant to the Declaration of Trust, a resolution in writing executed by Unitholders holding a proportion of the outstanding Units equal to the proportion required to vote in favour thereof at a meeting of Unitholders to approve that resolution is valid as if it had been passed at a meeting of Unitholders.

Advance Notice Provisions

The Declaration of Trust includes certain advance notice provisions (the "**Advance Notice Provision**"), which will: (i) facilitate orderly and efficient annual general or, where the need arises, special meetings; (ii) ensure that all Unitholders receive adequate notice of the Trustee nominations and sufficient information with respect to all nominees; and (iii) allow Unitholders to register an informed vote.

Except as otherwise provided in the Declaration of Trust, only persons who are nominated by Unitholders in accordance with the Advance Notice Provision will be eligible for election as Trustees. Nominations of persons for election to the Board of Trustees may be made for any annual meeting of Unitholders, or for any special meeting of Unitholders if one of the purposes for which the special meeting was called was the election of Trustees: (a) by or at the direction of the Board of Trustees, including pursuant to a notice of meeting; (b) by or at the direction or request of one or more Unitholders pursuant to a requisition of the Unitholders made in accordance with the Declaration of Trust; or (c) by any person (a "**Nominating Unitholder**"): (A) who, at the close of business on the date of the giving of the notice provided for below and on the record date for notice of such meeting, is entered in the REIT's register as a holder of one or more Units carrying the right to vote at such meeting or who beneficially owns Units that are entitled to be voted at such meeting; and (B) who complies with the notice procedures set forth in the Advance Notice Provision.

In addition to any other applicable requirements, for a nomination to be made by a Nominating Unitholder, the Nominating Unitholder must have given timely notice thereof in proper written form to the Trustees.

To be timely, a Nominating Unitholder's notice to the Trustees must be made: (a) in the case of an annual meeting of Unitholders, not less than 30 nor more than 60 days prior to the date of the annual meeting of Unitholders; provided, however, that in the event that the annual meeting of Unitholders is to be held on a date that is less than 50 days after the date (the "**Notice Date**") that is the earlier of the date that a notice of meeting is filed for such meeting or the date on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Unitholder may be made not later than the close of business on the 10th day following the Notice Date; and (b) in the case of a special meeting (which is not also an annual meeting) of Unitholders called for the purpose of electing Trustees (whether or not called for other purposes), not later than the close of business on the 15th day following the day that is the earlier of the date that a notice of meeting is filed for such meeting or the date on which the first public announcement of the date of the special meeting of Unitholders was made. In no event will any adjournment or postponement of a meeting of Unitholders or the announcement thereof commence a new time period for the giving of a Nominating Unitholder's notice as described above.

To be in proper written form, a Nominating Unitholder's notice to the Trustees must set forth: (a) as to each person whom the Nominating Unitholder proposes to nominate for election as a Trustee: (A) the name, age, business address and residential address of the person; (B) the principal occupation or employment of the person; (C) the class or series and number of Units which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of Unitholders (if such date will then have been made publicly available and will have occurred) and as of the date of such notice; and (D) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of Trustees pursuant to applicable Securities Laws (as defined in the

Declaration of Trust); and (b) as to the Nominating Unitholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Unitholder has a right to vote any Units and any other information relating to such Nominating Unitholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of Trustees pursuant to applicable securities laws. The REIT may require any proposed nominee to furnish such other information as may reasonably be required by the REIT to determine the eligibility of such proposed nominee to serve as an Independent Trustee or that could be material to a reasonable Unitholder's understanding of the independence, or lack thereof, of such proposed nominee.

The chairperson of the meeting will have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination will be disregarded.

Notwithstanding the foregoing, the Board of Trustees may, in its sole discretion, waive any requirement in the Advance Notice Provision.

Redemption Right

Units are redeemable at any time on demand by the holders thereof upon delivery to the REIT of a duly completed and properly executed notice requesting redemption in a form reasonably acceptable to the Trustees, together with written instructions as to the number of Units to be redeemed. A Unitholder not otherwise holding a fully registered Unit certificate who wishes to exercise the redemption right will be required to obtain a redemption notice form from the Unitholder's investment dealer who will be required to deliver the completed redemption notice form to the REIT and to CDS. Upon receipt of the redemption notice by the REIT, all rights to and under the Units tendered for redemption will be surrendered and the holder thereof will be entitled to receive a price per Unit (the "**Redemption Price**") equal to the lesser of:

(a) 90% of the "Market Price" of a Unit calculated as of the date on which the Units were surrendered for redemption (the "**Redemption Date**"); and

(b) 100% of the "Closing Market Price" on the Redemption Date.

For purposes of this calculation, the "Market Price" of a Unit as of a specified date will be:

(a) an amount equal to the weighted average trading price of a Unit on the principal exchange or market on which the Units are listed or quoted for trading during the period of 10 consecutive trading days ending on such date;

(b) an amount equal to the weighted average of the closing market prices of a Unit on the principal exchange or market on which the Units are listed or quoted for trading during the period of 10 consecutive trading days ending on such date, if the applicable exchange or market does not provide information necessary to compute a weighted average trading price; or

(c) if there was trading on the applicable exchange or market for fewer than five of the 10 trading days, an amount equal to the simple average of the following prices established for each of the 10 consecutive trading days ending on such date: the simple average of the last bid and last asking price of the Units for each day on which there was no trading; the closing price of the Units for each day that there was trading if the exchange or market provides a closing price; and the simple average of the highest and lowest prices of the Units for each day that there was trading, if the market provides only the highest and lowest prices of Units traded on a particular day.

The "Closing Market Price" of a Unit for the purpose of the foregoing calculations, as of any date will be:

(a) an amount equal to the weighted average trading price of a Unit on the principal exchange or market on which the Units are listed or quoted for trading on the specified date and the principal exchange or market provides information necessary to compute a weighted average trading price of the Units on the specified date;

(b) an amount equal to the closing price of a Unit on the principal market or exchange if there was a trade on the specified date and the principal exchange or market provides only a closing price of the Units on the specified date;

(c) an amount equal to the simple average of the highest and lowest prices of the Units on the principal market or exchange, if there was trading on the specified date and the principal exchange or market provides only the highest and lowest trading prices of the Units on the specified date; or

(d) the simple average of the last bid and last asking prices of the Units on the principal market or exchange, if there was no trading on the specified date.

If Units are not listed or quoted for trading in a public market, the Redemption Price will be the fair market value of the Units, which will be determined by the Trustees in their sole discretion.

The aggregate Redemption Price payable by the REIT in respect of any Units surrendered for redemption during any calendar month will be paid by cheque, drawn on a Canadian chartered bank or trust company in Canadian dollars within 30 days after the end of the calendar month in which the Units were tendered for redemption, provided that the entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the limitations that: (i) the total amount payable by the REIT in respect of such Units and all other Units tendered for redemption in the same calendar month must not exceed $50,000 (provided that such limitation may be waived at the discretion of the Trustees); (ii) on the date such Units are tendered for redemption, the outstanding Units must be listed for trading on the TSX or traded or quoted on any other stock exchange or market which the Trustees consider, in their sole discretion, to provide representative fair market value prices for the Units; (iii) the normal trading of Units is not suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, on any market where the Units are quoted for trading) on the Redemption Date or for more than five trading days during the 10-day trading period commencing immediately before the Redemption Date; and (iv) the redemption of the Units must not result in the delisting of the Units from the principal stock exchange on which the Units are listed.

Cash payable on redemptions will be paid *pro rata* to all Unitholders tendering Units for redemption in any month. To the extent a Unitholder is not entitled to receive cash upon the redemption of Units as a result of any of the foregoing limitations, then the balance of the Redemption Price for such Units will, subject to any applicable regulatory approvals, be paid and satisfied by way of a distribution in specie to such Unitholder of Redemption Notes. In the event of distributions of Redemption Notes, each Redemption Note so distributed to the redeeming holder of Units will be in the principal amount of $100 or such other amount as may be determined by the Trustees. No fractional Redemption Notes will be distributed and where the number of Redemption Notes to be received upon redemption by a holder of Units would otherwise include a fraction, that number will be rounded down to the next lowest whole number. The Trustees may deduct or withhold from all payments or other distributions payable to any Unitholder pursuant to the Declaration of Trust all amounts required by law to be so withheld. Where the REIT makes a distribution in specie on the redemption of Units of a Unitholder, the REIT currently intends to allocate to that Unitholder any capital gain or income realized by the REIT on or in connection with such distribution. See “Certain Canadian Federal Income Tax Considerations”.

It is anticipated that the redemption right described above will not be the primary mechanism for Unitholders to dispose of their Units. Redemption Notes which may be distributed to holders of Units in connection with a redemption will not be listed on any exchange, no market is expected to develop in Redemption Notes and such securities may be subject to an indefinite “hold period” or other resale restrictions under applicable securities laws. Redemption Notes so distributed may not be qualified investments for Exempt Plans, depending upon the circumstances at the time.

Purchases of Units by the REIT

The REIT may from time to time purchase Units in accordance with applicable securities legislation and the rules prescribed under applicable stock exchange and regulatory policies. Any such purchase will constitute an “issuer bid” under Canadian provincial securities legislation and must be conducted in accordance with the applicable requirements thereof.

Take-Over Bids

The Declaration of Trust contains provisions to the effect that if a take-over bid or issuer bid is made for Units within the meaning of the Securities Act and not less than 90% of the Units (other than Units held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Units held by Unitholders who do not accept the offer either, at the election of each Unitholder, on the terms offered by the offeror or at the fair value of such Unitholder's Units determined in accordance with the procedures set out in the Declaration of Trust.

The Declaration of Trust and the Partnership Agreement will provide that in the event that a non-exempt take-over bid from a person acting at arm's length to holders of Class B Units (or any affiliate or associate thereof) is made for Units, unless the take-over bid is structured (i) to permit holders of Class B Units to both redeem for Units and tender conditional on take-up, or (ii) such that the offer is made for all Class B Units on identical terms, then, from and after the first take-up of Units under the said take-over bid (provided that not less than 25% of the Units other than Units held at the date of the take-over bid by the offeror or associates or affiliates of the offeror are so taken up) the terms and conditions of the Class B Units will be amended such that the redemption rate will be varied to equal 110% of the redemption rate then in effect (such that on conversion, exercise, redemption or exchange the holder will receive 1.1 Units for each Unit that the holder would otherwise have received). Notwithstanding any adjustment on completion of an exclusionary offer as described above, the distribution rights attaching to the Class B Units will also not be adjusted until the redemption right is actually exercised.

Non-Certificated Inventory System

Other than pursuant to certain exceptions, registration of interests in and transfers of Units held through CDS, or its nominee, will be made electronically through the NCI system of CDS. At the time of Closing, the REIT, via its transfer agent, will electronically deliver the Units registered to CDS or its nominee. Units held in CDS must be purchased, transferred and surrendered for redemption through a CDS participant, which includes securities brokers and dealers, banks and trust companies. All rights of Unitholders who hold Units in CDS must be exercised through, and all payments or other property to which such Unitholders are entitled will be made or delivered by CDS or the CDS participant through which the Unitholder holds such Units. A holder of a Unit participating in the NCI system will not be entitled to a certificate or other instrument from the REIT or the REIT's transfer agent evidencing that person's interest in or ownership of Units, nor, to the extent applicable, will such Unitholder be shown on the records maintained by CDS, except through an agent who is a CDS participant.

The ability of a beneficial owner of Units to pledge such Units or otherwise take action with respect to such Unitholder's interest in such Units (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

Information and Reports

The REIT will furnish to Unitholders such financial statements (including quarterly and annual financial statements) and other reports as are from time to time required by the Declaration of Trust and by applicable law. Prior to each meeting of Unitholders, the Trustees will provide the Unitholders (along with notice of such meeting) information as required by applicable tax and securities laws.

Amendments to the Declaration of Trust

The Declaration of Trust may be amended or altered from time to time. Certain amendments require approval by at least two-thirds of the votes cast at a meeting of Unitholders called for such purpose. Other amendments to the Declaration of Trust require approval by a majority of the votes cast at a meeting of Unitholders called for such purpose.

The following amendments, among others, require the approval of two-thirds of the votes cast by all Unitholders at a meeting:

(a) any amendment to Section 14.3 of the Declaration of Trust, which sets out amendments to the Declaration of Trust that require approval by two-thirds of the votes cast by all Unitholders at a meeting of Unitholders;

(b) any amendment to Section 7.23 of the Declaration of Trust regarding take-over bids;

(c) an exchange, reclassification or cancellation of all or part of the Units;

(d) the addition, change or removal of the rights, privileges, restrictions or conditions attached to the Units, including: (i) the removal or change of rights to distributions; (ii) the addition or removal of or change to conversion privileges, options, voting, transfer or pre-emptive rights; or (iii) the reduction or removal of a distribution preference or liquidation preference;

(e) any constraint on the issue, transfer or ownership of the Units or the change or removal of such constraint;

(f) the sale or transfer of the assets of the REIT or its subsidiaries as an entirety or substantially as an entirety (other than as part of an internal reorganization of the assets of the REIT or its subsidiaries approved by the Trustees and not prejudicial to Unitholders);

(g) the termination of the REIT or its subsidiaries (other than as part of an internal reorganization of the assets of the REIT or its subsidiaries approved by the Trustees and not prejudicial to Unitholders);

(h) the combination, amalgamation or arrangement of any of the REIT or its subsidiaries with any other entity (other than as part of an internal reorganization of the assets of the REIT or its subsidiaries approved by the Trustees and not prejudicial to Unitholders);

(i) any change to the minimum size of the Board of Trustees; and

(j) except as described herein, the amendment of the investment guidelines and operating policies of the REIT. See "Investment Guidelines and Operating Policies — Amendments to Investment Guidelines and Operating Policies".

Notwithstanding the foregoing, the Trustees may, without the approval of the Unitholders, make certain amendments to the Declaration of Trust, including amendments:

(a) aimed at ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over: (i) the Trustees or the REIT; (ii) the status of the REIT as a "mutual fund trust" under the Tax Act; (iii) the status of the REIT as a "real estate investment trust" for U.S. federal income tax purposes; or (iv) the distribution of Units;

(b) which, in the opinion of the Trustees, provide additional protection for the Unitholders;

(c) to remove any conflicts or inconsistencies in the Declaration of Trust or to make minor corrections which are, in the opinion of the Trustees, necessary or desirable and not prejudicial to the Unitholders;

(d) which, in the opinion of the Trustees, are necessary or desirable to remove conflicts or inconsistencies between the disclosure in this prospectus and the Declaration of Trust;

(e) of a minor or clerical nature or to correct typographical mistakes, ambiguities or manifest omissions or errors, which amendments, in the opinion of the Trustees, are necessary or desirable and not prejudicial to the Unitholders;

(f) which, in the opinion of the Trustees, are necessary or desirable: (i) to ensure continuing compliance with IFRS; or (ii) to ensure the Units are classified as equity for purposes of IFRS;

(g) which, in the opinion of the Trustees, are necessary or desirable to enable the REIT to implement a Unit option plan, Unit purchase plan or other compensation plan or issue Units for which the purchase price is payable in instalments;

(h) which, in the opinion of the Trustees, are necessary or desirable for the REIT to qualify for a particular status under, or as a result of changes in, taxation or other laws, or the interpretation of such laws, including to qualify for the definition of "real estate investment trust" in the Tax Act or to qualify for the definition of "real estate investment trust" for the Code or to otherwise prevent the REIT or any of its Subsidiaries from becoming subject to tax under the SIFT Rules;

(i) to create one or more additional classes of units solely to provide voting rights to holders of shares, units or other securities that are exchangeable, redeemable, exercisable or convertible for Units entitling the holder thereof to a number of votes not exceeding the number of Units into which the exchangeable shares, units or other securities are exchangeable, redeemable, exercisable or convertible but that do not otherwise entitle the holder thereof to any rights with respect to the REIT's property or income other than a return of capital; and

(j) for any purpose (except one in respect of which a consent of any person and/or a Unitholder vote is specifically otherwise required) which, in the opinion of the Trustees, is not prejudicial to Unitholders and is necessary or desirable.

No amendment that would adversely affect the legal rights of Welsh under the Declaration of Trust or the economic benefits derived therefrom may be made without its prior written consent. For greater certainty, this provision applies only to any amendment that would adversely affect (i) the legal rights expressly ascribed to Welsh in the Declaration of Trust or the economic benefits derived therefrom; or (ii) the legal rights of Welsh that are different than those of public holders of Units or the economic benefits derived therefrom. For greater certainty, any amendment, modification or removal of provisions relating to (i) operations and assets of the REIT, as described under "Declaration of Trust — Operations and Assets of the REIT"; (ii) the right of Welsh to nominate Trustees to the Board of Trustees, as described under "Retained Interest" and "Governance of the REIT — Governance and the Board of Trustees"; (iii) cash distributions by the Partnership, as described under "Declaration of Trust — Units"; and (iv) amendments to the Declaration of Trust, as described in this section, may not be made without the prior written consent of Welsh. In addition, changes to the size of the Board of Trustees (other than a change to the minimum size of the Board of Trustees which requires unanimous consent of the Board of Trustees and approval by not less than two-thirds of the votes cast at a meeting of Unitholders) may only be made with the prior written consent of the Partnership in accordance with the Partnership Agreement, as described under "Governance of the REIT — Governance and the Board of Trustees".

US HOLDCO

WPT Industrial, Inc. ("**US Holdco**") is a corporation established under the laws of the State of Delaware. Upon completion of the Offering and related transactions, US Holdco will own all of the Class A Units and will be the sole general partner of the Partnership. The Board of Directors of US Holdco will be determined (and may be removed without cause) by the Trustees; provided, that the Board of Directors of US Holdco will always be comprised of a majority of (a) U.S. residents and (b) individuals who are neither employed by, affiliated with, or otherwise not independent of Welsh. The Board of Directors of US Holdco will initially be comprised of the Chief Executive Officer and two trustees of the REIT. The REIT will exercise effective oversight of US Holdco.

THE PARTNERSHIP

General

The Partnership is a limited partnership governed by the Partnership Agreement and the laws of the State of Delaware. The general partner of the Partnership is US Holdco. At the time of Closing, the sole holder of the Class A Units will be US Holdco. The REIT is the sole shareholder of US Holdco.

The Partnership is considered an umbrella partnership real estate investment trust (an "**UPREIT**"). An UPREIT is a structure that REITs often use to acquire real property from sellers on a tax-deferred basis because the sellers can generally accept partnership units and defer taxable gain otherwise required to be recognized by them upon the disposition of their properties. Such sellers may also desire to achieve diversity in their investment and other benefits afforded to stockholders in a real estate investment trust. For purposes of satisfying the asset and income tests for qualification as a real estate investment trust, the REIT's proportionate share of the assets and income of the Partnership will be deemed to be assets and income of the REIT.

Partnership Units

At the time of Closing, the Partnership will have outstanding (i) Class A Units, all of which will be held by US Holdco and (ii) Class B Units, all of which will be held by Welsh. US Holdco will be the sole general partner of the Partnership and Welsh will be the sole limited partner of the Partnership. The Class B Units will be issued to Welsh as part of the consideration for its equity interests in the Property SPEs. The Class B Units will, in all material respects, be economically equivalent to the Units on a per unit basis. The Class B Units will not be entitled to vote on matters to be voted on by Unitholders of the REIT. It is anticipated that Class B Units may be subsequently issued to Welsh and other U.S. vendors in connection with the acquisition of additional properties by the REIT in the U.S. Pursuant to the Partnership Agreement, the Class B Units will be redeemable from time to time by the holder thereof for cash or Units (on a one-for-one basis subject to customary anti-dilution adjustments), at the option of the general partner of the Partnership.

At the time of Closing, there will be 10,867,362 Class B Units issued and outstanding, all of which will be held by Welsh.

Except as specifically provided in the Partnership Agreement or as otherwise consented to by the general partner of the Partnership, the Class B Units are not transferable. The Partnership Agreement will provide that a holder of Class B Units is permitted to transfer its Class B Units: (i) pursuant to the redemption of the Class B Units into Units; (ii) to any members of Welsh; (iii) to any affiliates of the holder; and (iv) to Almanac and its affiliates.

Redemption Rights

After holding Class B Units for at least 12 months (subject to acceleration in certain circumstances), the holders of Class B Units have the right to cause the Partnership to redeem all or a portion of such Class B Units for Units or cash, at the option of the general partner of the Partnership. Any exercise of the redemption right by a holder of Class B Units may be made on a conditional basis and subject to retraction (in whole or in part) by such holder in his, her or its sole discretion following the general partner of the Partnership's determination of whether the redemption will be paid in cash or Units (such determination to be provided by the general partner of the Partnership in writing to the redeeming holder of Class B Units). If the general partner of the Partnership elects to redeem Class B Units for Units, the REIT will generally deliver (indirectly) one Unit for each Class B Unit redeemed (subject to customary anti-dilution adjustments). In connection with the exercise of these redemption rights, a holder of Class B Units will be required to make certain representations, including that the delivery of Units upon redemption will not result in such partner owning Units in excess of the ownership limits in the Declaration of Trust.

Operation

The purpose of the Partnership includes the conduct of any business that may be conducted lawfully by a limited partnership formed under the Delaware Revised Uniform Limited Partnership Act (the "**DRULPA**"),

except that the Partnership Agreement requires the business of the Partnership to be conducted in such a manner that will permit the REIT to qualify as a real estate investment trust under Sections 856 through 860 of the Code. Subject to the foregoing limitation, the Partnership may enter into partnerships, joint ventures or similar arrangements and may own interests in any other entity. The general partner of the Partnership will cause the Partnership not to take, or to refrain from taking, any action that, in its judgment, in its sole and absolute discretion:

- could adversely affect the REIT's ability to continue to qualify as a real estate investment trust for U.S. federal income tax purposes;
- could subject the REIT to any additional taxes under Section 857 of the Code or Section 4981 of the Code or any other related or successor provisions under the Code;
- could violate any law or regulation of any governmental body or agency having jurisdiction over the REIT, its securities or the Partnership; or
- could violate in any material respects any of the covenants, conditions or restrictions now or hereafter placed upon or adopted by the REIT pursuant to any agreements or applicable laws and regulations,

unless, in any such case, such action or inaction described in the bullet points above is specifically consented to by the REIT.

The Partnership Agreement requires that the Partnership be operated in a manner that will enable the REIT to (i) satisfy the requirements for being classified as a real estate investment trust for U.S. federal income tax purposes, unless the Board of Trustees elects for the REIT to cease to qualify as a real estate investment trust, (ii) not be subject to any federal income or excise tax liability, unless the Board of Trustees elects for the REIT to cease to qualify as a real estate investment trust, and (iii) ensure that the Partnership will not be classified as a "publicly traded partnership" for purposes of Section 7704 of the Code, which classification could result in the Partnership being taxed as a corporation, rather than as a partnership.

The authority of the general partner of the Partnership will be limited in certain respects under the Partnership Agreement. Transactions not in the ordinary course of business that would generally constitute a fundamental change under corporate law that may be taken by the Partnership, or the general partner of the Partnership acting on its behalf, will require the approval of a majority of the board of directors of the general partner of the Partnership and Welsh, provided that, in the case of Welsh, the Retained Interest constitutes at least 33% of the Units (assuming all Class B Units are redeemed for Units), or, in the event the Retained Interest constitutes less than 33% of the Units (assuming all Class B Units are redeemed for Units), the Retained Interest constitutes at least that number of Units (assuming all Class B Units are redeemed for Units) equal to 33% of the votes cast at a meeting of Unitholders. The same approvals will also be required for the following:

- entering into any merger, consolidation or business combination, not in the ordinary course of business;
- selling, assigning, conveying or otherwise disposing of all or substantially all of its assets;
- adopting any plan or proposal for a complete or partial liquidation or dissolution, or any reorganization or recapitalization or commencement of any case, proceeding or action seeking relief under any existing or future laws relating to bankruptcy, insolvency, conservatorship or relief of debtors;
- adding, changing or removing any restriction on the business or businesses that the Partnership may carry on;
- any subdivision, re-division, consolidation, exchange, reclassification, reorganization, recapitalization, split, combination or similar change in any units or other securities of the Partnership;
- consenting to any change in the size of the Board of Trustees; and
- agreeing or committing to any of the preceding.

In the event the REIT, the Partnership or one of their Subsidiaries decides to issue equity securities of the REIT or the Partnership or securities convertible into or exchangeable or redeemable for equity securities of the REIT or the Partnership or an option or other right to acquire such securities, Welsh, for so long as the Retained Interest constitutes at least 10% of the Units (assuming all Class B Units are redeemed for Units), will have pre-emptive rights to purchase Units, Class B Units or such other securities as are being contemplated for issuance by the REIT or the Partnership, as the case may be, to maintain the *pro rata* ownership interest represented by the Retained Interest (on a fully diluted basis assuming all Class B Units are redeemed for Units). Notice of exercise of such rights must be provided in advance of the commencement of any offering of securities of the REIT or the Partnership or such other securities as are being contemplated for issuance and otherwise in accordance with the terms and conditions set out in the Partnership Agreement. The pre-emptive rights will not apply to issuances in the following circumstances: to participants in a distribution reinvestment plan or similar plan; in respect of the exercise of options, warrants, rights or other securities issued under security-based compensation arrangements of the REIT or the Partnership; to holders of Partnership Units or Unitholders in lieu of cash distributions; as full or partial consideration for the direct or indirect purchase of real property by the REIT or the Partnership from Welsh; pursuant to the exercise by Welsh of its redemption right in respect of the Class B Units; exercise by a holder of a conversion, exchange or other similar right pursuant to the terms of a security in respect of which Welsh did not exercise, failed to exercise, or waived its pre-emptive right or in respect of which the pre-emptive right did not apply; pursuant to a unitholders' rights plan of the REIT; to the REIT, the Partnership or any Subsidiary or affiliate; and pursuant to the exercise of the Over-Allotment Option, if any.

If the REIT enters into a transaction that will involve: (i) the transfer, directly or indirectly, of all or substantially all of its assets to a third-party; (ii) the winding up, dissolution or termination of the REIT; or (iii) the exchange of Units for securities of a third-party issuer or successor issuer; and, at such time, the Retained Interest constitutes less than 15% of the Units (assuming all Class B Units are redeemed for Units), then the Partnership will be entitled to redeem all (but not less than all) of the Class B Units.

In addition, in the event of a take-over bid that is accepted by the holders of not less than 90% of the Units (including Units issuable upon the exchange or redemption of Class B Units) by an offeror (including persons acting jointly or in concert with such person) and such offeror has exercised its right to acquire Units held by dissenting offerees (including Units issuable upon the redemption of Class B Units) in accordance with the Declaration of Trust, the Partnership will have the right, subject to applicable law, to acquire outstanding Class B Units in exchange for an equal number of Units (subject to adjustment in accordance with the Declaration of Trust), which exchange will be effected immediately prior to the acquisition by the offeror of the Units issuable upon redemption thereof.

If the Retained Interest includes any Units (assuming all Class B Units are redeemed for Units), and Welsh so requests, the REIT will cause, in respect of the Partnership, a purchaser (other than the REIT or an affiliate of the REIT) of securities of the Partnership owned by the REIT (or any permitted assignee) to purchase a *pro rata* portion of the securities of the Partnership constituting the Retained Interest on the same terms and subject to the same conditions as are applicable to the purchase of securities of the Partnership by the purchaser.

The Partnership Agreement may be amended by the general partner of the Partnership. No amendment that would adversely affect the rights of Welsh under the Partnership Agreement may be made without Welsh's prior written consent.

Distributions and Allocations of Profits and Losses

Distributions

The Class B Units will be economically equivalent to the Units of the REIT and will be entitled to receive distributions proportionately. Subject to the terms of any unit in the capital of the Partnership (each, a "**Partnership Unit**" and collectively, the "**Partnership Units**") designation, the general partner of the Partnership will cause the Partnership to distribute monthly, all, or such portion as the general partner of the Partnership

may in its sole and absolute discretion determine, of Available Cash (as such term is defined in the Partnership Agreement) generated by the Partnership during such month to the holders of the Units:

- first, with respect to any Partnership Units that are entitled to any preference in distribution, in accordance with the rights of such class or classes of Partnership Units, and, within such class or classes, among the holders *pro rata* in proportion to their respective percentage interests; and
- second, with respect to any Partnership Units that are not entitled to any preference in distribution, in accordance with the rights of such class of the Partnership Units, as applicable, and, within such class, among the holders *pro rata* in proportion to their respective ownership interests.

Allocations of Net Income and Net Loss

Net income and net loss of the Partnership are determined and allocated with respect to each fiscal year of the Partnership as of the end of the fiscal year. Except as otherwise provided in the Partnership Agreement, net income and net loss are allocated to the holders of the Partnership Units in accordance with their respective equity interests at the end of each fiscal year so as to give effect to distribution preferences, if any. The Partnership Agreement contains provisions for special allocations intended to comply with certain regulatory requirements, including the requirements of Treasury Regulations Sections 1.704-1(b) and 1.704-2. Except as otherwise provided in the Partnership Agreement, for U.S. federal income tax purposes under the Code and the regulations promulgated by the U.S. Treasury Department, or the Treasury Regulations, each Partnership item of income, gain, loss and deduction is allocated among the holders of the Partnership Units in the same manner as its correlative item of book income, gain, loss or deduction is allocated pursuant to the Partnership Agreement. In addition, under Section 704(c) of the Code, items of income, gain, loss and deduction with respect to appreciated or depreciated property that is contributed to a partnership, such as the Partnership, in a tax-free transaction must be specially allocated among the partners in such a manner so as to take into account such variation between tax basis and fair market value. The Partnership will allocate tax items to the holders of the Partnership Units taking into consideration the requirements of Section 704(c). See "Certain U.S. Federal Income Tax Considerations."

Management of the Partnership

In general, the Trustees will direct the management of the affairs of the Partnership by directing the management of the REIT's affairs, in its capacity as the sole stockholder of the general partner of the Partnership.

Except as otherwise expressly provided in the Partnership Agreement or as delegated or provided to an additional general partner by the general partner of the Partnership or any successor general partner pursuant to the Partnership Agreement, all management powers over the business and affairs of the Partnership are exclusively vested in the general partner of the Partnership. No limited partner or any other person to whom one or more Partnership Units have been transferred may, in its capacity as a limited partner, take part in the operations, management or control of the Partnership's business, transact any business in the Partnership's name or have the power to sign documents for or otherwise bind the Partnership. The general partner of the Partnership may not be removed by the limited partners without the general partner's consent. In addition to the powers granted to the general partner of the Partnership under applicable law or that are granted to the general partner of the Partnership under any other provision of the Partnership Agreement, the general partner of the Partnership, subject to the other provisions of the Partnership Agreement, has full power and authority to do all things deemed necessary or desirable by the general partner of the Partnership to conduct the business of the Partnership, to exercise all powers of the Partnership and to effectuate the purposes of the Partnership. The Partnership may incur debt or enter into other similar credit, guarantee, financing or refinancing arrangements for any purpose, including, without limitation, in connection with any acquisition of properties, upon such terms as the general partner of the Partnership determines to be appropriate. With limited exceptions, the general partner of the Partnership is authorized to execute, deliver and perform agreements and transactions on behalf of the Partnership without any further act, approval or vote of the limited partners.

Liability of the REIT and that of the Limited Partners

Under DRULPA, US Holdco, as sole general partner of the Partnership, is liable for all general obligations of the Partnership to the extent not paid by the Partnership. The limited partners are not required to make additional contributions to the Partnership. Assuming that a limited partner does not take part in the control of the business of the Partnership, the liability of the limited partner for obligations of the Partnership under the Partnership Agreement and DRULPA is limited, subject to limited exceptions, generally to the loss of the limited partner's investment in the Partnership represented by such limited partner's Partnership Units.

Exculpation and Indemnification

The Partnership Agreement generally provides that the REIT, as sole stockholder of the general partner of the Partnership, the general partner of the Partnership, and any of their respective trustees, directors or officers will incur no liability to the Partnership, or any limited partner, general partner or assignee, for losses sustained or liabilities incurred or benefits not derived as a result of errors in judgment, mistakes of law or of any act or omission if the REIT, the general partner of the Partnership or such trustee, officer or director acted in good faith. In addition, the REIT, as the sole stockholder of the general partner of the Partnership, and the general partner of the Partnership are not responsible for any misconduct or negligence on the part of the REIT's agents, provided the REIT appointed such agents in good faith.

The Partnership Agreement also provides for the indemnification, to the fullest extent permitted by law, of the REIT, as the sole stockholder of the general partner of the Partnership, of the general partner of the Partnership, of the Trustees, directors and officers, and of such other persons as the general partner may from time to time designate against any and all losses, claims, damages, liabilities, joint or several, expenses, judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings in which such person may be involved that relate to the operations of the Partnership, provided that such person will not be indemnified for (i) any act or omission of such person that was material to the matter giving rise to the action and either was committed in bad faith or was the result of active and deliberate dishonesty, (ii) in the case of any criminal proceeding, any act or omission that such person had reason to believe was unlawful, or (iii) any transaction for which such person received an improper personal benefit in violation or breach of any provision of the Partnership Agreement.

Tax Matters

Pursuant to the Partnership Agreement, the general partner of the Partnership will be the tax matters partner of the Partnership, and as such, will have authority to make tax decisions under the Code on behalf of the Partnership. The general partner of the Partnership will file a federal income tax return annually on behalf of the Partnership on IRS Form 1065 (or such other successor form) or on any other IRS form as may be required.

DISTRIBUTION POLICY

The following outlines the distribution policy of the REIT to be adopted pursuant to the Declaration of Trust. Determinations as to the amounts distributable, however, will be made in the sole discretion of the Trustees from time to time.

The REIT intends to adopt a distribution policy, as permitted under the Declaration of Trust, pursuant to which it will make *pro rata* monthly cash distributions to Unitholders and, through the Partnership, to holders of Class B Units, if any, initially equal to, on an annual basis, approximately 90% of estimated AFFO for the 12 months ending March 31, 2014. Management of the REIT believes that the 90% payout ratio initially set by the REIT should allow the REIT to meet its internal funding needs, while being able to support stable growth in cash distributions. However, subject to compliance with the Declaration of Trust, the actual payout ratio will be determined by the Trustees in their discretion. Pursuant to the Declaration of Trust, the Trustees have full discretion respecting the timing and amounts of distributions including the adoption, amendment or revocation of any distribution policy. It is the REIT's current intention to make distributions to Unitholders at least equal to the amount of net income and net realized capital gains of the REIT as is necessary to ensure that the REIT will not be liable for ordinary income taxes on such income.

Because the REIT will be treated as a real estate investment trust for U.S. federal income tax purposes, distributions paid by the REIT to Canadian investors that are made out of the REIT's current or accumulated earnings and profits (as determined under U.S. federal income tax principles) generally will be subject to U.S. withholding tax at a rate of 15% for investors that qualify for the benefits of the Treaty. To the extent a Canadian investor is subject to U.S. withholding tax in respect of distributions paid by the REIT on the Units out of the REIT's current or accumulated earnings and profits, the amount of such tax generally will be eligible for foreign tax credit or deduction treatment, subject to the detailed rules and limitations under the Tax Act. Distributions in excess of the REIT's current and accumulated earnings and profits that are distributed to Canadian investors that have not owned (or been deemed to own) more than 5% of the outstanding Units generally will not be subject to U.S. withholding tax, although there can be no assurances that withholding on such amounts will not be required. The REIT estimates that 69% of the monthly cash distributions to be paid to Unitholders in 2013 will be made out of the REIT's current or accumulated earnings and profits and, accordingly, will be subject to U.S. withholding tax. The composition of distributions for U.S. federal income tax purposes may change over time, which may affect the after-tax return to Unitholders. Qualified residents of Canada that are tax-exempt entities established to provide pension, retirement or other employee benefits (including trusts governed by a RRSP, a RRIF or a DPSP, but excluding trusts governed by a TFSA, a RESP or a RDSP) may be eligible for an exemption from U.S. withholding tax. The foregoing is qualified by the more detailed summary in this Prospectus. See "Certain Canadian Federal Income Tax Considerations" and "Certain U.S. Federal Income Tax Considerations". See also "Risk Factors — Tax-Related Risks".

Unitholders of record as of the close of business on the last business day of the month preceding a Distribution Date will have an entitlement on and after that day to receive distributions in respect of that month on such Distribution Date, which Distribution Date is expected to be on or around the fifteenth day of the next month. Distributions may be adjusted for amounts paid in prior periods if the actual AFFO for the prior periods is greater than or less than the estimates for the prior periods. Under the Declaration of Trust and pursuant to the distribution policy of the REIT, where the REIT's cash is not sufficient to make payment of the full amount of a distribution, such payment will, to the extent necessary, be distributed in the form of additional Units. See "Declaration of Trust — Issuance of Units" and "Certain Canadian Federal Income Tax Considerations".

The first distribution will be for the period from Closing to May 31, 2013 and will be paid on June 17, 2013, in the amount of $0.0690 per Unit assuming Closing occurs on April 26, 2013. The REIT intends to make subsequent monthly distributions in the estimated amount of $0.0583 per Unit commencing July 15, 2013.

The ability of the REIT to make cash distributions, and the actual amount distributed, will be entirely dependent on the operations and assets of the REIT and will be subject to various factors including financial performance, obligations under applicable credit facilities and restrictions on payment of distributions thereunder on the occurrence of an event of default, fluctuations in working capital, the sustainability of income derived from the tenants of the REIT's properties and any capital expenditure requirements. See "Risk Factors".

UNITHOLDERS' RIGHTS PLAN

The REIT will establish the Rights Plan on Closing. The purposes of the Rights Plan are as follows: (i) to ensure, to the extent possible, that the Trustees have sufficient time to consider and evaluate any unsolicited take-over bid for the Units or other acquisition of control of the REIT; (ii) to provide the Trustees with adequate time to explore and develop alternatives, in order to maximize Unitholder value; and (iii) to ensure, to the extent possible, the equal treatment of Unitholders in connection with any unsolicited take-over bid. At the time of Closing, one right (a "Right" or "Rights") will be issued and attached to each outstanding Unit and Class B Unit pursuant to the Rights Plan.

The Rights Plan will utilize the mechanism of a "**Permitted Bid**" (as described below) to protect Unitholders by requiring all potential bidders to comply with the conditions specified in the Permitted Bid provisions or risk being subject to the dilutive features of the Rights Plan. Generally, to qualify as a Permitted Bid, a bid must be made to all Unitholders and holders of Class B Units, if any, by way of take-over bid circular and must be open for at least 60 days after the bid is made. If more than 50% of the Units and Class B Units held by "**Independent Unitholders**" (as defined below) are deposited or tendered to the bid and not withdrawn,

the bidder may take up and pay for such Units and associated Class B Units, if any. The take-over bid must then be extended for a further period of at least 10 business days on the same terms to allow those Unitholders who did not initially tender their Units and associated Class B Units, if any, to tender to the take-over bid if they so choose. Thus, there is no coercion to tender during the initial 60-day period because the bid must be open for acceptance for at least 10 business days after the expiry of the initial tender period. The Rights Plan is designed to make it impractical for any person to acquire more than 20% of the outstanding Units or Class B Units redeemable for Units without the approval of the Trustees except pursuant to the Permitted Bid procedures or pursuant to certain other exempt transactions outlined below.

Management believes that the Rights Plan taken as a whole should not be an unreasonable obstacle to a serious bidder willing to make a *bona fide* and financially fair offer open to all Unitholders. The provisions of the Rights Plan relating to portfolio managers are designed to prevent the triggering of the Rights Plan by virtue of the customary activities of such persons. See "— Portfolio Managers" below.

The Rights Plan will be subject to re-confirmation by Unitholders and Independent Unitholders every three years and terminate upon the termination of the first annual meeting of the Unitholders following the third anniversary date of Closing, unless terminated earlier.

Issue of Rights

At the time of Closing, one Right will be issued and attached to each outstanding Unit and each outstanding Class B Unit. One Right will also attach to any Units and Class B Units issued subsequent to Closing and prior to the earlier of the Separation Time (as described below) and the Expiration of the Rights Plan. The Rights are not exercisable prior to the Separation Time (as defined below).

Rights Exercise Privilege

The Rights will separate from the Units and the Class B Units to which they are attached and will become exercisable (the "**Separation Time**") at the close of business on the tenth business day after the earlier of (A) the first date of public announcement by the REIT or an Acquiring Person (as defined below) of facts indicating that a person has become an Acquiring Person, and (B) the date of the commencement of, or first public announcement of, the intent of any person (other than the REIT or any subsidiary of the REIT) to commence, a take-over bid (other than a Permitted Bid or "Competing Permitted Bid" (as described below)), or the date on which a Permitted Bid or Competing Permitted Bid ceases to qualify as such, or, in either case, such later date as may be determined by the Trustees.

The acquisition by an Acquiring Person, including persons acting jointly or in concert, of 20% or more of the Units, other than by way of a Permitted Bid in certain circumstances, is referred to as a "**Flip-In Event**". Any Rights held by an Acquiring Person on or after the earlier of the Separation Time or the first date of public announcement by the REIT or by an Acquiring Person that an Acquiring Person has become such, will become void upon the occurrence of a Flip-In Event. Ten business days after the occurrence of the Flip-In Event, the Rights (other than those held by the Acquiring Person) will permit the holder to purchase, for example, Units with a total market value of $200, on payment of $100 (i.e., at a 50% discount).

The issue of the Rights is not initially dilutive. Upon a Flip-In Event occurring and the Rights separating from the attached Units or Class B Units, reported earnings per Unit on a fully diluted or non-diluted basis may be affected. Holders of Rights who do not exercise their Rights upon the occurrence of a Flip-In Event may suffer substantial dilution.

Acquiring Person

An "**Acquiring Person**" is any person who is or becomes the beneficial owner of 20% or more of all Units. An Acquiring Person does not however, include: (a) the REIT or any subsidiary of the REIT; (b) a Grandfathered Person (as described below); or (c) any Person who becomes the Beneficial Owner of 20% or more of all Units as a result of any one or a combination of "exempt transactions", which include: (i) specified acquisitions or redemptions of Units; (ii) acquisitions pursuant to a Permitted Bid (which may include a

Competing Permitted Bid), as described below; or (iii) acquisitions in exchange for additional properties being acquired by the REIT, provided, however, that if a person becomes a beneficial owner of 20% or more of all Units by reason of any one or a combination of exempt transactions, and, subsequently becomes the beneficial owner of more than an additional 1% of all Units outstanding (other than pursuant to an exempt transaction) then, as of the date of any such acquisition of additional Units such Person shall become an "**Acquiring Person**".

A "**Grandfathered Person**" is any person who (i) is the beneficial owner of 20% or more of all Units at the Record Time; or (ii) in the case of the Almanac Entities, would be deemed to be the beneficial owner of 20% or more of the outstanding Units, pursuant to the Almanac Entitlement at the Record Time; provided, however, that the foregoing exceptions shall not be, and shall cease to be, applicable to a Grandfathered Person in the event that such Grandfathered Person shall, after the Record Time: (a) other than the Almanac Entities, cease to beneficially own at least 10% of the outstanding Units, or (b) in the case of the Almanac Entities, either (i) acquire any Units or Class B Units other than directly or indirectly from Welsh or (ii) cease to, collectively, beneficially own and be deemed to beneficially own pursuant to the Almanac Entitlement, 10% or more of the outstanding Units; or (c) in the case of Welsh and/or any of its affiliates, or individually, any one of them ("Welsh Entities") (other than pursuant to one or any combination of exempt transaction), become the beneficial owner, directly or indirectly, of Units that (x) if any Welsh Entity is at such time the beneficial owner of 25% or more of the Units, subsequently increases its percentage beneficial ownership of Units to an amount that exceeds the Welsh Entity's percentage beneficial ownership interest in the Units at such time plus more than an additional 1.0% of the number of Units outstanding, or (y) if the Welsh Entities and the Almanac Entities are collectively the beneficial owners of less than 25% of the Units, increases, pursuant to an acquisition by Welsh, their collective percentage beneficial ownership interest in the Units to an amount that exceeds 25% of the Units.

Certificates and Transferability

Prior to the Separation Time, Rights will not be evidenced by certificates. Rights will not be transferable separately from the attached Units or Class B Units. From and after the Separation Time, registration of interests in and transfer of Rights will only be made electronically via CDS, subject to certain exceptions. See "Declaration of Trust — Non-Certificated Inventory System".

Permitted Bid Requirements

The requirements of a Permitted Bid include the following: (a) the take-over bid must be made by way of a take-over bid circular; (b) the take-over bid must be made to all holders of record of Units and holders of record of Class B Units, if any, other than the bidder; (c) the take-over bid must not permit Units or Class B Units tendered pursuant to the take-over bid to be taken up prior to the expiry of a period of not less than 60 days from the date of the bid and then only if at such time more than 50% of the Units and Class B Units held by Unitholders and holders of Class B Units other than the bidder, and its affiliates and persons acting jointly or in concert with the bidder (the "**Independent Unitholders**") have been tendered pursuant to the take-over bid and not withdrawn; and (d) if more than 50% of the Units and Class B Units then outstanding and held by Independent Unitholders are tendered to the takeover bid within the 60-day period, the bidder must make a public announcement of that fact and the take-over bid must remain open for deposits and tenders of Units and Class B Units for at least an additional 10 business days from the date of such public announcement.

The Rights Plan allows a competing Permitted Bid (a "**Competing Permitted Bid**") to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all the requirements of a Permitted Bid except that, provided it is outstanding for a minimum period of 35 days (or such minimum period prescribed by law in the Province of Ontario), it may expire on the same date as the earliest date for take-up specified in a Permitted Bid.

Waiver and Redemption

The Trustees acting in good faith may determine, with the prior consent of the Unitholders, or the holders of Rights, as the case may be, at any time prior to the occurrence of a Flip-In Event, to redeem all, but not less

than all, of the outstanding Rights at a redemption price of $0.00001 per Right, subject to appropriate anti-dilution adjustments.

The Trustees acting in good faith may determine, with the prior consent of the Unitholders, or the holders of Rights, as the case may be, at any time prior to the occurrence of a Flip-In Event that may occur by reason of an acquisition of Units otherwise than pursuant to a take-over bid made by means of a take-over bid circular to all holders of record of Units and Class B Units, to waive the application of the Flip-In Event provisions to such Flip-In Event.

The Trustees acting in good faith may determine, at any time prior to the occurrence of a Flip-In Event that may occur by reason of a take-over bid made by take-over bid circular sent to all holders of record of Units and Class B Units, to waive the application of the Flip-In Event provisions to such Flip-In Event, provided that if the Trustees do so, they will be deemed to have waived the application of the Flip-In Event provisions to any other Flip-In Event occurring by reason of any take-over bid made by take-over bid circular to all holders of record of Units and Class B Units which is made prior to the expiry of any take-over bid (as the same may be extended from time to time) in respect of which such waiver is, or is deemed to have been, granted.

Redemption of Rights on Withdrawal or Termination of Bid

Where a take-over bid that is not a Permitted Bid is withdrawn or otherwise terminated after the Separation Time and prior to the occurrence of a Flip-In Event, provided that the provisions of the Rights Plan are deemed to continue to apply as if the Separation Time had not occurred, the Trustees acting in good faith may elect to redeem all the outstanding Rights at the applicable redemption price. Upon such redemption, the REIT is deemed to have issued replacement Rights to all holders of its then outstanding Units.

Waiver of Inadvertent Flip-In Event

The Trustees acting in good faith may, prior to the close of business on the tenth Business Day after a person has become an Acquiring Person, waive the application of the Rights Plan to an inadvertent Flip-In Event, on the condition that such person reduces its beneficial ownership of Units such that it is not an Acquiring Person within 14 days of the determination of the Trustees.

Portfolio Managers

The provisions of the Rights Plan relating to portfolio managers are designed to prevent the occurrence of a Flip-In Event solely by virtue of the customary activities of such managers, including trust companies and other persons, where a substantial portion of the ordinary business of such person is the management of funds for unaffiliated investors, so long as any such person does not propose to make a take-over bid either alone or jointly with others.

Supplement and Amendments

The Trustees may, prior to the time for re-confirmation of the Rights Plan, supplement, amend, vary, rescind or delete any of the provisions of the plan in order to make any changes which the Trustees acting in good faith deem necessary or desirable, without the approval of any holders of Rights, Class B Units or Units, only if such supplement, amendment, rescission or deletion would not materially adversely affect the interests of holders of Rights. Any such change must be submitted for approval by Unitholders at the next meeting of Unitholders or, if made after the Separation Time, any such change must be submitted for approval by the holders of Rights at a meeting to be called by a date immediately following the next meeting of Unitholders, and will only continue in effect if such approval is obtained. The Trustees may also supplement or amend the Rights Plan to correct any clerical or typographical error or as required to maintain the validity of the Rights Plan as a result of change in applicable legislation, rules or regulations.

Notwithstanding any provision of the Rights Plan, certain amendments made by the REIT to the Rights Plan by supplement or otherwise will be subject to the prior approval of any governmental or regulatory authority having jurisdiction over the REIT. In addition, for such period of time as any of Welsh or Almanac is a

Grandfathered Person, any supplement or amendment to the Rights Plan that would have an adverse effect on any of Welsh's or Almanac's ability to qualify as a Grandfathered Person will require Welsh's consent.

Eligibility for Investment

The issue of Rights will not affect the status under the Tax Act of the Units as "qualified investments" (as defined in the Tax Act) for Plans.

Regulatory Approvals

Any obligation of the REIT or action or event contemplated by the Rights Plan will be subject to the receipt of any requisite approval or consent from any applicable governmental or regulatory authority having jurisdiction over the REIT.

General

Until a Right is exercised, the holder thereof, as such, will have no rights as a Unitholder.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Goodmans LLP, Canadian counsel to the REIT, and Davies Ward Phillips & Vineberg LLP, Canadian counsel to the Underwriters, the following is a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable as of the date hereof to a purchaser who acquires Units pursuant to this prospectus and who, for the purposes of the Tax Act and at all relevant times, is resident in Canada, deals at arm's length with and is not affiliated with the REIT and holds the Units as capital property (in this section of the prospectus, referred to as a "**Holder**"). The Units generally will be capital property to a Holder provided that the Holder does not hold such Units in the course of carrying on a business and has not acquired them in a transaction or transactions considered to be an adventure or concern in the nature of trade. Certain Holders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have such Units, and any other "**Canadian security**" (as defined in the Tax Act) owned in the taxation year in which the election is made, and in all subsequent taxation years, deemed to be capital property. Holders who do not hold their Units as capital property should consult their own tax advisors regarding their particular circumstances.

This summary does not apply to a Holder: (i) that is a "financial institution" subject to the mark-to-market rules in the Tax Act; (ii) an interest in which would be a "tax shelter investment" within the meaning of the Tax Act; (iii) that has elected to determine its Canadian tax results in a foreign currency pursuant to the "functional currency" reporting rules, in the Tax Act; (iv) that holds or has held, actually or constructively, more than 5% of the outstanding Units, as determined for U.S. federal income tax purposes (See "Certain U.S. Federal Income Tax Considerations"); or (v) that has entered into a "derivative forward agreement", as that term is defined in the proposed amendments contained in the Notice of Ways and Means Motion that accompanied the federal budget tabled by the Minister of Finance (Canada) on March 21, 2013, with respect to the Holder's Units. Such Holders should consult their own tax advisors to determine the tax consequences to them of the acquisition, holding and disposition of Units. In addition, this summary does not address the deductibility of interest by a purchaser who has borrowed money to acquire Units under this Offering.

This summary is based on the current provisions of the Tax Act, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) before the date hereof ("**Proposed Amendments**"), counsel's understanding of the current published administrative policies and practices of the Canada Revenue Agency (the "**CRA**"), and a certificate as to certain factual matters from an executive officer of the REIT. Except for Proposed Amendments, this summary does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account other federal or any provincial, territorial or foreign tax legislation or considerations. No assurance can be given that the Proposed Amendments will be enacted in the form proposed or at all.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units. The income and other tax consequences of acquiring, holding or disposing of Units will vary depending on a purchaser's particular status and circumstances, including the province or territory in which the purchaser resides or carries on business. This summary is not intended to be, nor should it construed to be, legal or tax advice to any particular purchaser. Purchasers should consult their own tax advisors for advice with respect to the income tax consequences of an investment in Units in their own circumstances.

Generally, for purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Units must be expressed in Canadian dollars. Amounts denominated in another currency must be converted into Canadian dollars using the rate of exchange quoted by the Bank of Canada at noon on the date such amounts first arose, or such other rate of exchange as is acceptable to the CRA. An investment in Units will be denominated in U.S. dollars and the distributions made on the Units will be made in U.S. dollars. Accordingly, a holder of Units must convert such amounts to Canadian dollars for the purposes of the Tax Act.

For the purposes of this summary and the opinion given under the heading "Eligibility for Investment", a reference to the REIT is a reference to WPT Industrial Real Estate Investment Trust only and is not a reference to any of its subsidiaries or predecessors.

Status of the REIT

This summary assumes the REIT will qualify at all times as a "mutual fund trust" within the meaning of the Tax Act and that the REIT will validly elect under the Tax Act to be a mutual fund trust from the date it was established. An executive officer of the REIT has advised counsel that it intends to ensure that the REIT will meet the requirements necessary for it to qualify as a mutual fund trust no later than the closing of the Offering and at all times thereafter, and to file the necessary election so that the REIT will qualify as a mutual fund trust throughout its first taxation year. **If the REIT were not to qualify as a mutual fund trust at all times, the income tax considerations could be materially and adversely different from those described below.**

This summary is also based on the assumption that the REIT will at no time be a "SIFT trust", as defined in the rules applicable to SIFT trusts and SIFT partnerships in the Tax Act (the "**SIFT Rules**"). The SIFT Rules effectively tax certain income of a publicly-traded trust or partnership that is distributed to its investors on the same basis as would have applied had the income been earned through a taxable corporation and distributed by way of dividend to its shareholders. These rules apply only to "SIFT trusts", "SIFT partnerships" (each as defined in the Tax Act) and their investors.

Where the SIFT Rules apply, distributions of a SIFT trust's "non-portfolio earnings" are not deductible in computing the SIFT trust's net income. Non-portfolio earnings generally are defined as income attributable to a business carried on by the SIFT trust in Canada or to income (other than certain dividends) from, and capital gains from the disposition of, "non-portfolio properties" (as defined in the Tax Act). The SIFT trust is itself liable to pay an income tax on an amount equal to the amount of such non-deductible distributions at a rate that is substantially equivalent to the combined federal and provincial general tax rate applicable to taxable Canadian corporations. Such non-deductible distributions paid to a holder of units of the SIFT trust generally are deemed to be taxable dividends received by the holder of such units from a taxable Canadian corporation. Such deemed dividends will qualify as "eligible dividends" for purposes of the enhanced gross-up and dividend tax credit available under the Tax Act to individuals resident in Canada and for purposes of computing a Canadian resident corporation's "general rate income pool" or "low rate income pool", as the case may be (each as defined in the Tax Act). In general, distributions paid as returns of capital will not be subject to the SIFT Rules.

The REIT will not be considered to be a SIFT trust in respect of a particular taxation year and, accordingly, will not be subject to the SIFT Rules in that year, if it does not own any non-portfolio property and does not carry on business in Canada in that year. Management has advised counsel that the REIT has not and does not currently intend to own any non-portfolio property or carry on a business in Canada.

If the REIT is subject to the SIFT Rules, certain of the income tax considerations described below would, in some respects, be materially and adversely different, and the SIFT Rules may, depending on the nature of

distributions from the REIT, including what portion of its distributions are income and what portion are returns of capital, have a material adverse effect on the after-tax returns of certain Unitholders.

For the remainder of this summary, it is assumed that the REIT will not own any "non-portfolio property" nor carry on business in Canada and, accordingly, will not be a SIFT trust.

Taxation of the REIT

The taxation year of the REIT is the calendar year. The REIT must compute its income or loss for each taxation year as though it were an individual resident in Canada. The income of the REIT for purposes of the Tax Act will include, among other things, foreign accrual property income ("**FAPI**") in respect of its "controlled foreign affiliates", dividends received from US Holdco, and any net realized taxable capital gains.

US Holdco will be a "foreign affiliate" and a "controlled foreign affiliate" of the REIT for purposes of the Tax Act. To the extent that US Holdco or any other controlled foreign affiliate of the REIT earns in a particular taxation year income that is characterized as FAPI for purposes of the Tax Act, the FAPI allocable to the REIT must be included in computing the income of the REIT for the taxation year of the REIT in which the taxation year of US Holdco (or such other controlled foreign affiliate) ends whether or not the REIT actually receives a distribution of FAPI in that fiscal year. The FAPI of US Holdco will include FAPI earned directly or indirectly by US Holdco (including income earned through one or more subsidiary partnerships) as well as US Holdco's allocable share of any FAPI earned by controlled foreign affiliates of the Partnership (or any subsidiary partnerships thereof). If an amount of FAPI is included in computing the income of the REIT for Canadian tax purposes, an amount may be deductible in respect of the "foreign accrual tax" applicable to the FAPI as computed in accordance with the Tax Act. The adjusted cost base to the REIT of its shares in US Holdco will be increased by the net amount of FAPI included in the income of the REIT in respect of FAPI earned by US Holdco and/or allocated to US Holdco. At such time as the REIT receives a dividend of amounts that were previously included in its income as FAPI, that dividend will effectively not be taxable to the REIT and there will be a corresponding deduction in the adjusted cost base to the REIT of its shares in US Holdco. Under circumstances currently contemplated by management in respect of the Initial Properties, a portion of the income earned by US Holdco (and controlled foreign affiliates of the Partnership, or certain subsidiary partnerships thereof) will be FAPI and, accordingly, will be required to be included in computing the income of the REIT for Canadian federal income tax purposes.

For the purposes of the Tax Act, all income of the REIT (including FAPI) must be calculated in Canadian currency. Where the REIT (or any of its subsidiaries) holds investments or incurs indebtedness denominated in foreign currencies, gains or losses may be realized by the REIT as a consequence of fluctuations in the relative value of the Canadian and foreign currencies.

In computing its income, the REIT will be entitled to deduct reasonable current administrative and other expenses incurred by it to earn income. Reasonable expenses incurred in respect of the issuance of Units generally may be deducted by the REIT on a five-year, straight-line basis, pro-rated for short taxation years.

The REIT may deduct from its taxable income amounts which are paid or become payable by it to Unitholders in such year. An amount will be considered to be payable in a taxation year if it is paid to a Unitholder in the year by the REIT or if a Unitholder is entitled in the year to enforce payment of the amount. Counsel has been advised by an executive officer of the REIT that the trustees' current intention is to make payable to Unitholders each year sufficient amounts such that the REIT generally will not be liable to pay tax under Part I of the Tax Act. Where the REIT does not have sufficient cash to distribute such amounts in a particular taxation year, the REIT will make one or more in-kind distributions in the form of additional Units. Income of the REIT payable to the Unitholders in the form of additional Units will generally be deductible to the REIT in computing its taxable income.

A distribution by the REIT of its property upon a redemption of Units will be treated as a disposition by the REIT of such property for proceeds of disposition equal to the fair market value thereof. The REIT will realize a capital gain (or a capital loss) to the extent that the proceeds from the disposition of the property exceed (or are less than) the adjusted cost base of the relevant property and any reasonable costs of disposition.

Losses incurred by the REIT cannot be allocated to Unitholders, but can be deducted by the REIT in future years in computing its taxable income, in accordance with the Tax Act. In the event the REIT would otherwise be liable for tax on its net realized taxable capital gains for a taxation year, it will be entitled for such taxation year to reduce (or receive a refund in respect of) its liability for such tax by an amount determined under the Tax Act based on the redemption of Units during the year (the "**capital gains refund**"). In certain circumstances, the capital gains refund in a particular taxation year may not completely offset the REIT's tax liability for the taxation year arising in connection with the transfer of property *in specie* to redeeming Holders on the redemption of Units. The Declaration of Trust provides that all or a portion of any capital gain or income realized by the REIT in connection with such redemptions may, at the discretion of the Trustees, be treated as capital gains or income paid to, and designated as capital gains or income of, the redeeming Holder. Such income or the taxable portion of the capital gain so designated must be included in the income of the redeeming Holder (as income or taxable capital gains, as the case may be) and will be deductible by the REIT in computing its income.

Taxation of Taxable Holders

REIT Distributions

A Holder generally will be required to include in computing income for a particular taxation year the portion of the net income of the REIT, including FAPI attributed to the REIT, dividends received by the REIT from US Holdco and any net realized taxable capital gains, that is paid or payable to the Holder in that taxation year, whether or not those amounts are received in cash, additional Units or otherwise. Any loss of the REIT for purposes of the Tax Act cannot be allocated to, or treated as a loss of, a Holder.

Provided that the appropriate designations are made by the REIT, such portion of its net taxable capital gains and foreign source income that are paid or become payable to a Holder will retain their character as taxable capital gains or foreign source income, as the case may be, to Holders for purposes of the Tax Act.

The non-taxable portion of any net realized capital gains of the REIT that is paid or payable to a Holder in a year will not be included in computing the Holder's income for the year. Any other amount in excess of the net income of the REIT that is paid or payable to a Holder in a year generally should not be included in the Holder's income for the year, but such an amount which becomes payable to a Holder (other than as proceeds of disposition of Units or any part thereof) will reduce the adjusted cost base of the Units held by such Holder. To the extent that the adjusted cost base of a Unit otherwise would be less than zero, the Holder will be deemed to have realized a capital gain equal to the negative amount and the Holder's adjusted cost base of the Units will be increased by the amount of such deemed capital gain.

Foreign Tax Credits and Deductions

To the extent a Holder is subject to U.S. withholding tax in respect of distributions paid by the REIT on the Units, the amount of such tax generally will be eligible for foreign tax credit or deduction treatment, subject to the detailed rules and limitations under the Tax Act, and as described in the ensuing paragraphs; provided, however, that in the event any U.S. tax is withheld that does not represent the final U.S. income tax liability for the year, the Holder also files a U.S. federal income tax return to establish the Holder's final U.S. income tax liability for the year and the Holder is not entitled to a refund of such withholding tax.

The U.S. withholding tax deducted in respect of a distribution paid on a Unit in a taxation year will generally be characterized as "non-business income tax", as defined in the Tax Act, and may be deductible as a foreign tax credit from the Holder's Canadian federal income tax otherwise payable for that year where the Holder has sufficient non-business income from U.S. sources, to the extent permitted by the Tax Act and that such tax has not been deducted in computing the Holder's income. Alternatively, such non-business income tax (including any amount not deductible as a foreign tax credit) generally may be deducted by the Holder in computing the Holder's net income for the purposes of the Tax Act.

A Holder's ability to apply U.S. withholding taxes in the foregoing manner may be affected where the Holder does not have sufficient taxes otherwise payable under Part I of the Tax Act, or sufficient U.S. source income in the taxation year the U.S. withholding taxes are paid, or where the Holder has other U.S. sources of

income or losses, or has paid other U.S. taxes. Although the foreign tax credit provisions are designed to avoid double taxation, the maximum credit is limited. Because of this, and because of timing differences in recognition of expenses and income and other factors, there is a risk of double taxation. Holders should consult their own tax advisors with respect to the availability of a foreign tax credit or deduction, having regard to their own circumstances.

Disposition of Units

Upon the disposition or deemed disposition of Units by a Holder, whether on a redemption or otherwise, the Holder generally will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition (excluding any amount payable by the REIT which represents an amount that must otherwise be included in the Holder's income as described herein) are greater (or less) than the aggregate of the Holder's adjusted cost base of the Units immediately before such disposition and any reasonable costs of disposition.

The adjusted cost base to a Holder of a Unit generally will include all amounts paid by the Holder for the Unit subject to certain adjustments. The cost of additional Units received in lieu of a cash distribution will be the amount of income of the REIT distributed by the issuance of such Units. For the purpose of determining the adjusted cost base to a Holder, when a Unit is acquired, the cost of the newly acquired Unit will be averaged with the adjusted cost base of all of the Units owned by the Holder as capital property immediately before that acquisition.

A redemption of Units in consideration for cash, Redemption Notes, or other assets of the REIT, as the case may be, will be a disposition of such Units for proceeds of disposition equal to such cash or the fair market value of such Redemption Notes or other assets, as the case may be, less any income or capital gain realized by the REIT in connection with the redemption of those Units to the extent such income or capital gain is designated by the REIT to the redeeming Holder. Holders exercising the right of redemption will consequently realize a capital gain, or sustain a capital loss, depending upon whether such proceeds of disposition exceed, or are exceeded by, the adjusted cost base of the Units redeemed. Where income or capital gains realized by the REIT in connection with the distribution of property *in specie* on the redemption of Units has been designated by the REIT to a redeeming Holder, the Holder will be required to include in income the income or taxable portion of the capital gain so designated. The cost of any property distributed *in specie* by the REIT to a Holder upon a redemption of Units will be equal to the fair market value of that property at the time of the distribution. The Holder will thereafter be required to include in income interest or other income derived from the property, in accordance with the provisions of the Tax Act.

The foregoing summary assumes that either the TSX Publicly Traded Exception or the U.S. Publicly Traded Exception apply. See "Certain U.S. Federal Income Tax Considerations".

Capital Gains and Losses

One-half of any capital gain realized by a Holder from a disposition of Units and the amount of any net taxable capital gains designated by the REIT in respect of the Holder will be included in the Holder's income under the Tax Act as a taxable capital gain. One-half of any capital loss (an "**allowable capital loss**") realized on the disposition of a Unit will be deducted against any taxable capital gains realized by the Holder in the year of disposition, and any excess of allowable capital losses over taxable capital gains may be carried back to the three preceding taxation years or forward to any subsequent taxation year and applied against net taxable capital gains in those years, subject to the detailed rules contained in the Tax Act.

Refundable Tax

A Holder which is a Canadian-controlled private corporation (as defined in the Tax Act) will be subject to a refundable tax of 6⅔% in respect of its aggregate investment income for the year, which will include all or substantially all income and capital gains distributed to the Holder by the REIT and capital gains realized on a disposition of Units.

Alternative Minimum Tax

A Holder who is an individual or trust (other than certain specified trusts) may have an increased liability for alternative minimum tax as a result of capital gains realized on a disposition of Units and net income of the REIT, paid or payable, or deemed to be paid or payable, to the Holder and that is designated as taxable dividends and net taxable capital gains.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

ANY DISCUSSION OF TAX ISSUES SET FORTH IN THIS PROSPECTUS WAS WRITTEN IN CONNECTION WITH THE PROMOTION AND MARKETING OF THE TRANSACTIONS DESCRIBED IN THE PROSPECTUS. SUCH DISCUSSION WAS NOT INTENDED OR WRITTEN TO BE USED, AND IT CANNOT BE USED, BY ANY PERSON FOR THE PURPOSE OF AVOIDING ANY TAX PENALTIES THAT MAY BE IMPOSED ON SUCH PERSON. EACH INVESTOR SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

PROSPECTIVE PURCHASERS ARE URGED TO CONSULT THEIR TAX ADVISORS ABOUT THE APPLICATION OF THE U.S. FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE AND LOCAL AND FOREIGN TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF UNITS.

In the opinion of Shearman & Sterling LLP, U.S. counsel to the REIT, and Davies Ward Phillips & Vineberg LLP, U.S. counsel to the Underwriters, the following is a description of (i) certain U.S. federal income tax consequences of the treatment of the REIT as a real estate investment trust and (ii) certain U.S. federal income tax consequences of the ownership and disposition of Units to Non-U.S. Holders (as defined below).

Taxation of the REIT

U.S. Status

Although the REIT is organized as an unincorporated trust under Canadian law, the REIT is classified as a corporation for U.S. federal income tax purposes under current Treasury Regulations. The discussion herein reflects this classification and uses terminology consistent with this classification, including references to "dividends" and "earnings and profits." Furthermore, pursuant to Section 7874 of the Code, the REIT is treated as a U.S. corporation for all purposes under the Code and, as a result, it is permitted to elect to be treated as a real estate investment trust under the Code, notwithstanding the fact that it is organized as a Canadian entity.

Real Estate Investment Trust Status

The REIT intends to operate in a manner that permits it to satisfy the requirements for qualification and taxation as a real estate investment trust under the applicable provisions of the Code, and the following discussion describes certain U.S. federal income tax consequences of its status as a real estate investment trust.

Shearman & Sterling LLP, U.S. counsel to the REIT, will render an opinion to the REIT to the effect that, commencing with its first taxable year ending December 31, 2013, the REIT is organized and operates in conformity with the requirements for qualification and taxation as a real estate investment trust under the Code, and that the REIT's proposed method of operation will enable it to continue to meet the requirements for qualification and taxation as a real estate investment trust under the Code. This opinion will be based on various assumptions and representations as to factual matters. Moreover, the REIT's qualification and taxation as a real estate investment trust depend upon its ability to meet the various qualification tests imposed under the Code, which are discussed below, including through actual annual operating results, asset composition, distribution levels and diversity of stock ownership, the results of which have not been and will not be reviewed by Shearman & Sterling LLP. Accordingly, no assurance can be given that the REIT's actual results of operations for any particular taxable year will satisfy those requirements. Further, the anticipated U.S. federal income tax treatment that will apply as a result of the REIT's status as a real estate investment trust may be changed, perhaps retroactively, by legislative, administrative or judicial action at any time, and Shearman & Sterling LLP has no obligation to update its opinion subsequent to the date of such opinion.

The REIT will elect real estate investment trust status beginning with its taxable year ending December 31, 2013, and the discussion below assumes that it will qualify as a real estate investment trust for such taxable year and in each taxable year thereafter. There can be no assurance, however, that the REIT will qualify, or will continue to qualify in any taxable year, as a real estate investment trust, since qualification as a real estate investment trust depends on continuing to satisfy numerous asset, income and distribution tests described below, which in turn will be dependent in part on the REIT's ongoing operating results.

The REIT owns its interest in the Partnership through US Holdco, which is treated as a disregarded qualified REIT subsidiary. For purposes of the real estate investment trust status tests discussed below, all of the assets and income and loss of a qualified REIT subsidiary will be treated as assets and income and loss of the REIT.

All of the REIT's real estate assets are owned through the Partnership and its subsidiaries. For purposes of the real estate investment trust status tests discussed below, the REIT is considered to own a proportionate share of the assets and receive a proportionate share of the income and loss of any entity treated as a partnership for U.S. federal income tax purposes of which it is a partner or any entity owned by the Partnership that is disregarded for U.S. federal income tax purposes. An entity that would otherwise be treated as a partnership for U.S. federal income tax purposes may nonetheless be treated as a corporation for U.S. federal income tax purposes if it is a "publicly traded partnership" and certain other requirements are met. A partnership would be treated as a publicly traded partnership if its interests were traded on an established securities market or were readily tradable on a secondary market or a substantial equivalent thereof, within the meaning of applicable Treasury Regulations. The Partnership Agreement contains provisions intended to ensure that the Partnership is not considered a "publicly traded partnership." Accordingly we do not anticipate that the Partnership will be treated as a publicly traded partnership that would be treated as a corporation for U.S. federal income tax purposes. However, if it were, the REIT would not be treated as owning its proportionate share of the assets and income of the Partnership for the purposes of the REIT asset and income test requirements (and, instead, would be treated as owning the stock of a corporation). This could cause the REIT to fail to qualify as a REIT. In addition, the income of the Partnership would become subject to U.S. federal corporate income tax.

A real estate investment trust, in general, may jointly elect with a subsidiary corporation, whether or not wholly owned, to treat the subsidiary corporation as a taxable REIT subsidiary. The separate existence of a taxable REIT subsidiary, unlike a disregarded qualified REIT subsidiary as discussed above, is not ignored for U.S. federal income tax purposes. Accordingly, such an entity would generally be subject to U.S. federal corporate income tax on its taxable income. A real estate investment trust is not treated as holding the assets of a taxable REIT subsidiary or as receiving directly any income that a taxable REIT subsidiary earns. Rather, the shares of the taxable REIT subsidiary are an asset in the hands of the real estate investment trust, and the real estate investment trust recognizes as income any dividends that it receives from a taxable REIT subsidiary. This treatment can affect the gross income and asset test calculations described below. The REIT will not initially own the stock of a subsidiary corporation treated as a taxable REIT subsidiary, although it may in the future.

General U.S. Federal Income Tax Considerations of Real Estate Investment Trust Status

The REIT generally will not be subject to U.S. federal income tax on the portion of its real estate investment trust taxable income or capital gain that is distributed to Unitholders. Management of the REIT expects to distribute amounts at least equal to the REIT's real estate investment trust taxable income and capital gain on an annual basis. The REIT would be subject to U.S. federal income tax at normal corporate rates upon any taxable income or capital gain not distributed.

Furthermore, notwithstanding the REIT's qualification as a real estate investment trust, it may also be subject to taxation in other circumstances. If the REIT should fail to satisfy either the 75% or the 95% gross income test, as discussed below, and nonetheless maintains its qualification as a real estate investment trust because other requirements are met and such failure was due to reasonable cause and not wilful neglect, it would be subject to a 100% tax on the greater of the amount by which it fails to satisfy either the 75% or the 95% gross income test, multiplied by a fraction intended to reflect the REIT's profitability. Furthermore, if the REIT fails to satisfy the 5% asset test or the 10% vote and value test (and does not qualify for a *de minimis* safe

harbour) or fails to satisfy the other asset tests, each of which is discussed below, and nonetheless maintains its qualification as a real estate investment trust because certain other requirements are met, and such failure was due to reasonable cause and not wilful neglect, it would be subject to a tax equal to the greater of $50,000 or an amount determined by multiplying the highest U.S. federal corporate tax rate by the net income generated by the assets that caused the failure for the period beginning on the first date of the failure to meet the tests and ending on the date (which must be within six months after the last day of the quarter in which the failure is identified) that the REIT disposes of the assets or otherwise satisfies the tests. If the REIT fails to satisfy one or more real estate investment trust requirements other than the 75% or the 95% gross income tests and other than the asset tests, but nonetheless maintains its qualification as a real estate investment trust because certain other requirements are met, and such failure was due to reasonable cause and not wilful neglect, it would be subject to a penalty of $50,000 for each such failure. The REIT would also be subject to a tax of 100% on net income from any "prohibited transaction," as described below. If the REIT has net income from the sale or other disposition of "foreclosure property" that is held primarily for sale to customers in the ordinary course of business or other non-qualifying income from foreclosure property, it would be subject to tax on such income from foreclosure property at the highest U.S. federal corporate tax rate. The REIT would also be subject to a tax of 100% on the amount of any rents from real property, deductions or excess interest that is reapportioned to any "taxable REIT subsidiary." In addition, if the REIT should fail to distribute during each calendar year at least the sum of:

(1) 85% of its real estate investment trust ordinary income for such year;

(2) 95% of its real estate investment trust capital gain net income for such year, other than capital gains it elects to retain and pay tax on as described below; and

(3) any undistributed taxable income from prior years,

it would be subject to a 4% excise tax on the excess of such required distribution over the amounts actually distributed. If the REIT were to retain and pay income tax on any of its long-term capital gain, such retained amounts would be treated as having been distributed for purposes of the 4% excise tax. A 100% tax may be imposed on some items of income and expense that are directly or indirectly paid between a real estate investment trust and a taxable real estate investment trust subsidiary, if and to the extent that the IRS successfully determines that the items were transacted at less than arms-length and adjusts the reported amount of these items. If the REIT acquires any asset from a C corporation, or a corporation that generally is subject to full corporate-level tax, in a merger or other transaction in which the REIT acquires a basis in the asset that is determined by reference either to the C corporation's basis in the asset or to another asset, the REIT will pay tax at the highest regular corporate rate applicable if it recognizes gain on the sale or disposition of the asset during the 10-year period after the REIT acquires the asset. The amount of gain on which the REIT will pay tax is the lesser of:

(1) the amount of gain recognized at the time of the sale or disposition; and

(2) the amount of gain that the REIT would have recognized if it had sold the asset at the time the REIT acquired it.

In addition, the REIT, including its subsidiaries and affiliated entities, may be subject to a variety of taxes, including payroll taxes and state and local income, property and other taxes on its assets and operations. A taxable REIT subsidiary will also be subject to U.S. federal corporate income tax on its taxable income. The REIT may also be subject to the corporate "alternative minimum tax," as well as tax in various situations and on some types of transactions not presently contemplated. The REIT will use the calendar year both for U.S. federal income tax purposes and for financial reporting purposes.

Qualification as a Real Estate Investment Trust

In order to qualify as a real estate investment trust, the REIT must meet the requirements discussed below.

Taxable as a U.S. Corporation

The REIT must be taxable as a U.S. corporation. As noted above, pursuant to Section 7874 of the Code, the REIT is treated as a U.S. corporation for all purposes under the Code and, as a result, it is permitted to elect to

be treated as a real estate investment trust under the Code, notwithstanding the fact that it is organized as a Canadian entity. See "Taxation of the REIT — U.S. Status."

Share Ownership Test

The Units must be held by a minimum of 100 persons for at least 335 days in each taxable year or a proportional number of days in any short taxable year (other than its first taxable year). In addition, at all times during the second half of each taxable year, no more than 50% in value of the Units may be owned, directly or indirectly (applying constructive ownership rules) by five or fewer individuals. If the REIT were to comply with the Treasury Regulations for ascertaining its actual ownership and did not know, or exercising reasonable diligence would not have reason to know, that more than 50% in value of the outstanding Units were held, actually or constructively, by five or fewer individuals, then the REIT would be treated as meeting such requirement.

In order to ensure compliance with the 50% ownership test, the REIT has placed restrictions on the transfer of the Units to prevent additional concentration of ownership. In order to demonstrate compliance with these requirements under the Treasury Regulations, the REIT must maintain records that disclose the actual ownership of the outstanding Units. Such Treasury Regulations impose penalties against the REIT for failing to do so. In fulfilling its obligation to maintain records, the REIT will request written statements each year from the record holders of designated percentages of Units disclosing the actual owners of such Units. A list of persons failing or refusing to comply in whole or in part with the REIT's request for written statements must be maintained by the REIT. In addition, as discussed above, the Declaration of Trust provides restrictions regarding the transfer of Units that are intended to assist the REIT in continuing to satisfy the share ownership requirements. The REIT intends to enforce the percentage limitations on ownership of Units to maintain its qualification as a real estate investment trust.

Asset Tests

At the close of each quarter of the REIT's taxable year, the REIT must satisfy tests relating to the nature of its assets determined in accordance with generally accepted accounting principles. For this purpose, if the REIT invests in a partnership or other business entity taxed as a partnership or disregarded entity, it will be deemed to own a proportionate share of the partnership's or other business entity's assets, and if the REIT owns 100% of a corporation that is not a taxable REIT subsidiary, it will be deemed to own 100% of the corporation's assets. Under one of the tests, at least 75% of the value of the REIT's total assets must be represented by interests in real property, interests in mortgages on real property, shares in other real estate investment trusts, cash, cash items, government securities, and qualified temporary investments. Second, although the remaining 25% of the REIT's assets generally may be invested without restriction, it is prohibited from owning securities representing more than 10% of either the vote or value of the outstanding securities of any non-government issuer other than a qualified REIT subsidiary, another real estate investment trust or a taxable REIT subsidiary. Further, no more than 25% of the value of the REIT's total assets may be represented by securities of one or more taxable REIT subsidiaries, and no more than 5% of the value of its total assets may be represented by securities of any non-government issuer other than a qualified REIT subsidiary, or a taxable REIT subsidiary, or shares of another real estate investment trust.

As discussed above, the REIT generally may not own more than 10% by vote or value of any one issuer's securities and no more than 5% of the value of the REIT's total assets generally may be represented by the securities of any issuer. If the REIT fails to meet either of these tests at the end of any quarter and such failure is not cured within 30 days thereafter, the REIT would fail to qualify as a real estate investment trust. After the 30-day cure period, the REIT could maintain its qualification as a real estate investment trust by disposing of sufficient assets to cure such a violation provided it did not exceed the lesser of 1% of the REIT's assets at the end of the relevant quarter or $10,000,000 if the disposition occurred within six months after the last day of the calendar quarter in which the REIT identified the violation. For violations of these tests that are larger than such amount and for violations of the other asset tests described above, where such violations are due to reasonable cause and not wilful neglect, the REIT can avoid disqualification as a real estate investment trust, after the 30-day cure period, by taking steps including the disposition of sufficient assets to meet the asset tests (within six months after the last day of the calendar quarter in which it identifies the violation) and paying a tax

equal to the greater of $50,000 or an amount determined by multiplying the highest U.S. federal corporate tax rate by the net income generated by the non-qualifying assets for the period beginning on the first date of the failure to meet the tests and ending on the date that it disposes of the assets or otherwise satisfies the asset tests.

Gross Income Tests

There are two separate percentage tests relating to the sources of the REIT's gross income that must be satisfied for each taxable year. For purposes of these tests, if the REIT invests in a partnership or other business entity taxed as a partnership or disregarded entity, it will be treated as receiving its share of the income and loss of the partnership or other business entity, and the gross income of the partnership or other business entity will retain the same character in the hands of the REIT as it has in the hands of the partnership or other business entity. If the REIT owns 100% of a corporation that is not a taxable REIT subsidiary it will be deemed to receive 100% of the corporation's income. The two tests are as follows:

The 75% Gross Income Test

At least 75% of the REIT's gross income for the taxable year must be "qualifying income." Qualifying income generally includes:

(1) rents from real property, except as modified below;

(2) interest on obligations adequately secured by mortgages on, or interests in, real property;

(3) gains from the sale or other disposition of "non-dealer property," which means interests in real property and real estate mortgages, other than gain from property held primarily for sale to customers in the ordinary course of its trade or business;

(4) dividends or other distributions on shares in other real estate investment trusts, as well as gain from the sale of such shares;

(5) abatements and refunds of real property taxes;

(6) income from the operation, and gain from the sale, of "foreclosure property", which means property acquired at or in lieu of a foreclosure of the mortgage secured by such property;

(7) commitment fees received for agreeing to make loans secured by mortgages on real property, or to purchase or lease real property; and

(8) certain qualified temporary investment income attributable to the investment of new capital received by the REIT in exchange for Units or certain publicly offered debt, which income is received or accrued during the one-year period following the receipt of such capital.

Rents received from a tenant will not, however, qualify as rents from real property in satisfying the 75% gross income test, or the 95% gross income test described below, if the REIT, or an owner of 10% or more of the Units, directly or constructively owns 10% or more of such tenant, unless the tenant is a taxable REIT subsidiary of the REIT and certain other requirements are met. In addition, if rent attributable to personal property leased in connection with a lease of real property is greater than 15% of the total rent received under the lease, then the portion of rent attributable to such personal property will not qualify as rents from real property. Moreover, an amount received or accrued will not qualify as rent from real property or as interest income for purposes of the 75% and 95% gross income tests if it is based in whole or in part on the income or profits of any person, although an amount received or accrued generally will not be excluded from "rents from real property" or "interest" solely by reason of being based on a fixed percentage or percentages of receipts or sales. For rents received to qualify as rents from real property, the REIT generally must not furnish or render services to tenants, other than through a taxable REIT subsidiary, or an "independent contractor" from whom it derives no income, except that the REIT may directly provide services that are "usually or customarily rendered" in connection with the rental of properties for occupancy only, or are not otherwise considered "rendered to the occupant for his convenience." A real estate investment trust is permitted to render a *de minimis* amount of impermissible services to tenants, or in connection with the management of property, and still treat amounts received with respect to that property (other than the amounts attributable to the provision of the *de minimis*

impermissible services) as rent from real property. Furthermore, the REIT may furnish such services to tenants through a taxable REIT subsidiary and still treat amounts otherwise received with respect to the property as rent from real property.

The 95% Gross Income Test

In addition to deriving 75% of the REIT's gross income from the sources listed above, at least 95% of the REIT's gross income for the taxable year must be derived from the above-described qualifying income, or from dividends, interest or gains from the sale or disposition of stock or other securities that are not dealer property. Dividends, other than on real estate investment trust shares, and interest on any obligations not secured by an interest in real property are included for purposes of the 95% gross income test, but not for purposes of the 75% gross income test.

Any income from (i) a hedging transaction that is clearly and timely identified and that hedges indebtedness incurred or to be incurred to acquire or carry real estate assets or (ii) a clearly and timely identified transaction entered into primarily to manage the risk of currency fluctuations with respect to any item of income that would qualify under the 75% or the 95% gross income tests, will not constitute gross income (rather than being treated either as qualifying income or non-qualifying income) for purposes of the 75% and the 95% gross income tests. Income from such transactions that does not meet these requirements will be treated as non-qualifying income for purposes of the 75% and the 95% gross income tests. Any income from foreign currency gain that is "real estate foreign exchange gain" as defined in the Code will not constitute gross income only for purposes of the 75% gross income test. Other foreign currency gain, if such foreign currency gain is "passive foreign exchange gain" as defined in the Code, will not constitute gross income only for purposes of the 95% gross income test.

For purposes of determining whether the REIT complies with the 75% and 95% gross income tests, gross income does not include income from prohibited transactions. A "prohibited transaction" is a sale of property held primarily for sale to customers in the ordinary course of a trade or business, excluding foreclosure property (described below), unless the REIT holds such property for at least two years and other requirements relating to the number of properties sold in a year, their tax bases or fair market values, and the cost of improvements made to the property are satisfied.

Foreclosure property is real property (including interests in real property) and any personal property incident to such real property (i) that is acquired by a real estate investment trust as a result of the real estate investment trust having bid in the property at foreclosure, or having otherwise reduced the property to ownership or possession by agreement or process of law, after there was a default (or default was imminent) on a lease of the property or a mortgage loan held by the real estate investment trust and secured by the property, (ii) for which the related loan or lease was made, entered into or acquired by the real estate investment trust at a time when default was not imminent or anticipated and (iii) for which such real estate investment trust makes an election to treat the property as foreclosure property. Real estate investment trusts generally are subject to tax at the maximum U.S. federal corporate tax rate on any net income from foreclosure property, including any gain from the disposition of the foreclosure property, other than income that would otherwise be qualifying income for purposes of the 75% gross income test. Any gain from the sale of property for which a foreclosure property election has been made will not be subject to the 100% penalty tax on gains from prohibited transactions described below, even if the property was held primarily for sale to customers in the ordinary course of a trade or business.

For purposes of the 75% and 95% gross income tests, the term "interest" generally does not include any amount received or accrued, directly or indirectly, if the determination of such amount depends in whole or in part on the income or profits of any person. However, interest generally includes both: (i) an amount that is based on a fixed percentage or percentages of receipts or sales; and (ii) an amount that is based on the income or profits of a debtor, as long as the debtor derives substantially all of its income from leasing substantially all of its interest in the real property securing the debt, and only to the extent that the amounts received by the debtor would be qualifying "rents from real property" if received directly by a real estate investment trust.

If a loan contains a provision that entitles a real estate investment trust to a percentage of the borrower's gain upon the sale of the real property securing the loan or a percentage of the appreciation in the property's

value as of a specific date, income attributable to that loan provision will be treated as gain from the sale of the property securing the loan, which generally is qualifying income for purposes of both gross income tests.

Interest on debt secured by a mortgage on real property or on interests in real property generally is qualifying income for purposes of the 75% gross income test. However, if a loan is secured by real property and other property and the highest principal amount of a loan outstanding during a taxable year exceeds the fair market value of the real property securing the loan as of the date the real estate investment trust agreed to originate or acquire the loan, a portion of the interest income from such loan will not be qualifying income for purposes of the 75% gross income test, but will be qualifying income for purposes of the 95% gross income test. The portion of the interest income that will not be qualifying income for purposes of the 75% gross income test will be equal to the interest income attributable to the portion of the principal amount of the loan that is not secured by real property — that is, the amount by which the loan exceeds the value of the real estate that is security for the loan.

Even if the REIT fails to satisfy one or both of the 75% or 95% gross income tests for any taxable year, it may still qualify as a real estate investment trust for such year if it is entitled to relief under provisions of the Code. These relief provisions will generally be available if:

(1) following the REIT's identification of the failure, it files a schedule with a description of each item of gross income that caused the failure in accordance with the Treasury Regulations; and

(2) the REIT's failure to comply was due to reasonable cause and not due to wilful neglect.

If these relief provisions apply, however, the REIT will nonetheless be subject to a special tax equal to the greater of the amount by which it fails either the 75% or 95% gross income test for that year multiplied by a fraction the numerator of which is the real estate investment trust taxable income for the taxable year (adjusted for certain items) and the denominator of which is the gross income for the taxable year (adjusted for certain items).

Annual Distribution Requirements

In order to qualify as a real estate investment trust, the REIT is required to make distributions, other than capital gain dividends, to its shareholders each year in an amount at least equal to the sum of 90% of its real estate investment trust taxable income, computed without regard to the dividends paid deduction and real estate investment trust net capital gain, plus 90% of its net income after tax, if any, from foreclosure property, minus the sum of some items of excess non-cash income. Such distributions must be paid in the taxable year to which they relate, or in the following taxable year if declared before the REIT timely files its U.S. federal income tax return for such year and if paid on or before the first regular dividend payment after such declaration. To the extent that the REIT does not distribute all of its net capital gain or distribute at least 90%, but less than 100%, of its real estate investment trust taxable income, as adjusted, the REIT will be subject to tax on the undistributed amount at regular capital gains or ordinary corporate tax rates, as the case may be. Management of the REIT intends to make timely distributions sufficient to satisfy the annual distribution requirements.

It is possible that, from time to time, the REIT may experience timing differences between: (i) the actual receipt of income and actual payment of deductible expenses, and (ii) the inclusion of that income and deduction of such expenses in arriving at the REIT's taxable income. As a result, unless, for example, the REIT raises funds by a borrowing or pays taxable dividends of its capital stock or debt securities, the REIT may have less cash than is necessary to distribute taxable income sufficient to avoid corporate income tax and the 4% excise tax described above or even to meet the 90% distribution requirement. If the REIT fails to meet the 90% distribution requirement as a result of an adjustment to its U.S. federal income tax return by the IRS, or if the REIT determines that it has failed to meet the 90% distribution requirement in a prior taxable year, it may retroactively cure the failure by paying a "deficiency dividend," plus applicable penalties and interest, within a specified period.

Failure to Qualify

Although management of the REIT expects that the REIT will qualify as a real estate investment trust, if it were to fail to qualify for taxation as a real estate investment trust in any taxable year and relief provisions did

not apply, it would be subject to U.S. federal income tax, including applicable alternative minimum tax, on its taxable income at regular corporate tax rates. If the REIT were to fail to qualify as a real estate investment trust, it would not able to deduct the amount of distributions to Unitholders. In such event, all distributions to Unitholders would be taxable as dividends to the extent of the REIT's current and accumulated earnings and profits (as determined under U.S. federal income tax principles). Unless entitled to relief under specific statutory provisions, the REIT also would be disqualified from re-electing taxation as a real estate investment trust for the four taxable years following the year during which qualification was lost. In the event that the REIT fails to satisfy one or more requirements for qualification as a real estate investment trust, other than the 75% and the 95% gross income tests and other than the asset tests, each of which is subject to the cure provisions described above, it would retain its real estate investment trust qualification if (i) the violation is due to reasonable cause and not wilful neglect and (ii) it pays a penalty of $50,000 for each failure to satisfy the provision.

Taxation of Non-U.S. Holders

The following discussion describes certain U.S. federal income tax consequences to Non-U.S. Holders (as defined below) under present law of an investment in the Units. This discussion applies only to investors that hold the Units as capital assets and that acquire Units in the Offering. This discussion is based upon current provisions of the Code, existing and proposed Treasury Regulations thereunder, current administrative rulings, judicial decisions and other applicable authorities. All of the foregoing authorities are subject to change, which change could apply retroactively and could affect the tax consequences described below.

The following discussion does not deal with the tax consequences to any particular investor or to persons in special tax situations (except as specifically addressed herein) such as banks, certain financial institutions, insurance companies, broker dealers, U.S. expatriates, traders that elect to mark to market, tax-exempt entities, persons liable for alternative minimum tax or persons holding a Unit as part of a straddle, hedging, conversion or integrated transaction.

A "**Non-U.S. Holder**" is a beneficial owner of a Unit that is neither a U.S. Holder nor a partnership (including an entity that is treated as a partnership for U.S. federal income tax purposes). A "**U.S. Holder**" is a beneficial owner of a Unit that is, for U.S. federal income tax purposes: (i) an individual citizen or resident of the U.S., (ii) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) organized in or under the laws of the U.S., any state thereof or the District of Columbia, (iii) an estate whose income is subject to U.S. federal income taxation regardless of its source or (iv) a trust that (1) is subject to the supervision of a court within the U.S. and the control of one or more U.S. persons or (2) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

The U.S. federal income tax treatment of a partner in a partnership or other entity treated as a partnership that holds Units depends on the status of the partner and the activities of the partnership. Partners in a partnership that owns Units should consult their own tax advisors as to the particular U.S. federal income tax considerations applicable to them.

THE RULES GOVERNING THE U.S. FEDERAL INCOME TAXATION OF NON-U.S. HOLDERS ARE COMPLEX AND THIS SUMMARY IS FOR GENERAL INFORMATION ONLY. NON-U.S. HOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS TO DETERMINE THE IMPACT OF U.S. FEDERAL, STATE, LOCAL AND NON-U.S. INCOME TAX LAWS ON OWNERSHIP OF THE UNITS, INCLUDING ANY REPORTING REQUIREMENTS.

Distributions on the Units

Distributions (including any taxable stock dividends) that are neither attributable to gains from sales or exchanges by the REIT of U.S. real property interests ("**USRPIs**") nor designated as capital gain dividends (except as described below) will be treated as dividends of ordinary income to the extent that they are made out of the REIT's current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Such distributions ordinarily will be subject to withholding at a rate of 30%, unless an applicable tax treaty or statutory provision reduces that tax and the Non-U.S. Holder provides an IRS Form W-8BEN (or other acceptable substitute or applicable form) to the REIT or unless the Non-U.S. Holder provides an IRS

Form W-8ECI certifying that the distribution is "effectively connected" income (as discussed below). A Non-U.S. Holder that is a qualified resident of Canada generally is entitled to a 15% withholding rate under the Treaty if: (i) the Non-U.S. Holder is an individual and holds no more than 10% of the outstanding Units, (ii) the Units are publicly traded and the Non-U.S. Holder owns no more than 5% of the outstanding Units or (iii) the Non-U.S. Holder holds no more than 10% of the outstanding Units and the REIT is diversified. For this purpose, the REIT will be treated as diversified if the gross value of no single interest in real property of the REIT exceeds 10% of the gross value of the REIT's total interest in real property. Qualified residents of Canada that are tax-exempt entities established to provide pension, retirement or other employee benefits (including trusts governed by an RRSP, an RRIF or a DPSP) may be eligible for an exemption from U.S. federal tax withholding on dividends under Article XXI of the Treaty. A trust governed by a TFSA, a RESP or a RDSP is not entitled to benefits as an entity or arrangement under the Treaty. Instead, income received by a TFSA, a RESP or a RDSP is treated as received by the beneficiary of the TFSA, RESP, or RDSP as the case may be, and the TFSA, RESP, or RDSP, as the case may be, should be disregarded for U.S. federal income tax purposes. The beneficiary or annuitant of the TFSA, RESP, or RDSP as the case may be, may, however, be eligible for reduced withholding tax rates under the Treaty. Unitholders that are Exempt Plans should consult their own tax advisors with respect to the Canadian and U.S. federal income tax considerations relevant to an investment in Units.

Distributions that are treated as effectively connected with a U.S. trade or business of a Non-U.S. Holder, and, if required by an applicable income tax treaty, attributable to a permanent establishment of the Non-U.S. Holder, generally are subject to U.S. federal income tax on a net income basis at graduated rates, in the same manner as U.S. Holders, and are not subject to withholding if certain certification requirements are satisfied (generally, on IRS Form W-8ECI). Any such dividends received by a Non-U.S. Holder that is a corporation may also be subject to an additional branch profits tax of 30%, unless reduced by an applicable income tax treaty (5% under the Treaty and applicable protocols currently in force).

A Non-U.S. Holder would not incur tax on a distribution in excess of the REIT's current and accumulated earnings and profits if the excess portion of the distribution did not exceed the adjusted tax basis of the Non-U.S. Holder's Units. Instead, the excess portion of the distribution would reduce the Non-U.S. Holder's adjusted tax basis in the Units. A Non-U.S. Holder would be subject to tax on a distribution that exceeds both the REIT's current and accumulated earnings and profits and the adjusted tax basis in its Units if the Non-U.S. Holder otherwise would be subject to tax on gain from the disposition of its Units as described herein. Management of the REIT expects that distributions on the Units will exceed the REIT's current and accumulated earnings and profits as determined under the Code. For the purpose of determining the amount to withhold, management of the REIT will make a reasonable estimate of the portion of a distribution that is paid out of current and accumulated earnings and profits. Because management of the REIT expects that the Units will be considered to be regularly traded on an established securities market, each as described below under "Certain U.S. Federal Income Tax Considerations — Dispositions of Units," it does not expect to be required to withhold on distributions in excess of the REIT's current and accumulated earnings and profits that are distributed to Non-U.S. Holders that own 5% or less of the outstanding Units during the applicable testing period, although there can be no assurances that withholding on such amounts will not be required. If withholding is or becomes required on distributions in excess of the REIT's current and accumulated earnings and profits, the rate of withholding will be equal to 10% of such amounts.

Distributions of proceeds attributable to the sale or exchange by the REIT of USRPIs are subject to U.S. federal income and withholding taxes pursuant to FIRPTA. Under FIRPTA, gains are considered effectively connected with a U.S. trade or business of the foreign shareholder and are taxed at the normal graduated rates applicable to U.S. Holders. Moreover, gains may be subject to branch profits tax in the hands of a shareholder that is a foreign corporation at a rate of 30% unless reduced by an applicable income tax treaty (5% under the Treaty). However, a distribution of proceeds attributable to the sale or exchange by the REIT of U.S. real property interests will not be subject to tax under FIRPTA or the branch profits tax, and will instead be taxed in the same manner as distributions of cash generated by the REIT's real estate operations other than the sale or exchange of properties (as described above) if (i) the distribution is made with regard to a class of shares that is regularly traded on an established securities market located in the U.S. (as it is anticipated that the Units will be following the completion of the Offering, as discussed below under "Certain U.S. Federal Income Tax Considerations — *Dispositions of Units*") and (ii) the recipient Unitholder does not own more than 5% of that

class of Units at any time during the 1-year period ending on the date the distribution is received. The REIT is required to withhold 35% (or less to the extent provided in applicable Treasury Regulations) of any distribution to a Non-U.S. Holder owning more than 5% of the relevant class of shares (or that otherwise has held more than 5% at any time during the 1-year period ending on the date the distribution is received) that could be designated by the REIT as a capital gain dividend; this amount is creditable against the foreign shareholder's FIRPTA tax liability.

In order for the REIT to comply with its withholding obligations under FIRPTA, the Units are subject to notice requirements and transfer restrictions. Non-U.S. Holders are required to provide the REIT with such information as the REIT may request. Furthermore, any Non-U.S. Holder that would be treated as having acquired sufficient Units to be treated as owning more than 5% of the Units is required to notify the REIT by the close of the business day prior to the date of the transfer that would cause the non-U.S. person to own more than 5% of the Units. For the purpose of determining whether a Non-U.S. Holder has acquired more than 5% of the Units, rules of constructive ownership apply which can attribute ownership of Units (i) among family members, (ii) to non-U.S. persons from entities that own Units, to the extent that such non-U.S. persons own interests in such entities and (iii) to entities from non-U.S. persons that own interests in such entities. Under these attribution rules, Units of related entities (including related investment funds) may be aggregated to the extent of overlapping ownership. If any Non-U.S. Holder that otherwise would be treated as having acquired sufficient Units to be treated as owning more than 5% of the Units fails to comply with the notice provisions described above, the excess Units (*i.e.*, the excess of the number of Units it is treated as owning over an amount equal to 5% of the outstanding Units) will be sold, with such Non-U.S. Holders receiving the lesser of (i) its original purchase price for the excess Units and (ii) the sale price of the excess Units (net of selling expenses). Any such Non-U.S. Holder would also not have any economic entitlement to any distribution by the REIT on an excess Unit, and, if any such distributions are received by the Non-U.S. Holder and are not repaid, the REIT is permitted to withhold from subsequent payments to the Non-U.S. Holder up to the amount of such forfeited distributions. Non-U.S. Holders are strongly advised to monitor their actual and constructive ownership of Units. See "Declaration of Trust — Restrictions on Ownership and Transfer — FIRPTA" for a more detailed discussion of these rules. Notwithstanding that a Non-U.S. Holder may comply with the notice requirements and transfer restrictions described above, the REIT is entitled to withhold on distributions as otherwise required by law, and, to the extent that the REIT has not sufficiently withheld on prior distributions, is entitled to withhold on subsequent distributions.

Dispositions of Units

Generally, a Non-U.S. Holder will not be subject to U.S. federal income tax with respect to gain on the disposition of such Non-U.S. Holder's Units unless:

- the REIT is or has been a U.S. Real Property Holding Corporation ("**USRPHC**") for U.S. federal income tax purposes at any time during the 5-year period ending on the date of disposition or such shorter period that such Units were held;
- the Non-U.S. Holder is an individual who is present in the U.S. for 183 days or more in the taxable year of the disposition and certain other conditions are met; or
- the gain is effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the U.S. and, if required by an applicable income tax treaty, attributable to a permanent establishment of the Non-U.S. Holder.

A Non-U.S. Holder described in the second bullet point above is subject to a flat 30% tax on the gain derived from the sale, which may be offset by U.S. source capital losses (even though the individual is not considered a resident of the U.S.). A Non-U.S. Holder described in the third bullet point above generally is subject to U.S. federal income tax on a net income basis at graduated rates, in the same manner as U.S. Holders, and, if it is a corporation, may also be subject to an additional branch profits tax of 30%, unless reduced by an applicable income tax treaty (5% under the Treaty).

As to the first bullet point above, management of the REIT believes that the REIT is and will continue to be a USRPHC for U.S. federal income tax purposes. However, if the Units are considered "regularly traded on

an established securities market," the Units would not be treated as interests in a USRPHC (and therefore gain recognized on a disposition would not be subject to U.S. federal income tax) with respect to Non-U.S. Holders who do not hold, actually or constructively, more than 5% of the outstanding Units at any time during the 5-year period ending on the date of disposition, or such shorter period that such Units were held. In addition, the purchaser of Units would not be required to withhold tax if the Units are considered "regularly traded on an established securities market," regardless of whether the selling Non-U.S. Holder held more than 5% of the outstanding Units during the applicable testing period.

An "established securities market" consists of any of the following: (a) a U.S. national securities exchange which is registered under Sec. 6 of the Securities Exchange Act of 1934; (b) a non-U.S. national securities exchange which is officially recognized, sanctioned, or supervised by a governmental authority; or (c) any over-the-counter market. An over-the-counter market is any market which has an interdealer quotation system. An interdealer quotation system is any system of general circulation to brokers and dealers which regularly disseminates quotations of stocks and securities by identified brokers or dealers, other than by quotation sheets which are prepared and distributed by a broker or dealer in the regular course of business and which contain only quotations of such broker or dealer.

For the purpose of (b), above, the TSX is a non-U.S. national securities exchange which is officially recognized, sanctioned, or supervised by a governmental authority, and, accordingly, the TSX is an established securities market. For so long as 100 or fewer persons do not own 50% or more of the Units, the Units should be treated as "regularly traded" on the TSX for a calendar quarter if: (a) the Units trade, other than in *de minimis* quantities, on at least 15 days during the calendar quarter; (b) the aggregate number of Units traded during the calendar quarter is at least 7.5% of the average number of Units outstanding during such calendar quarter (reduced to 2.5% if there are 2,500 or more record Unitholders); and (c) the REIT attaches a statement to its U.S. federal income tax return that provides information relating to it, the Units, and beneficial owners of more than 5% of the Units (the "**TSX Publicly Traded Exception**").

In addition, the Units would be considered "regularly traded" on an established securities market for a calendar quarter if the established securities market were located in the U.S. and the Units were regularly quoted by more than one broker or dealer making a market in the Units through an interdealer quotation system. The OTC Pink tier of OTC Markets Group Inc. ("**OTC Pink**") and the OTCQX are over-the-counter markets during a calendar quarter having an interdealer quotation system that should be treated as an "established securities market" located in the U.S. A broker or dealer makes a market in a class of stock only if the broker or dealer holds itself out to buy or sell shares of such class of stock at the quoted price. In this regard, the REIT has received indications that at least two brokers or dealers are willing to regularly quote and make a market in the Units on the OTC Pink and/or the OTCQX. For each calendar quarter during which the Units are regularly quoted on the OTC Pink and/or the OTCQX, the Units should be treated as "regularly traded" on an established securities market in the U.S. (the "**U.S. Publicly Traded Exception**") and, accordingly, gain on sales of Units by Non-U.S. Holders that own 5% or less of the outstanding Units during the applicable testing period would not be subject to U.S. federal income tax. Investors are cautioned that there can be no assurances that there will be at least two brokers or dealers regularly quoting the Units on the OTC Pink and/or the OTCQX in any particular calendar quarter. In addition, neither the Code, the applicable Treasury regulations, administrative pronouncements nor judicial decisions provide guidance as to the frequency or duration with which the Units must be quoted during a calendar quarter to be "regularly quoted." U.S. counsel to the REIT believes that it is reasonable to interpret this exception to the effect that, so long as the brokers or dealers regularly quote the Units at any time during a calendar quarter, any gain from a sale at any time during the quarter would not be subject to U.S. federal income tax for Non-U.S. Holders that own 5% or less of the outstanding Units during the applicable testing period. Due to the lack of guidance from the IRS, however, investors are cautioned that there can be no assurance the IRS would concur in this interpretation.

Management of the REIT expects that the Units will satisfy the TSX Publicly Traded Exception and/or the U.S. Publicly Traded Exception. However, if neither the U.S. Publicly Traded Exception nor the TSX Publicly Traded Exception is satisfied, the sale of Units by a Non-U.S. Holder may be subject to U.S. federal income tax at normal graduated rates with respect to gain recognized. In addition, a purchaser of Units would be required to withhold tax at the rate of 10% of the amount realized from the sale and to report and remit such tax to the IRS. Such withheld amount would not be an additional tax but would be a credit against the Non-U.S. Holder's U.S. federal income tax liability arising from the sale, and a Non-U.S. Holder would be required to file a U.S. federal income tax return. Furthermore, even though Management of the REIT expects that the Units will satisfy the U.S. Publicly Traded Exception, a prospective purchaser of Units may disagree with this position. The U.S. federal income taxation of Non-U.S. Holders is a highly complex matter that may be affected by many other considerations. Accordingly, Non-U.S. Holders of Units should consult their own tax advisors regarding the income and withholding tax considerations with respect to their investment in Units.

Withholding Taxes on Certain Foreign Accounts

Withholding taxes may apply to certain types of payments made to "foreign financial institutions" (as specially defined in the Code) and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on dividends on, and gross proceeds from the sale or other disposition of, the Units paid to a foreign financial institution or to a non-financial foreign entity, unless (1) the foreign financial institution undertakes certain diligence and reporting, (2) the non-financial foreign entity either certifies it does not have any substantial U.S. owners or furnishes identifying information regarding each substantial U.S. owner, or (3) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules. If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in clause (1) above, it must enter into an agreement with the U.S. Treasury Department requiring, among other things, that it undertake to identify accounts held by certain U.S. persons or U.S.-owned foreign entities, annually report certain information about such accounts, and withhold 30% on payments to non-compliant foreign financial institutions and certain other account holders.

The withholding provisions described above will generally apply to payments of dividends made on or after January 1, 2014 and to payments of gross proceeds from a sale or other disposition of stock on or after January 1, 2017. Prospective investors should consult their tax advisors regarding these withholding provisions.

Information Reporting and Backup Withholding

Generally, the REIT must report to the IRS and to a Non-U.S. Holder the amount of interest and dividends paid to the Non-U.S. Holder and the amount of tax, if any, withheld with respect to those payments. Copies of the information returns reporting such interest and dividend payments and any withholding may also be made available to the tax authorities in the country in which the Non-U.S. Holder resides under the provisions of an applicable income tax treaty. In general, a Non-U.S. Holder is not subject to backup withholding with respect to payments of interest or distributions that are made to the Non-U.S. Holder if the Non-U.S. Holder has provided a properly completed IRS Form W-8BEN or other applicable IRS Form W-8. A Non-U.S. Holder is subject to information reporting and, depending on the circumstances, backup withholding with respect to the proceeds of the sale or other disposition of a Unit within the U.S. or conducted through certain U.S.-related payors, unless the payor of the proceeds receives the statement described above or the Non-U.S. Holder otherwise establishes an exemption.

Any amounts withheld under the backup withholding rules are allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability provided the required information is furnished to the IRS on a timely basis.

Non-U.S. Holders are advised to consult with their own tax advisor regarding the specific tax consequences to them of the ownership and sales of Units, including the U.S. federal, state, local, non-U.S. and other tax consequences of such purchase and ownership and of potential changes in applicable tax laws.

PLAN OF DISTRIBUTION

General

Pursuant to an Underwriting Agreement entered into between the REIT, Welsh and the Underwriters, the REIT has agreed to sell and the Underwriters have agreed to purchase on Closing 10,000,000 Units at a price of $10.00 per Unit, for aggregate gross consideration of $100,000,000 payable in cash to the REIT against delivery of the Units. The offering price of the Units has been determined by negotiation between the REIT, Welsh and the Underwriters.

Pursuant to the Underwriting Agreement, the REIT has granted the Underwriters an Over-Allotment Option to cover over-allotments, if any, and for market stabilization purposes. The Over-Allotment Option may be exercised by the Underwriters, in whole or in part, for a 30-day period following the Closing and entitles the Underwriters to purchase from the REIT up to 1,500,000 Units on the same terms and conditions as set out below (being approximately 15.0% of the aggregate number of Units offered hereunder). If the Over-Allotment Option is exercised in full, the total price to the public will be $115,000,000, the Underwriters' commission will be $6,900,000 and the net proceeds to the REIT will be $108,100,000. The proceeds received by the REIT on the exercise of the Over-Allotment Option, if exercised, will be used by the REIT to reduce debt, acquire additional industrial properties and/or for general trust purposes. See "Use of Proceeds". This prospectus qualifies the grant of the Over-Allotment Option and up to 1,500,000 Units to be sold by the REIT upon exercise of the Over-Allotment Option. A purchaser who acquires Units forming the Underwriters' over-allotment position acquires such Units under this prospectus, regardless of whether the position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

In the Underwriting Agreement, the Underwriters have agreed, subject to compliance with all necessary legal requirements and to the conditions set forth therein, to purchase all but not less than all of the Units. In consideration for their services in connection with the Offering, the REIT has agreed to pay the Underwriters a fee equal to $0.60 per Unit. The REIT will also pay the Underwriters' commission in respect of Units sold by the REIT if the Over-Allotment Option is exercised.

The Offering is being made in each of the provinces and territories of Canada and in the U.S. in an offering to qualified institutional buyers exempt from the registration requirements of the U.S. Securities Act, pursuant to Rule 144A thereunder. The Units will be offered in each of the provinces and territories of Canada through those Underwriters or their affiliates who are registered to offer the Units for sale in such provinces and territories and such other registered dealers as may be designated by the Underwriters. Subject to applicable law, and residency restrictions under the Declaration of Trust, the Underwriters may offer the Units outside of Canada.

There is currently no market through which the Units may be sold and purchasers may not be able to resell Units purchased under this prospectus. The TSX has conditionally approved the listing of the Units under the symbol WIR.UN. Listing is subject to the REIT fulfilling all of the requirements of the TSX on or before July 8, 2013.

All of the Units sold in the Offering will be freely tradable without restriction or further registration under applicable Canadian securities laws.

The obligations of the Underwriters under the Underwriting Agreement are joint (and not joint and several), are subject to certain closing conditions and may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Units if any Units are purchased under the Underwriting Agreement.

Pursuant to the Underwriting Agreement, the REIT and Welsh have agreed to indemnify the Underwriters and their directors, officers, employees and agents against certain liabilities, including, without limitation, civil liabilities under Canadian securities legislation, and to contribute to any payments the Underwriters may be required to make in respect thereof.

In connection with the completion of the Offering, the REIT has agreed with the Underwriters that, for a period of 180 days following the Closing, it will not, directly or indirectly, without the prior written consent of

CIBC World Markets Inc. and RBC Dominion Securities Inc., on behalf of the Underwriters, (i) offer, issue, sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of any Units, financial instruments or securities convertible into or exercisable, exchangeable or redeemable for Units or announce any intention to do any of the foregoing, in a public offering, by way of private placement or otherwise (except (a) pursuant to the Option Plan, the Deferred Unit Incentive Plan, any redemption of Class B Units, or any issuance of securities to vendors as full or partial consideration for the acquisition of assets; (b) rights and other securities issued pursuant to the Rights Plan; (c) pursuant to the Contribution Agreement; or (d) pursuant to any distribution reinvestment plan of the REIT), or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Units, whether any such transaction is to be settled by delivery of Units, other securities, cash or otherwise.

Welsh has agreed with the Underwriters that, for a period of 18 months following the Closing (the Hold Period), it will not, directly or indirectly, without the prior written consent of CIBC World Markets Inc. and RBC Dominion Securities Inc., on behalf of the Underwriters, and of the Board of Trustees, which consents will not be unreasonably withheld or delayed (i) offer, sell, contract to sell, secure, pledge or grant any option, right or warrant to purchase (other than in connection with plans created on Closing or in connection with the Offering) or otherwise lend, transfer or dispose of (other than in connection with a redemption of its Class B Units for Units or in respect of transfers to its Permitted Transferees) the portion of the Units (or securities convertible into, or exercisable, exchangeable or redeemable for Units) then subject to the Hold Period, or (ii) make any short sale, engage in any hedging transaction, or enter into any swap, monetization, securitization or other arrangement that transfers to another in whole or in part, any of the economic consequences of ownership of the portion of the Units (or securities convertible into, or exercisable, exchangeable or redeemable for Units) then subject to the Hold Period; provided however, that (subject to any pledge of a portion thereof as security for the covenants under the Contribution Agreement), any such party will be permitted to pledge such Units (or securities convertible into, or exercisable, exchangeable or redeemable for Units) as security for any loans made to it if the terms of such pledge expressly prohibit the party to which the pledge is granted from selling, directly or indirectly, the pledged Units (or securities exercisable, exchangeable, convertible into or redeemable for Units) during the Hold Period. Notwithstanding the restrictions contained in this section, Welsh may transfer, sell, tender or otherwise dispose of, at any time and from time to time, securities of the REIT or any of its affiliates or subsidiaries pursuant to a take-over bid or similar acquisition transaction, reorganization, plan of arrangement, merger or similar transaction involving the REIT or any of its affiliates or subsidiaries.

The Units have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws and may not be offered or sold in the U.S. except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, except to the extent permitted by the Underwriting Agreement, the Units may not be offered or sold within the U.S. The Underwriting Agreement provides that the Underwriters may re-offer and resell the Units that they have acquired pursuant to the Underwriting Agreement to qualified institutional buyers in the U.S. in accordance with Rule 144A under the U.S. Securities Act. The Underwriting Agreement also provides that the Underwriters will offer and sell the Units outside the U.S. only in accordance with Regulation S under the U.S. Securities Act. In addition, until 40 days after Closing, an offer or sale of the Units within the U.S. by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in reliance on Rule 144A under the U.S. Securities Act.

CIBC World Markets Inc., RBC Dominion Securities Inc. and BMO Nesbitt Burns Inc. are affiliates of Canadian chartered banks that, pursuant to a non-binding indicative term sheet, may commit to provide the Partnership with a portion of the Revolving Facility at Closing, which will be sized initially at $75 million with an accordion feature which could increase the size of the facility up to $200 million. See "Debt Strategy and Indebtedness". Consequently, the REIT may be considered a connected issuer of CIBC World Markets Inc., RBC Dominion Securities Inc. and BMO Nesbitt Burns Inc. under applicable securities laws. None of CIBC World Markets, RBC Dominion Securities Inc. or BMO Nesbitt Burns Inc. will receive any direct benefit from the Offering other than their respective portions of the fee payable by the REIT to the Underwriters. The decision to undertake the Offering was made by the REIT. The affiliates of CIBC World Markets Inc., RBC Dominion Securities Inc. and BMO Nesbitt Burns Inc. were not involved in the decision to undertake the

Offering. Net proceeds from the issue of Units on exercise of the Over-Allotment Option (if any) may also be used to pay down amounts drawn under the Revolving Facility (if any).

The Underwriters propose to offer the Units to the public initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Units at the Offering Price, the Offering Price of the Units may be decreased and may be further changed from time to time to amounts not greater than the Offering Price, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers of the Units is less than the amount paid by the Underwriters to the REIT.

Price Stabilization, Short Positions and Passive Market Making

In connection with the Offering, the Underwriters may over-allocate or effect transactions which stabilize or maintain the market price of the Units at levels other than those which otherwise might prevail on the open market, including:

- stabilizing transactions;
- short sales;
- purchases to cover positions created by short sales;
- imposition of penalty bids; and
- syndicate covering transaction.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Units while the Offering is in progress. These transactions may also include making short sales of the Units, which involve the sale by the Underwriters of a greater number of Units than they are required to purchase in the Offering. Short sales may be "covered short sales", which are short positions in an amount not greater than the Over-Allotment Option, or may be "naked short sales", which are short positions in excess of that amount. The Underwriters may close out any covered short position either by exercising the Over-Allotment Option, in whole or in part, or by purchasing Units in the open market. In making this determination, the Underwriters will consider, among other things, the price of Units available for purchase in the open market compared with the price at which they may purchase Units through the Over-Allotment Option.

The Underwriters must close out any naked short position by purchasing Units in the open market. A naked short position is more likely to be created if the Underwriters are concerned that there may be downward pressure on the price of the Units in the open market that could adversely affect investors who purchase in the Offering. Any naked short sales will form part of the Underwriters' over-allocation position.

In addition, in accordance with rules and policy statements of certain Canadian securities regulators, the Underwriters may not, at any time during the period of distribution, bid for or purchase Units. The foregoing restriction is, however, subject to exceptions where the bid or purchase is not made for the purpose of creating actual or apparent active trading in, or raising the price of, the Units. These exceptions include a bid or purchase permitted under the by-laws and rules of applicable regulatory authorities and the applicable stock exchange, including the Universal Market Integrity Rules for Canadian Marketplaces, relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution.

As a result of these activities, the price of the Units may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the Underwriters at any time.

The Underwriters may carry out these transactions on any stock exchange on which the Units are listed, in the over-the-counter market, or otherwise.

NCI System

Subscriptions for the Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. The Offering will be conducted under the NCI system. Units registered in the name of CDS or its nominee will be deposited electronically with CDS on an NCI basis at Closing. A subscriber who purchases Units will receive only a customer confirmation from the registered dealer from or through whom Units are purchased and who is a CDS participant.

USE OF PROCEEDS

The net proceeds of this Offering are estimated to be approximately $87.4 million ($101.5 million if the Over-Allotment Option is exercised in full) after deduction of the Underwriters' fee and the estimated expenses of this Offering. The Underwriters' fee and the expenses of this Offering will be paid out of the proceeds of this Offering. The REIT will use approximately $68.4 million of the net proceeds of the Offering in connection with the indirect acquisition of the Initial Properties from Welsh and the remainder of the net proceeds to discharge debt including mortgages encumbering certain Initial Properties. See "The Acquisition".

The REIT will contribute the net proceeds, if any, from the issue of Units on exercise of the Over-Allotment Option to the Partnership to reduce debt, acquire additional industrial properties and/or for general trust purposes.

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. Described below are certain risks that could materially affect the REIT and the value of the Units. Other risks and uncertainties that the REIT does not presently consider to be material, or of which the REIT is not presently aware, may become important factors that affect the REIT's future financial condition and results of operations. The occurrence of any of the risks discussed below could materially and adversely affect the business, prospects, financial condition, results of operations, cash flow, ability of the REIT to make cash distributions to Unitholders or value of the Units. Prospective purchasers of the Units should carefully consider these risks before investing in the Units.

Risk Factors Related to the Real Estate Industry

Real Property Ownership and Tenant Risks

The REIT will own the Initial Properties and is expected in the future to acquire interests in and develop other real property. All real property investments are subject to elements of risk. By specializing in a particular type of real estate, the REIT is exposed to adverse effects on that segment of the real estate market and does not benefit from a diversification of its portfolio by property type.

There is no assurance that the operations of the REIT will be profitable or that cash from operations will be available to make distributions to Unitholders. Real estate, like many other types of long-term investments, experiences significant fluctuation in value and, as a result, specific market conditions may result in occasional or permanent reductions in the value of the REIT's portfolio. The marketability and value of the portfolio will depend on many factors, including, without limitation: (i) changes in general economic conditions (such as the availability, terms and cost of mortgage financings and other types of credit); (ii) local economic conditions (such as business layoffs, industry slowdowns, changing demographics and other factors); (iii) local real estate conditions (such as an oversupply of properties or a reduction in demand for real estate in the area); (iv) changes in occupancy rates; (v) the attractiveness of properties to potential tenants or purchasers; (vi) competition with other landlords with similar available space; (vii) the ability of the REIT to provide adequate maintenance at competitive costs; (viii) changes in exchange rates; (ix) the promulgation and enforcement of governmental regulations relating to land-use and zoning restrictions, environmental protection and occupational safety; (x) the financial condition of borrowers and of tenants, buyers and sellers of property; (xi) changes in real estate tax rates and other operating expenses; (xii) the imposition of rent controls; (xiii) energy and supply shortages; (xiv) various uninsured or uninsurable risks; and (xv) natural disasters. There can be no assurance of profitable operations because the costs of operating the portfolio, including debt service,

may exceed gross rental income therefrom, particularly since certain expenses related to real estate, such as property taxes, utility costs, maintenance costs and insurance, tend to increase even if there is a decrease in the REIT's income from such investments.

The Initial Properties generate income through rent payments made by tenants. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced for a number of reasons. Furthermore, the terms of any subsequent lease may be less favourable than the existing lease and renewed rent may be lower than prevailing market rent. The REIT's cash flow and financial position would be materially adversely affected if its tenants were to become unable to meet their obligations under their leases or if a significant amount of available space in the REIT's properties was not able to be leased on economically favourable lease terms. In the event of default by a tenant, the REIT may experience delays or limitations in enforcing its rights as lessor and incur substantial costs in protecting its investment. In addition, restrictive covenants may narrow the field of potential tenants at a property and could contribute to difficulties in leasing space to new tenants. Furthermore, at any time, a tenant may seek the protection of bankruptcy, insolvency or similar laws which could result in the rejection and termination of the lease by the tenant and, thereby, cause a reduction in the REIT's cash flow, financial condition and results of operations and its ability to make distributions to Unitholders.

Additionally, due to changing trends in the design of the types of properties owned by the REIT, it is possible that the REIT's properties will be less desirable than newer properties developed by competitors. This, in turn, would affect the ability of the REIT to renew its leases with existing tenants and, in the event that such leases are not renewed, to rent unleased suites.

Competition

The real estate business is competitive. The REIT will compete with other investors, managers and owners of properties in seeking tenants and for the purchase and development of desirable properties. Some of the industrial properties of the REIT's competitors are newer, better located or better capitalized than the Initial Properties. Certain of these competitors may have greater financial and other resources and greater operating flexibility than the REIT. Those entities may be able to accept more risk than the REIT can prudently manage and may have the ability or inclination to acquire properties at a higher price or on terms less favourable than those the REIT may be prepared to accept. The existence of competing managers and owners could have a material adverse effect on the REIT's ability to lease space and on the rents the REIT is able to charge, and could materially adversely affect revenues and the REIT's ability to meet its obligations. In addition, such competition could have an adverse effect on property values in the markets in which the investments are located. Competition generally reduces the number of suitable investment opportunities available to the REIT and increases the bargaining power of property owners seeking to sell. Furthermore, the number of entities and the amount of funds competing for suitable industrial properties may increase. This could result in increased demand for these assets and therefore, increased prices paid for them, which may in turn adversely affect the REIT's ability to make investments and generate revenues.

Liquidity

Real property investments are relatively illiquid, with the degree of liquidity generally fluctuating in relation to demand for and the perceived desirability of such investments. Such illiquidity will tend to limit the REIT's ability to vary its portfolio of properties promptly in response to changing economic, investment or other conditions. If the REIT were to be required to liquidate its real property investment, the proceeds to the REIT might be significantly less than the aggregate carrying value of its properties which could have an adverse effect on the REIT's financial condition and results of operations and decrease the amount of cash available for distribution. Illiquidity may result from the absence of an established market for real property investments, as well as from legal or contractual restrictions on their resale. In addition, in recessionary times, it may be difficult to dispose of certain types of real estate. The costs of holding real estate are considerable and during an economic recession the REIT may be faced with ongoing expenditures with a declining prospect of incoming receipts. In such circumstances, it may be necessary for the REIT to dispose of properties at lower prices in order to generate sufficient cash for operations and making distributions.

Environmental Matters

Environmental legislation and regulations have become increasingly important in recent years. As a current or previous owner of interests in real property in the U.S., the REIT will be subject to various U.S. federal, state and municipal laws relating to environmental matters. Such laws provide that the REIT could be, or become, liable for environmental harm, damage or costs, including with respect to the release of hazardous, toxic or other regulated substances into the environment and/or affecting persons, and the removal or other remediation of hazardous, toxic or other regulated substances that may be present at or under its properties or at third-party sites, at which wastes were sent for disposal, including lead-based paints, mould, asbestos, polychlorinated biphenyls, petroleum-based fuels, mercury, volatile organic compounds, underground storage tanks, pesticides and other miscellaneous materials. Further, liability may be incurred by the REIT with respect to the release of such substances from or to the REIT's properties. These laws often impose liability regardless of whether the property owner knew of, or was responsible for, the presence of such substances. Those laws also govern the maintenance and removal of asbestos containing materials in the event of damage, demolition or renovation of a property and also govern emissions of and exposure to asbestos fibres in the air. Certain of the Initial Properties might contain asbestos containing materials. The costs of investigation, removal and remediation of such substances or properties, if any, may be substantial and could adversely affect the REIT's financial condition and results of operations but is not estimable. There may be contamination on the Initial Properties of which management is not aware. The presence of contamination or the failure to remediate contamination may adversely affect the REIT's ability to sell such property, realize the full value of such property or borrow using such property as collateral security, and could potentially result in claims against the REIT by public or private parties.

The Initial Properties may contain soil or groundwater contamination, hazardous substances and/or other residual pollution and environmental risks. Buildings and their fixtures might contain asbestos, mould or other hazardous substances above the allowable or recommended thresholds, or other environmental risks could be associated with the buildings. The REIT will bear the risk of cost-intensive assessment, remediation or removal of such soil or groundwater contamination, hazardous substances or other residual pollution. The discovery of any such contamination or residual pollution on the sites and/or in the buildings, particularly in connection with the lease or sale of properties or borrowing using the real estate as security, could trigger claims for rent reductions or termination of leases for cause, for damages and other breach of warranty claims against the REIT. The remediation of any contamination and the related additional measures the REIT would have to undertake could have a materially adverse effect on the REIT and could involve considerable additional costs. The REIT will also be exposed to the risk that recourse against the polluter or the previous owners of the properties might not be possible. Moreover, the existence or even the mere suspicion of the existence of soil or groundwater contamination, hazardous materials or other residual pollution can materially adversely affect the value of a property and the REIT's ability to lease or sell such a property.

The REIT's operating policy is to obtain a Phase I environmental site assessment of each real property to be acquired by it and, if the Phase I environmental site assessment report recommends that a further environmental site assessment be conducted, the REIT will have conducted such further environmental site assessments, in each case by an independent and experienced environmental consultant. As a condition to any acquisition of real property, such assessments will be satisfactory to the Trustees. See "Assessment and Valuation of the Initial Properties — Environmental Site Assessments".

The REIT intends to make the necessary capital and operating expenditures to comply with environmental laws and address any material environmental issues and such costs relating to environmental matters that may have a material adverse effect on the REIT's business, financial condition or results of operation and decrease the amount of cash available for distribution. Furthermore, environmental laws can change and the REIT may become subject to even more stringent environmental laws in the future, with increased enforcement of laws by the government. Compliance with more stringent environmental laws, which may be more rigorously enforced, the identification of currently unknown environmental issues or an increase in the costs required to address a currently known condition may have an adverse effect on the REIT's financial condition and results of operations and decrease the amount of cash available for distribution to Unitholders.

Regulation and Changes in Applicable Laws

The REIT is subject to laws and regulations governing the ownership and leasing of real property, zoning, building standards, landlord tenant relationships, employment standards, environmental matters, taxes and other matters. It is possible that future changes in applicable federal, provincial, state, local or common laws or regulations or changes in their enforcement or regulatory interpretation could result in changes in the legal requirements affecting the REIT (including with retroactive effect). Any changes in the laws to which the REIT is subject could materially adversely affect the REIT's rights and title to its properties. It is not possible to predict whether there will be any further changes in the regulatory regimes to which the REIT is subject or the effect of any such changes on its investments.

Lower revenue growth or significant unanticipated expenditures may result from the REIT's need to comply with changes in applicable laws or the enactment of new laws, including: (i) laws imposing environmental remedial requirements and the potential liability for environmental conditions existing on properties or the restrictions on discharges or other conditions; (ii) rent control or rent stabilization laws or other landlord/tenant laws; or (iii) other governmental rules and regulations or enforcement policies affecting the development, use and operation of the REIT's properties, including changes to building codes and fire and life-safety codes.

Capital Expenditures and Fixed Costs

As a matter of conducting business in the ordinary course, certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges, must be made throughout the period of ownership of real property, regardless of whether the property is producing sufficient income to pay such expenses. This may include expenditures to fulfill mandatory requirements for energy efficiency. In order to retain desirable rentable space and to generate adequate revenue over the long-term, the REIT must maintain or, in some cases, improve each property's condition to meet market demand. Maintaining a rental property in accordance with market standards can entail significant costs, which the REIT may not be able to pass on to its tenants. Numerous factors, including the age of the relevant building structure, the material and substances used at the time of construction or currently unknown building code violations could result in substantial unbudgeted costs for refurbishment or modernization. The timing and amount of capital expenditures required by the REIT will indirectly affect the amount of cash available for distribution to Unitholders. Distributions may be reduced, or even eliminated, at times when the REIT deems it necessary to make significant capital or other expenditures.

If the actual costs of maintaining or upgrading a property exceed the REIT's estimates, or if hidden defects are discovered during maintenance or upgrading which are not covered by insurance or contractual warranties, or if the REIT is not permitted to raise rents due to legal constraints, the REIT will incur additional and unexpected costs. If competing industrial properties are built in the area where one of the REIT's properties is located or similar industrial properties located in the vicinity of one of the REIT's properties are substantially refurbished, the net operating income derived from and the value of such property could be reduced. Any failure by the REIT to undertake appropriate maintenance and refurbishment work in response to the factors described above could materially adversely affect the rental income that the REIT earns from such properties and could have a material adverse effect on the REIT's cash flow, financial condition and results of operations and its ability to make distributions to Unitholders.

Current Economic Environment

Continued concerns regarding the uncertainty over whether the economy will be adversely affected by inflation, deflation or stagflation, and the systemic impact of increased unemployment, volatile energy costs, geopolitical issues, the availability and cost of credit, the mortgage market in the U.S. and a distressed real estate market have contributed to increased market volatility and weakened business and consumer confidence. This difficult operating environment could adversely affect the REIT's ability to generate revenues, thereby reducing its operating income and earnings. It could also have an adverse impact on the ability of the REIT to maintain occupancy rates which could harm the REIT's financial condition. If these economic conditions continue, the REIT's tenants may be unable to meet their rental payments and other obligations due to the REIT, which could have a material adverse effect on the REIT. In addition, fluctuation in interest rates or other financial market

volatility may restrict the availability of financing for future prospective purchasers of the REIT's investments and could significantly reduce the value of such investments.

Natural Disasters

Certain of the Initial Properties are located in locations where buildings are susceptible to sustaining storm damage. While the REIT has insurance to cover a substantial portion of the cost of such events, the REIT's insurance includes deductible amounts and certain items may not be covered by insurance. Future natural disasters may significantly affect the REIT's operations and properties and, more specifically, may cause the REIT to experience reduced rental revenue (including from increased vacancy), incur clean-up costs or otherwise incur costs in connection with such events. Any of these events may have a material adverse effect on the REIT's business, cash flow, financial condition, results of operations and ability to make distributions to Unitholders.

Risks Relating to the REIT and its Business

Tenant Defaults, Bankruptcies or Insolvencies

The bankruptcy or insolvency of the REIT's tenants may adversely affect the income produced by its properties. If a tenant defaults on its lease obligations, the REIT may experience delays in enforcing its rights as landlord and may incur substantial costs, including litigation and related expenses, in protecting its investment and re-leasing its property. If a tenant files for bankruptcy, the REIT generally cannot evict the tenant solely because of such bankruptcy. A court may authorize a bankrupt tenant to reject and terminate its lease. In such a case, any claim against the tenant for unpaid future rent would be subject to a statutory cap that might be substantially less than the remaining rent actually owed under the lease, and it is unlikely that a bankrupt tenant would pay in full amounts it owes under the lease. This shortfall could adversely affect the REIT's cash flow and results of operations.

If a tenant experiences a downturn in its business or other types of financial distress, it may be unable to make timely rental payments. Under some circumstances, the REIT may agree to partially or wholly terminate the lease in advance of the termination date in consideration for a lease termination fee that is less than the agreed rental amount. Additionally, without regard to the manner in which a lease termination occurs, the REIT is likely to incur additional costs in the form of tenant improvements and leasing commissions in its efforts to lease the space to a new tenant, as well as possibly lower rental rates reflective of declines in market rents. The REIT cannot assure an investor that it will have adequate sources of funding available to us for such purposes.

Tenant Concentration

The REIT will derive approximately 39.8% of its in-place base rental revenue from its ten largest tenants. Consequently, revenues will be dependent on the ability of those tenants to meet rent obligations and the REIT's ability to collect rent from them. Redcats is the REIT's largest tenant and is currently marketing approximately 157,500 square feet of its premises for sublease at 3003 Reeves Road. The lease for Zulily, the REIT's second largest tenant, expires on May 31, 2017; however, Zulily has a one-time option to terminate its lease at May 31, 2015 with at least six months' prior notice and upon payment of a termination fee of $1,968,000 (which is equal to approximately one year of gross rent for this tenant). The lease for StayWell, the REIT's ninth largest tenant, expires on May 31, 2018, however, StayWell has a one-time option to terminate its lease at June 1, 2015 upon at least six months' prior notice and payment of a termination fee equal to the unamortized amount of all leasehold improvements, design fees and commissions actually paid with respect to the lease, amortized over the term at an interest rate of 10%. Early termination options are also held by five of the other tenants of the Initial Properties. In total, early termination options represent 11.4% of the total GLA or 12.9% of the March 1, 2013 annualized base rent of the Initial Properties. If such tenants default on or cease to satisfy their payment obligations, or if tenants exercise their early termination options, there could be an adverse impact on the REIT's financial condition and results of operations and decrease the amount of cash available for distribution. See "The Initial Properties — Composition of the Initial Properties — Tenant Composition".

Occupancy by Tenants

Although certain, but not all, leases contain a provision requiring tenants to maintain continuous occupancy of leased premises, there can be no assurance that such tenants will continue to occupy such premises. Certain tenants have a right to terminate their leases upon payment of a penalty but others are not required to pay any penalty associated with an early termination. There can be no assurance that tenants will continue their activities and continue occupancy of the premises. Any cessation of occupancy by tenants may have an adverse effect on the REIT and could adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution to Unitholders.

Approximately 54% of GLA of the REIT's portfolio of properties is comprised of single-tenant properties. The largest five such tenants will represent approximately 25.1% of contractual base rent of the portfolio as at March 1, 2013.

In the event that such tenants were to terminate their tenancies or become insolvent, the REIT's financial results would be materially adversely affected. Until the REIT is in a position to acquire more assets and further diversify its tenant base, the REIT will take certain steps to mitigate any credit risk by closely monitoring its tenants' compliance with the terms of their respective leases and to report any issues as soon as they are identified.

Access to Capital

The real estate industry is highly capital intensive. The REIT will require access to capital to maintain its properties, as well as to fund its growth strategy and certain capital expenditures from time to time. Although the REIT has signed a non-binding indicative term sheet with a U.S. bank regarding the provision of the Revolving Facility following Closing, there can be no assurances that the REIT will otherwise have access to sufficient capital or access to capital on terms favourable to the REIT for future property acquisitions, financing or refinancing of properties, funding operating expenses or other purposes. Further, in certain circumstances, the REIT may not be able to borrow funds due to the limitations set forth in the Declaration of Trust.

In recent years, domestic and international financial markets have experienced unusual volatility and uncertainty. Although this condition occurred initially within the "subprime" single-family mortgage lending sector of the credit market, liquidity has tightened in overall financial markets, including the investment grade debt and equity capital markets. Consequently, there is greater uncertainty regarding the REIT's ability to access the credit market in order to attract financing on reasonable terms. Investment returns on the REIT's assets and its ability to make acquisitions could be adversely affected by the REIT's inability to secure financing on reasonable terms, if at all.

Financing Risks

The REIT estimates that its outstanding indebtedness at Closing will be approximately $240 million. Although a portion of the cash flow generated by the Initial Properties will be devoted to servicing such debt, there can be no assurance that the REIT will continue to generate sufficient cash flow from operations to meet required interest and principal payments. If the REIT is unable to meet interest or principal payments, it could be required to seek renegotiation of such payments or obtain additional equity, debt or other financing. The failure of the REIT to make or renegotiate interest or principal payments or obtain additional equity, debt or other financing could adversely impact the REIT's financial condition, liquidity and results of operations and decrease the amount of cash available for distribution to Unitholders. If the REIT defaults under a mortgage loan, it may lose the properties securing such loan.

The REIT will be subject to the risks associated with debt financing, including the risk that the mortgages and banking facilities secured by the REIT's properties will not be able to be refinanced or that the terms of such refinancing will not be as favourable as the terms of existing indebtedness, which may reduce AFFO. With the current world economic and financial crisis, there is a heightened risk that not only will existing maturing mortgages be subject to increased interest rates, but the distinct possibility also exists that maturing mortgages will not be renewed or, if they are renewed, they will be renewed at significantly lower loan-to-value ratios.

Approximately 21.3% of the REIT's total principal indebtedness will be variable rate debt immediately following Closing. Such variable rate debt will result in fluctuations in the REIT's cost of borrowing as interest rates change. To the extent that interest rates rise following Closing, the REIT's operating results and financial condition could be adversely affected and decrease the amount of cash available for distribution. However, the REIT has purchased a two-year interest rate cap instrument covering a notional principal amount of $50 million and providing for a U.S. LIBOR cap of 50 basis points. At the time of Closing, all of the REIT's floating rate debt will be covered under the initial interest rate cap.

The REIT's credit facilities will also contain covenants that require it to maintain certain financial ratios on a consolidated basis. If the REIT does not maintain such ratios, its ability to make distributions will be limited.

Existing mortgages secured by the REIT's properties mature between April 2014 through to January 2023. Approximately 12.3% of the REIT's mortgage debt will mature in 2016, amplifying the risks described above. See "Debt Strategy and Indebtedness — Debt Composition — Debt Maturities". Additionally, to the extent that the REIT incurs variable rate indebtedness, such indebtedness will result in fluctuations in the REIT's cost of borrowing as interest rates change. To the extent that interest rates rise following Closing, the REIT's operating results and financial condition could be adversely affected and decrease the amount of cash available for distribution.

Operational Risk

Operational risk is the risk that a direct or indirect loss may result from an inadequate or failed technology, from a human process or from external events. The impact of this loss may be financial loss, loss of reputation or legal and regulatory proceedings. Management endeavours to minimize losses in this area by ensuring that effective infrastructure and controls exist. These controls are constantly reviewed and if deemed necessary improvements are implemented.

Acquisitions

The REIT's business plan includes, among other things, growth through identifying suitable acquisition opportunities, pursuing such opportunities, consummating acquisitions and leasing such properties. If the REIT is unable to manage its growth effectively, it could adversely impact the REIT's financial position and results of operations and decrease the amount of cash available for distribution. There can be no assurance as to the pace of growth through property acquisitions or that the REIT will be able to acquire assets on an accretive basis and, as such, there can be no assurance that distributions to Unitholders will increase in the future.

Acquired properties may be subject to unknown, unexpected or undisclosed liabilities which could have a material adverse impact on the operations and financial results of the REIT. Representations and warranties given by third parties to the REIT may not adequately protect against these liabilities and any recourse against third parties may be limited by the financial capacity of such third parties. Furthermore, it is not always possible to obtain from the seller the records and documents that are required in order to fully verify that the buildings to be acquired are constructed in accordance, and that their use complies with, planning laws and building code requirements. Accordingly, in the course of acquiring a property, specific risks might not be or might not have been recognized or correctly evaluated. These circumstances could lead to additional costs and could have a material adverse effect on proceeds from sales and rental income of the relevant properties.

The REIT's ability to acquire properties on satisfactory terms and successfully integrate and operate them is subject to the following additional risks: (a) the REIT may be unable to acquire desired properties because of competition from other real estate investors with more capital, including other real estate operating companies, REITs and investment funds; (b) the REIT may acquire properties that are not accretive to results upon acquisition, and the REIT may not successfully manage and lease those properties to meet its expectations; (c) competition from other potential acquirers may significantly increase the purchase price of a desired property; (d) the REIT may be unable to generate sufficient cash from operations, or obtain the necessary debt or equity financing to consummate an acquisition or, if obtainable, financing may not be on satisfactory terms; (e) the REIT may need to spend more than budgeted amounts to make necessary improvements or renovations to acquired properties; (f) agreements for the acquisition of properties are typically subject to customary conditions to closing, including satisfactory completion of due diligence investigations, and the REIT may spend

significant time and money on potential acquisitions that the REIT does not consummate; (g) the process of acquiring or pursuing the acquisition of a new property may divert the attention of the REIT's senior management team from existing business operations; (h) the REIT may be unable to quickly and efficiently integrate new acquisitions, particularly acquisitions of portfolios of properties, into existing operations; (i) market conditions may result in higher than expected vacancy rates and lower than expected rental rates; and (j) the REIT may acquire properties without any recourse, or with only limited recourse, for liabilities, whether known or unknown, such as clean-up of environmental contamination, claims by tenants, vendors or other persons against the former owners of the properties and claims for indemnification by general partners, directors, officers and others indemnified by the former owners of the properties.

If the REIT cannot complete property acquisitions on favourable terms, or operate acquired properties to meet the REIT's goals or expectations, the REIT's business, financial condition, results of operations and cash flow, the per Unit trading price and the REIT's ability to satisfy debt service obligations and to make distributions to the Unitholders could be materially and adversely affected.

Limits on Activities

In order to maintain its status as a "mutual fund trust" under the Tax Act, the REIT cannot carry on most active business activities and is limited in the types of investments it can make. The Declaration of Trust contains restrictions to this effect.

Reliance on the Partnership

The REIT is dependent for a certain portion of NOI on the business of the Partnership. The cash distributions to Unitholders are dependent on the ability of the Partnership to pay distributions in respect of the units of the Partnership. The ability of the Partnership to pay distributions or make other payments or advances to the REIT may be subject to contractual restrictions contained in any instruments governing the indebtedness of the Partnership. The ability of the Partnership to pay distributions or make other payments or advances is also dependent on the ability of its subsidiaries to pay distributions or make other payments or advances to the Partnership.

General Litigation Risks

In the normal course of the REIT's operations, whether directly or indirectly, it may become involved in, named as a part to or the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions relation to personal injuries, property damage, property taxes, land rights, the environment and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined in a manner adverse to the REIT and as a result, could have a material adverse effect of the REIT's assets, liabilities, business, financial condition and results of operations. Even if the REIT prevails in any such legal proceedings, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from the REIT's business operations, which could have a material adverse effect on the REIT's business, cash flow, financial condition and results of operations and ability to make distributions to Unitholders. This risk may be heightened for the REIT as compared to other Canadian real estate investment trusts without properties located in the U.S. because the legal climate in the U.S., in comparison to that in Canada, tend to give rise to a greater number of claims and larger damages awards.

Reliance on Key Personnel

The management and governance of the REIT depends on the services of certain key personnel, including certain executive officers and the Trustees. The loss of the services of any key personnel and the inability of the REIT to attract and retain qualified and experienced personnel could have an adverse effect on the REIT and adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution.

Risks Relating to the Nature of the REIT's Business

As outlined above, investing in real estate will expose the REIT to a high degree of risk. The ultimate performance of the REIT's portfolio will be subject to the varying degrees of risk generally incident to the ownership and management of interests in, or related to, real property. The ultimate value of the REIT's portfolio depends upon the REIT's ability to identify, acquire, develop and dispose of properties in a profitable manner. Revenues may be adversely affected by changes in national or international economic conditions; changes in local market conditions due to changes in general or local economic conditions and neighbourhood characteristics; the financial condition of tenants, buyers and sellers of properties; competition from prospective buyers for, and sellers of, other similar properties; changes in interest rates and in the availability, cost and terms of financing; the impact of present or future environmental legislation and compliance with environmental laws; changes in tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; civil unrest; acts of God, including earthquakes, hurricanes and other natural disasters; acts of war; acts of terrorism (any of which may result in uninsured losses); adverse changes in zoning laws; and other factors that are beyond the control of the REIT. The REIT's operating results will also be dependent upon the availability of, as well as Welsh's ability to identify, consummate, manage and realize, attractive real estate investment opportunities. It may take considerable time for the REIT to identify and consummate appropriate investments. No assurance can be given that the REIT will be successful in identifying and consummating investments which satisfy the REIT's rate of return objective or that such investments, once consummated, will perform as expected.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk consists of interest rate risk, currency risk and other market price risk. There is interest rate risk associated with the Initial Properties' fixed rate mortgages payable due to the expected requirement to refinance such mortgages payable in the year of maturity. In order to manage exposure to interest rate risk, the Initial Properties endeavour to manage maturities of fixed rate mortgages payable, and match the nature of the mortgages payable with the cash flow characteristics of the underlying asset. In some cases, interest rate swaps are entered into to alter the Initial Properties' exposure to the impact of changing interest rates. Currently, the Initial Properties have no exposure to currency or other market price risk.

Restrictive Covenants in Existing Loan Agreements

The REIT and the Partnership are subject to certain restrictions pursuant to the restrictive covenants of their outstanding indebtedness, which may affect distribution and operating policies and the ability to incur additional debt. Loan documents evidencing this existing indebtedness contain, and loan documents entered into in the future will likely contain, certain operating covenants that limit the ability to further mortgage the property or discontinue insurance coverage. In addition, these agreements contain, and future agreements likely will contain, financial covenants, including certain coverage ratios and limitations on the ability to incur secured and unsecured debt, make distributions, sell all or substantially all assets, and engage in mergers and consolidations and certain acquisitions. Covenants under existing indebtedness do, and under any future indebtedness likely will, restrict the ability to pursue certain business initiatives or certain acquisition transactions. In addition, failure to meet any of these covenants, including the financial coverage ratios, could cause an event of default under or accelerate some or all of the REIT's indebtedness, which would have a material adverse effect on the REIT.

Availability of Off-market Deal Flow

A key component of the REIT's growth strategy is to acquire additional industrial real estate assets before they are widely marketed by real estate brokers, or "off-market." Properties that are acquired off-market are typically more attractive to the REIT as a purchaser because of the absence of a formal marketing process, which could lead to higher prices. If the REIT cannot obtain off-market deal flow in the future, its ability to locate and acquire additional properties at attractive prices could be materially and adversely affected.

Litigation at the Property Level

The acquisition, ownership and disposition of real property carries certain specific litigation risks. Litigation may be commenced with respect to a property acquired by the REIT or its Subsidiaries in relation to activities that took place prior to the REIT's acquisition of such property. In addition, at the time of disposition of an individual property, a potential buyer may claim that it should have been afforded the opportunity to purchase the asset or alternatively that such buyer should be awarded due diligence expenses incurred or damages for misrepresentation relating to disclosures made, if such buyer is passed over in favour of another as part of the REIT's efforts to maximize sale proceeds. Similarly, successful buyers may later sue the REIT under various damage theories, including those sounding in tort, for losses associated with latent defects or other problems not uncovered in due diligence.

Asset Class Diversification

The REIT's investments will not be widely diversified by asset class. Substantially all of the REIT's investments will be in industrial real estate. A lack of asset class diversification increases risk because industrial real estate is subject to its own set of risks, such as vacancies, rising operating costs and changes in mortgage rates.

Control Over Investments

In certain situations, the REIT may, directly or indirectly, invest in a joint venture arrangement, thereby acquiring a non-controlling interest in certain investments. Although the REIT may not have control over these investments and therefore, may have a limited ability to protect its position therein, such joint venture arrangements will contain terms and conditions which, in the opinion of the Independent Trustees, are commercially reasonable, including without limitation such terms and conditions relating to restrictions on the transfer, acquisition and sale of the REIT's and any joint venturer's interest in the joint venture arrangement, provisions to provide liquidity to the REIT, provisions to limit the liability of the REIT and its Unitholders to third parties and provisions to provide for the participation of the REIT in the management of the joint venture arrangements. Nevertheless, such investments may involve risks not present in investments where a third-party is not involved, including the possibility that a co-venturer may have financial difficulties resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with those of the REIT (including relating to the sale of properties held in the joint venture or the timing of the termination and liquidation of such joint venture) or may be in a position to take action contrary to the REIT's investment objectives. The REIT also may, in certain circumstances, be liable for the actions of its third-party co-venturers.

Property Redevelopment and Renovations

Property redevelopment or major renovation work are subject to a number of risks, including: (i) the potential that the REIT may fail to recover expenses already incurred if it abandons redevelopment opportunities after commencing to explore them; (ii) the potential that the REIT may expend funds on and devote management time to projects which it does not complete; (iii) construction or redevelopment costs of a project may exceed original estimates, possibly making the project less profitable than originally estimated, or unprofitable; (iv) the time required to complete the construction or redevelopment of a project or to lease up the completed project may be greater than originally anticipated, thereby adversely affecting the REIT's cash flow and liquidity; (v) the cost and timely completion of construction (including risks beyond the REIT's control, such as weather, labour conditions or material shortages); (vi) contractor and subcontractor disputes, strikes, labour disputes or supply disruptions; (vii) the failure to achieve expected occupancy and/or rent levels within the projected time frame, if at all; (viii) delays with respect to obtaining, or the inability to obtain, necessary zoning, occupancy, land use and other governmental permits, and changes in zoning and land use laws; (ix) occupancy rates and rents of a completed project may not be sufficient to make the project profitable; (x) the REIT's ability to dispose of properties redeveloped with the intent to sell could be impacted by the ability of prospective buyers to obtain financing given the current state of the credit markets; and (xi) the availability and pricing of financing to fund the REIT's development activities on favourable terms or at all.

The above risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent the initiation of redevelopment activities or the completion of redevelopment activities once undertaken. In addition, redevelopment projects entail risks that investments may not perform in accordance with expectations and can carry an increased risk of litigation (and its attendant risks) with contractors, subcontractors, suppliers, partners and others. Any of these risks could have an adverse effect on the REIT's financial condition, results of operations, cash flow, per Unit trading price of the Units, distributions to Unitholders and ability to satisfy the REIT's principal and interest obligations. Also, the REIT may be required to execute guarantees in connection with construction financing for redevelopments which would subject the REIT to recourse for construction completion risks and repayment of the construction indebtedness.

New Markets

If the opportunity arises, the REIT may explore acquisitions of properties in new markets. Each of the risks applicable to the REIT's ability to acquire and successfully integrate and operate properties in its current markets is also applicable to its ability to acquire and successfully integrate and operate properties in new markets. In addition to these risks, the REIT may not possess the same level of familiarity with the dynamics and market conditions of any new markets, which could adversely affect its ability to expand into or operate in those markets. The REIT may be unable to achieve a desired return on its investments in new markets. If the REIT is unsuccessful in expanding into new markets, it could adversely affect its business, financial condition, results of operations and cash flow, the per Unit trading price and ability to satisfy debt service obligations and to make distributions to Unitholders.

Property Development

The REIT may engage in development and redevelopment activities with respect to certain properties. If it does so, it will be subject to certain risks, including, without limitation: (a) the availability and pricing of financing on satisfactory terms or at all; (b) the availability and timely receipt of zoning and other regulatory approvals; (c) the cost and timely completion of construction (including unanticipated risks beyond the REIT's control, such as weather or labour conditions, material shortages and construction overruns); and (d) the ability to achieve an acceptable level of occupancy upon completion.

Change in Property Taxes

The REIT will be required to pay state and local taxes on its properties. The real property taxes on the properties may increase as property tax rates change or as the REIT's properties are assessed or reassessed by taxing authorities. In particular, the portfolio of properties may be reassessed as a result of the Offering and the Acquisition. In addition, certain of the Initial Properties currently benefit from tax abatement arrangements pursuant to which tax rates are effectively lowered for specified periods of time. The Initial Properties currently subject to these tax abatement arrangements are: (i) 8 Mount Moriah Drive (tax abatement expires in 2015); (ii) 2401-2430 Midpoint Drive (tax abatement expires in 2016); (iii) 2440-2450 Midpoint Drive (tax abatement expires in 2017); and (iv) 600 Hartman Industrial Court (tax abatement expires in 2017). Upon expiry of these tax abatement arrangements, property taxes will be assessed at usual rates. Property taxes are typically passed through to the tenant; however, the amount of property taxes, if any, the REIT pays directly may in the future differ substantially from what has been paid in the past. If the property taxes paid directly by the REIT increase, the REIT's ability to pay expected distributions to the Unitholders could be materially and adversely affected.

Potential Conflicts of Interest

The Trustees will, from time to time, in their individual capacities, deal with parties with whom the REIT may be dealing, or may be seeking investments similar to those desired by the REIT. The interest of these persons could conflict with those of the REIT. The Declaration of Trust contains conflict of interest provisions requiring the Trustees to disclose their interests in certain contracts and transactions and to refrain from voting on those matters. In addition, certain decisions regarding matters that may give rise to a conflict of interest must be made by a majority of the Independent Trustees only. See "Governance of the REIT — Conflicts of Interest".

Conflicts may also exist due to the fact that (i) certain Trustees of the REIT will be affiliated with Welsh; (ii) the REIT and Welsh will enter into certain arrangements; (iii) Welsh and its affiliates are engaged in a wide variety of real estate activities; and (iv) the REIT may become involved in transactions that conflict with the interests of the foregoing. See "Arrangements with Welsh" and "— Risks Related to the REIT's Relationship with Welsh" (below).

Indirect Ownership of Units by Welsh

At the time of Closing, it is expected that Welsh will hold an approximate 52.1% effective interest in the REIT through ownership of Class B Units (assuming all Class B Units are redeemed for Units) (or an approximate 48.6% effective interest in the REIT if the Over-Allotment Option is exercised in full). In addition, the Declaration of Trust will grant Welsh the right to nominate a certain number of Trustees to the Board of Trustees depending on the size of the Board of Trustees and the Retained Interest. See "Retained Interest" and "Governance of the REIT — Governance and Board of Trustees". For so long as the Retained Interest represents a significant effective interest in the REIT, Welsh will have the ability to exercise certain influence with respect to the affairs of the REIT and will have the ability to prevent certain fundamental transactions.

Accordingly, the Units may be less liquid and trade at a relative discount compared to such Units in circumstances where Welsh did not have the ability to influence or determine matters affecting the REIT. Additionally, Welsh's significant effective interest in the REIT and its ability to prevent certain fundamental transactions undertaken by the Partnership for so long as it maintains a certain ownership threshold may discourage transactions involving a change of control of the REIT, including transactions an investor, as a holder of the Units, might otherwise receive a premium for its Units over the then-current market price.

Pursuant to the Partnership Agreement, each Class B Unit will be redeemable by the holder thereof for cash or one Unit of the REIT, as determined by the general partner of the Partnership in its sole discretion (subject to customary anti-dilution adjustments). Subject to compliance with applicable securities laws, Welsh may sell some or all of its Units and/or Units issuable on redemption of its Class B Units in the future. No prediction can be made as to the effect, if any, such future sale of Units will have on the market price of the Units prevailing from time to time. However, the future sale of a substantial number of Units by Welsh, or the perception that such sale could occur, could adversely affect prevailing market prices for the Units.

Any Uninsured Losses or High Insurance Premiums will Reduce Net Income and the Amount of Cash Distributions to Unitholders

The REIT will attempt to obtain adequate insurance to cover significant areas of risk to it as an entity and to its properties. However, there are types of losses at the property level, generally catastrophic in nature, such as losses due to wars, acts of terrorism, earthquakes, floods, hurricanes, pollution or environmental matters, which are uninsurable or not economically insurable, or may be insured subject to limitations, such as large deductibles or co-payments. The REIT may not have adequate coverage for such losses. If any of the REIT's properties incurs a casualty loss that is not fully insured, the value of the REIT's assets will be reduced by any such uninsured loss. In addition, other than any working capital reserve or other reserves the REIT may establish, it has no source of funding to repair or reconstruct any uninsured damaged property. Further, to the extent the REIT must pay unexpectedly large amounts for insurance, it could suffer reduced earnings that would result in lower distributions to Unitholders.

Degree of Leverage

The REIT's degree of leverage could have important consequences to Unitholders. For example, the degree of leverage could affect the REIT's ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, development or other general trust purposes, making the REIT more vulnerable to a downturn in business or the economy in general. Under the Declaration of Trust, the maximum the REIT can leverage is 60% of its Gross Book Value (or 65% of its Gross Book Value including convertible debentures).

Limitations on Sale

The REIT may be required to expend funds to correct defects or to make improvements before a property can be sold. No assurance can be given that the REIT will have funds available to correct such defects or to make such improvements. In acquiring a property, the REIT may agree to lock-out provisions that materially restrict it from selling that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed or repaid on that property. These lock-out provisions would restrict the REIT's ability to sell a property. These factors and any others that would impede the REIT's ability to respond to adverse changes in the performance of its properties could significantly affect the REIT's financial condition and operating results and decrease the amount of cash available for distribution.

Investments in Debt Instruments

The REIT may hold direct or indirect investments in mortgages and mortgage bonds (including participating or convertible mortgages). Adverse changes to the financial condition of a mortgagor with respect to a mortgage held directly or indirectly by the REIT could have an adverse impact on the REIT's ability to collect principal and interest payments from such mortgagor and therefore, cause a reduction in the REIT's ability to make distributions to Unitholders and in the value of that investment.

Based upon applicable laws governing the REIT's investment in debt instruments and the loans underlying the REIT's debt securities, the REIT's investments in debt may also be adversely affected by: (i) the operation of applicable laws regarding the ability to foreclose mortgage loans or to exercise other creditors' rights provided in the underlying loan documents; (ii) lender liability with respect to the negotiation, administration, collection or foreclosure of mortgage loans; (iii) penalties for violations of applicable usury limitations; and (iv) the impact of bankruptcy or insolvency laws.

Further, the REIT will not know whether the values of the properties securing the mortgage loans will remain at the levels existing on the dates of origination of those mortgage loans. If the values of the underlying properties fall, the risk to the REIT will increase because of the lower value of the security associated with such loans.

Land Leases

To the extent that the properties in which the REIT has or will have an interest are located on leased land, the land leases may be subject to periodic rate resets which may fluctuate and may result in significant rental rate adjustments which could adversely impact the REIT's financial condition and operating results and decrease the amount of cash available for distribution.

Specific Lease Considerations

Some of the leases in the Initial Properties are leased on a base year or semi-gross basis or otherwise have caps on operating costs and/or tax recoveries. As a result, the REIT will bear the economic cost of increases in certain of the operating costs and/or property taxes in such cases to the extent it is not able to fully recover increases in operating costs and property taxes from these tenants which increases would likely adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution to Unitholders.

Less Marketable Properties

Less marketable properties may be more difficult to value due to the unavailability of reliable market quotations. The sale of less marketable properties may require more time and result in lower prices, due to higher brokerage charges or dealer discounts and other selling expenses, than the sale of more marketable properties. In addition, the marketability of the portfolio will be dependent on numerous other factors, including interest rates, competition from other industrial properties and general economic conditions. There can be no assurance that the REIT will be able to sell one or more of the properties in the portfolio at the time that it may be in the best interests of the REIT to sell.

Lease Renewals and Rental Increases

The expiry of leases for the REIT's properties will occur from time to time over the short and long-term. No assurance can be provided that the REIT will be able to renew any or all of the leases upon their expiration or that rental rate increases will occur or be achieved upon any such renewals. The failure to renew leases or achieve rental rate increases may adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution.

International Financial Reporting Standards

In February 2008, the Accounting Standards Board of Canada confirmed its decision to require that all publicly accountable enterprises report under IFRS for interim and annual financial statements. The REIT is required to report under IFRS. There are ongoing projects conducted by the International Accounting Standards Board, and joint projects with the Financial Accounting Standards Board in the U.S. that are expected to result in new pronouncements that continue to evolve, which could adversely impact the manner in which the REIT reports its financial position and operating results.

Laws Benefitting Disabled Persons

Laws benefiting disabled persons may result in unanticipated expenses being incurred by the REIT. Under the Americans with *Disabilities Act of 1990* (the "**ADA**"), all places intended to be used by the public are required to meet certain federal requirements related to access and use by disabled persons. For those projects receiving federal funds, the *Rehabilitation Act of 1973* (the "**RA**") also has requirements regarding disabled access. These and other federal, state and local laws may require modifications to the REIT's properties, or affect renovations of the properties. Non-compliance with these laws could result in the imposition of fines or an award of damages to private litigants and also could result in an order to correct any non-complying feature, which could result in substantial capital expenditures. Although the REIT believes that the Initial Properties are substantially in compliance with the present requirements, the REIT may incur unanticipated expenses to comply with the ADA, the RA and other federal, state and local laws in connection with the ongoing operation or redevelopment of the REIT's properties.

Restrictions on Activities

Several of the REIT's constating documents and material contracts (including, without limitation, the Declaration of Trust, the Partnership Agreement and the operating agreement for US Holdco) will contain restrictions that limit the activities of the REIT and its Subsidiaries to ensure the REIT complies with certain provisions of the Tax Act and Code. See "Declaration of Trust", "The Partnership", "Certain Canadian Federal Income Tax Considerations", "Certain U.S. Federal Income Tax Considerations" and "Risk Factors — Tax Related Risks". Compliance with these restrictions may limit the flexibility of the REIT in terms of the nature and scope of its investments and activities and thereby may adversely affect the REIT's economic performance, including its ability to grow.

Geographic Concentration

The Initial Properties are located in the U.S., in the states of Florida, Georgia, Illinois, Indiana, Kansas, Kentucky, Michigan, Minnesota, North Carolina, Ohio, South Carolina and Wisconsin. Currently, approximately 16% of forecasted NOI for the 12-month period ending March 31, 2014, are located in each of Ohio and Indiana. As a result, the REIT's performance is sensitive to economic condition and regulatory changes in Ohio and Indiana. Adverse changes in the economic condition or regulatory environment of Ohio and Indiana may have a material adverse effect on the REIT's business, cash flow, financial condition and results of operations and ability to make distributions to Unitholders.

Tax-Related Risks

Canadian Tax Risks

(a) *Residency of the REIT for Canadian and US Tax Purposes* — The REIT is resident in Canada for purposes of the Tax Act and is treated as a domestic corporation in the U.S. under the Code. As a result, the REIT is generally taxable on its worldwide income in both Canada and the U.S. However, in both jurisdictions, the REIT generally will not be subject to tax on the portion of its income that it distributes to Unitholders (subject to certain limitations and exceptions). Management of the REIT is of the view that the status of the REIT as taxable in both Canada and the U.S. is not likely to give rise to any material adverse consequences in the future as it is not anticipated that the REIT will be subject to material federal income tax in either Canada or the U.S. Nevertheless, the REIT's status as taxable on its worldwide income in both Canada and the U.S. could, in certain circumstances, have a material adverse effect on the REIT and the Unitholders. As a result of the REIT being resident in both Canada and the U.S., withholding taxes of both Canada and the U.S. will be relevant to distributions by the REIT and could result in double taxation to certain investors and other consequences. Accordingly, potential investors should carefully review both the "Certain Canadian Federal Income Tax Considerations" and the "Certain U.S. Federal Income Tax Consequences" sections.

(b) *Mutual Fund Trust Status* — The REIT intends to continue to qualify as a "unit trust" and a "mutual fund trust" for purposes of the Tax Act. There can be no assurance that Canadian federal income tax laws and the administrative policies and practices of the CRA respecting the treatment of mutual fund trusts will not be changed in a manner that adversely affects the Unitholders. Should the REIT cease to qualify as a mutual fund trust under the Tax Act, the income tax considerations described under the heading "Certain Canadian Federal Income Tax Considerations" could be materially and adversely different in certain respects.

(c) *Application of the SIFT Rules* — The SIFT rules will apply to a trust that is a SIFT trust. The REIT will not be considered to be a SIFT trust in respect of a particular taxation year and, accordingly, will not be subject to the SIFT Rules in that year, if it does not own any non-portfolio property and does not carry on business in Canada in that year. Management has advised counsel that the REIT has not and does not currently intend to own any non-portfolio property nor carry on a business in Canada.

In the event that the SIFT Rules apply to the REIT, the impact to Unitholders will depend on the status of the holder and, in part, on the amount of income distributed which would not be deductible by the REIT in computing its income in a particular year and what portions of the REIT's distributions constitute "non-portfolio earnings", other income and returns of capital. The likely effect of the SIFT Rules on the market for Units, and on the REIT's ability to finance future acquisitions through the issue of Units or other securities is uncertain. If the SIFT Rules apply to the REIT, they may adversely affect the marketability of the Units, the amount of cash available for distribution and the after-tax return to investors.

(d) *Foreign Tax Credits* — The after-tax return from an investment in Units to a Unitholder resident in Canada for the purposes of the Tax Act will depend in part on the Unitholder's ability to recognize for purposes of the Tax Act US taxes paid by the Unitholder through foreign tax credits or foreign tax deductions under the Tax Act (See "Certain Canadian Federal Income Tax Considerations"). A Unitholder's ability to recognize US taxes through foreign tax credits or foreign tax deductions may be affected where the Unitholder does not have sufficient taxes otherwise payable under Part I of the Tax Act or sufficient US source income in the taxation year the US taxes are paid or where the Unitholder has other US sources of income or losses, has paid other US taxes or, in certain circumstances, has not filed a U.S. federal income tax return. Furthermore, foreign tax credits or foreign tax deductions will be dependent upon the Canadian federal and provincial tax rates and US tax rates that will prevail in future years to apply to applicable sources of income. Unitholders are therefore advised to consult their own tax advisors in regards to foreign tax credits and foreign tax deductions.

A Unitholder that is an Exempt Plan will not be entitled to a foreign tax credit or deduction under the Tax Act in respect of any US tax paid by the Exempt Plan (including any US withholding tax imposed on distributions paid to the Exempt Plan). As a result, the after-tax return from an investment in Units to a Unitholder that is an Exempt Plan may be adversely affected. Such Unitholders should carefully review the "Certain U.S. Federal Income Tax Considerations" section, and consult with their own tax advisors in regards to US tax payable in respect of an investment in Units.

If (i) a Unitholder holds, or has held, actually or constructively, more than 5% of the outstanding Units, as determined for U.S. federal income tax purposes, or (ii) the TSX Publicly Traded Exception or the U.S. Publicly Traded Exception are not satisfied, a Unitholder may be subject to additional U.S. tax on a disposition of the Units and on certain distributions by the REIT. The proceeds receivable on a disposition of a Unit may not qualify as U.S. source income for purposes of the Tax Act (including for Canadian foreign tax credit purposes), and beneficiaries of certain Unitholders that are trusts may not be considered to have paid such tax for purposes of the Tax Act and, accordingly, may not be entitled to a foreign tax credit in respect of such U.S. tax for Canadian tax purposes.

(e) *FAPI* — FAPI earned by US Holdco, as well as US Holdco's allocable share of any FAPI earned by controlled foreign affiliates of the Partnership (or any subsidiary partnerships thereof) must be included in computing the income of the REIT for the fiscal year of the REIT in which the taxation year of US Holdco ends, subject to a deduction for grossed-up "foreign accrual tax" as computed in accordance with the Tax Act. It is not anticipated that the deduction for grossed-up "foreign accrual tax" will materially offset FAPI realized by the REIT, and accordingly any FAPI realized generally will increase the allocation of income by the REIT to Unitholders. In addition, as FAPI generally must be computed in accordance with Part I of the Tax Act as though the controlled foreign affiliate were a resident of Canada (subject to the detailed rules contained in the Tax Act), income or transactions may be taxed differently under foreign tax rules as compared to the FAPI rules and, accordingly, may result in additional income being allocated to Unitholders. For example, certain transactions that do not give rise to taxable income under the Code may still give rise to FAPI for purposes of the Tax Act.

(f) *Non-Residents of Canada* — The Tax Act may impose additional withholding or other taxes on distributions made by the REIT to Unitholders who are non-residents of Canada for the purposes of the Tax Act. These taxes and any reduction thereof under a tax treaty between Canada and another country may change from time to time. In addition, this Prospectus does not describe the tax consequences under the Tax Act to non-residents of Canada, which may be more adverse than the consequences to other Unitholders. Further, because the REIT is both resident in Canada for purposes of the Tax Act and treated as a domestic corporation in the U.S. under the Code, withholding taxes of both Canada and the U.S. will be relevant to Unitholders who are both non-residents of Canada and Non-U.S. Holders and could, in certain circumstances, result in both Canadian and US withholding tax applying to certain distributions to certain investors and other consequences. Prospective purchasers who are non-residents of Canada should consult their own tax advisors.

(g) *Foreign Currency* — For purposes of the Tax Act, the REIT generally is required to compute its Canadian tax results, including any FAPI earned, using Canadian currency. Where an amount that is relevant in computing a taxpayer's Canadian tax results is expressed in a currency other than Canadian currency, such amount must be converted to Canadian currency using the rate of exchange quoted by the Bank of Canada at noon on the day such amount first arose, or using such other rate of exchange as is acceptable to the CRA. As a result, the REIT may realize gains and losses for tax purposes and FAPI by virtue of the fluctuation of the value of foreign currencies relative to Canadian dollars.

(h) *Changes in Law* — There can be no assurance that Canadian federal income tax laws, the judicial interpretation thereof, the terms of the Treaty, or the administrative practices and policies of the CRA and the Department of Finance (Canada) will not be changed in a manner that adversely affects the REIT or Unitholders. Any such change could increase the amount of tax payable by the REIT or its affiliates or could otherwise adversely affect Unitholders by reducing the amount available to pay distributions or changing the tax treatment applicable to Unitholders in respect of such distributions.

U.S. Tax Risks

(a) *Operating Partnership* — All of the operations and assets of the REIT will be held through the Partnership. For so long as the Partnership is treated as a partnership for U.S. federal income tax purposes, the REIT will be treated as owning its proportionate share of the assets and income of the Partnership for the purposes of the REIT asset and income tests. An entity that would otherwise be treated as a partnership for U.S. federal income tax purposes may nonetheless be treated as a corporation for U.S. federal income tax purposes if it is a "publicly traded partnership" and certain other requirements are met. A partnership would be treated as a publicly traded partnership if its interests were traded on an established securities market or were readily tradable on a secondary market or a substantial equivalent thereof, within the meaning of applicable Treasury Regulations. The Partnership Agreement contains provisions intended to ensure that the Partnership is not considered a "publicly traded partnership." Accordingly, management does not anticipate that the Partnership will be treated as a publicly traded partnership that is taxable as a corporation. However, if the Partnership were classified as a "publicly traded partnership", the Partnership would be treated as a corporation rather than as a partnership for U.S. federal income tax purposes. In such case, the REIT would not be treated as owning its proportionate share of the assets and income of the Partnership for the purposes of the REIT asset and income test requirements (and, instead, would be treated as owning the stock of a corporation). This could cause the REIT to fail to qualify as a REIT. In addition, the income of the Partnership would become subject to U.S. federal corporate income tax.

The Partnership Agreement provides for the creation and issuance of Class B Units, which will be issued to Welsh as part of the consideration for its ownership interests in the Initial Properties. The Class B Units will, in all material respects, be economically equivalent to the Units on a per unit basis. However, for U.S. federal income tax consequences, the built-in gain in the Initial Properties would be allocated to Welsh upon a taxable sale of the Initial Properties. In addition, a reduction of Partnership liabilities could result in U.S. federal income tax consequences to Welsh. This may create a conflict of interest in that Welsh may take into account its own U.S. federal tax consequences in assessing the desirability of a proposed sale or refinancing transaction.

(b) *Qualification as a Real Estate Investment Trust* — The REIT intends to operate in a manner that will allow it to qualify as a real estate investment trust for U.S. federal income tax purposes. Although the REIT does not intend to request a ruling from the IRS, as to its real estate investment trust qualification, it expects to receive an opinion of Shearman & Sterling LLP with respect to its qualification as a real estate investment trust in connection with the offering of its Units. Investors should be aware, however, that opinions of counsel are not binding on the IRS or any court. The opinion of Shearman & Sterling LLP will be based on Shearman & Sterling LLP's review and analysis of existing law and on certain representations as to factual matters made by the REIT, including representations relating to its assets and the sources of its income and its proposed method of operation. The opinion will be expressed as of the date issued and will not cover subsequent periods. Shearman & Sterling LLP will have no obligation to advise the REIT or the holders of its Units of any subsequent change in the matters stated, represented or assumed, or of any subsequent change in applicable law. Furthermore, both the validity of the opinion of Shearman & Sterling LLP, and the REIT's qualification as a real estate investment trust, will depend on the REIT's satisfaction of certain asset, income, organizational, distribution, Unitholder ownership and other requirements on a continuing basis, the results of which will not be monitored by Shearman & Sterling LLP. Accordingly, given the complex nature of the rules governing real estate investment trusts, the ongoing importance of factual determinations, including the potential tax treatment of investments the REIT makes, and the possibility of future changes in the REIT's circumstances, no assurance can be given that the REIT's actual results of operations for any particular taxable year will satisfy such requirements. Moreover, no assurance can be given that legislation, new regulations, administrative interpretations or court decisions will not change the tax laws with respect to qualification as a real estate investment trust or the U.S. federal income tax consequences of that qualification.

If the REIT fails to qualify as a real estate investment trust in any calendar year, it would be required to pay U.S. federal income tax (and any applicable state and local tax), including any applicable

alternative minimum tax, on its taxable income at regular corporate rates, and dividends paid to the Unitholders would not be deductible by the REIT in computing its taxable income and would be taxable to the Unitholders under the rules generally applicable to corporate distributions. A loss of real estate investment trust status would reduce the net earnings available for investment or distribution to Unitholders because of the additional tax liability which in turn could have an adverse impact on the value of the Units. Unless its failure to qualify as a real estate investment trust was subject to relief under U.S. federal tax laws, the REIT could not re-elect to qualify as a real estate investment trust until the fifth calendar year following the year in which it failed to qualify.

(c) *Annual Distribution Requirement* — To qualify as a real estate investment trust for U.S. federal income tax purposes, the REIT generally must distribute annually to its Unitholders a minimum of 90% of its net taxable income, determined without regard to the dividends-paid deduction and excluding net capital gains. The REIT will be subject to regular corporate income taxes on any undistributed real estate investment trust taxable income each year. Additionally, it will be subject to a 4% non-deductible excise tax on any amount by which distributions paid by the REIT in any calendar year are less than the sum of 85% of its ordinary income, 95% of its capital gain net income and 100% of its undistributed income from previous years. Payments the REIT makes to its Unitholders under Unitholders' rights of redemption will not be taken into account for purposes of these distribution requirements. Compliance with the real estate investment trust distribution requirements may hinder the REIT's ability to grow, which could adversely affect the value of its Units. Furthermore, the REIT may find it difficult or impossible to meet distribution requirements in certain circumstances. The requirement to distribute most of its taxable income could cause the REIT to: (i) sell assets in adverse market conditions, (ii) borrow on unfavourable terms, (iii) distribute amounts that would otherwise be used to make future acquisitions or capital expenditures or (iv) make a taxable distribution of its Units as part of a distribution in which Unitholders may elect to receive Units or cash, in order to comply with real estate investment trust requirements. These alternatives could adversely affect the REIT's economic performance.

(d) *Impact of Real Estate Investment Trust Compliance on Performance* — To qualify as a real estate investment trust for U.S. federal income tax purposes, the REIT must continually satisfy tests concerning, among other things, the sources of its income, the nature and diversification of its assets, the amounts that it distributes to the Unitholders and the ownership of the Units. The REIT may be required to make distributions to Unitholders at disadvantageous times or when it does not have funds readily available for distribution, and may be unable to pursue investments that would be otherwise advantageous to it in order to satisfy the source-of-income or asset-diversification requirements for qualifying as a real estate investment trust. Thus, compliance with the real estate investment trust requirements may hinder the REIT's ability to operate solely on the basis of maximizing profits.

Additionally, the REIT must ensure that at the end of each calendar quarter, at least 75% of the value of its assets consists of cash, cash items, government securities and real estate assets (as defined in the Code), including certain mortgage loans and certain kinds of mortgage-backed securities. The remainder of the REIT's investment in securities (other than government securities and qualified real estate assets) generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer. In addition, in general, no more than 5% of the value of the REIT's assets (other than government securities and qualified real estate assets) can consist of the securities of any one issuer (other than a taxable REIT subsidiary), and no more than 25% of the value of its total assets can be represented by securities of one or more taxable REIT subsidiaries. If the REIT fails to comply with these requirements at the end of any calendar quarter, it must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing its real estate investment trust qualification and suffering adverse tax consequences.

(e) *Ownership Limitations* — In order for the REIT to qualify as a real estate investment trust for each taxable year under the Code, no more than 50% in value of its outstanding Units may be owned, directly or indirectly, by five or fewer individuals during the last half of any calendar year. "Individuals" for this purpose include natural persons, private foundations, some employee benefit plans and trusts,

and some charitable trusts. In order to assist the REIT in qualifying as a real estate investment trust, ownership of its Units by any person is generally limited to 9.8% in value or number of Units, whichever is more restrictive, of any class or series of Units. These ownership limitations could have the effect of discouraging a takeover or other transaction in which holders of the Units might receive a premium for their Units over the then-prevailing market price or which holders might believe to be otherwise in their best interests.

(f) *Other Taxes* — Even if the REIT qualifies and maintains its status as a real estate investment trust, it may be subject to U.S. federal and state income taxes. The REIT may not be able to make sufficient distributions to avoid excise taxes applicable to real estate investment trusts. The REIT may also decide to retain income it earns from the sale or other disposition of its real estate assets and pay income tax directly on such income. In that event, the Unitholders would be treated as if they earned that income and paid the tax on it directly. The REIT may also be subject to state and local taxes on its income or property, either directly or at the level of the entities through which it indirectly owns its assets. Any U.S. federal or state taxes the REIT pays will reduce its cash available for distribution to the Unitholders.

In addition, in order to meet the real estate investment trust qualification requirements or to avert the imposition of the prohibited transactions tax discussed below, the REIT may hold some of its assets or conduct activities through subsidiary corporations (taxable REIT subsidiaries) that will be subject to corporate-level income tax at regular rates. If the REIT lends money to a taxable REIT subsidiary, the taxable REIT subsidiary may be unable to deduct all or a portion of the interest paid to the REIT, which could result in an even higher corporate level tax liability. Furthermore, the Code imposes a 100% tax on certain transactions between a taxable REIT subsidiary and its parent real estate investment trust that are not conducted on an arm's-length basis. The REIT will structure transactions with any taxable REIT subsidiary on terms that it believes are arm's length to avoid incurring the 100% excise tax described above, but there can be no assurances that it will be able to avoid application of the 100% tax.

(g) *Prohibited Transactions Tax* — The REIT's ability to dispose of property during its first few years of operations is restricted to a substantial extent as a result of its real estate investment trust status. Under applicable provisions of the Code regarding prohibited transactions by real estate investment trusts, the REIT will be subject to a 100% tax on any gain realized on the sale or other disposition of any property (other than foreclosure property) that it owns, directly or through any subsidiary entity, including the Partnership, but excluding any taxable REIT subsidiary, that is deemed to be inventory or property held primarily for sale to customers in the ordinary course of trade or business. The REIT intends to avoid the 100% prohibited transaction tax by (1) conducting activities that may otherwise be considered prohibited transactions through a taxable REIT subsidiary, (2) conducting operations in such a manner so that no sale or other disposition of an asset will be treated as a prohibited transaction or (3) structuring certain dispositions of its properties to comply with certain safe harbours available under the Code for properties held at least two years. However, no assurance can be given that any particular property will not be treated as inventory or property held primarily for sale to customers in the ordinary course of a trade or business.

(h) *Changes in Law* — The present U.S. federal income tax treatment of real estate investment trusts may be modified, possibly with retroactive effect, by legislative, judicial or administrative action at any time, which could affect the U.S. federal income tax treatment of an investment in the REIT. The U.S. federal income tax rules relating to real estate investment trusts constantly are under review by persons involved in the legislative process, the IRS and the U.S. Treasury Department, which results in frequent statutory changes and revisions to regulations and interpretations. Revisions in U.S. federal tax laws and interpretations thereof could adversely affect the REIT or cause it to change its investments and commitments and affect the tax considerations of an investment in it.

(i) *FIRPTA* — A non-U.S. person disposing of a U.S. real property interest, including shares of a U.S. corporation whose assets consist principally of U.S. real property interests, is generally subject to a tax, known as FIRPTA, on the gain recognized on the disposition and required to file a U.S. federal

income tax return reporting this disposition. FIRPTA does not apply, however, to the disposition of stock in a real estate investment trust if the shares are considered "regularly traded on an established securities market" and the non-U.S. person does not hold, actually or constructively, more than 5% of the outstanding shares of the REIT at any time during the 5-year period ending on the date of disposition or such shorter period that the shares were held. For purposes of this exception, the TSX is considered an "established securities market" and, as long as 100 or fewer persons do not own 50% or more of the Units, the Units should be treated as regularly traded on the TSX if (a) the Units are traded, other than in *de minimis* quantities, on at least 15 days of the calendar quarter, (b) the aggregate number of Units traded during such calendar quarter is at least 7.5% of the average number of Units outstanding during such calendar quarter (reduced to 2.5% if there are 2,500 or more record Unitholders), and (c) the REIT attaches a statement to its U.S. federal income tax return that provides information relating to it, the Units, and beneficial owners of more than 5% of the Units. However, there can be no assurance that these requirements will be satisfied.

In addition, the Units would be considered "regularly traded on an established securities market" if the Units are regularly quoted by more than one broker or dealer making a market in the Units through an interdealer quotation system in the U.S. The REIT intends for its Units to be traded through an interdealer quotation system in the U.S. in a manner that would be considered "regularly traded on an established securities market" for purposes of this exception.

Investors are cautioned that there can be no assurances that there will be at least two brokers or dealers regularly quoting the Units on the OTC Pink or OTCQX in any particular calendar quarter. In addition, neither the Code, the applicable Treasury regulations, administrative pronouncements nor judicial decisions provide guidance as to the frequency or duration with which the Units must be quoted during a calendar quarter to be "regularly quoted". U.S. counsel to the REIT believes that it is reasonable to interpret this exception to the effect that, so long as the brokers or dealers quote the Units during a calendar quarter, any gain from a sale at any time during the quarter would not be subject to U.S. federal income tax for Non-U.S. Holders that own 5% or less of all or a portion of the outstanding Units during the applicable testing period. Due to the lack of guidance from the IRS, however, investors are cautioned that there can be no assurance the IRS would concur in this interpretation.

However, if neither of these exceptions is satisfied, the sale of Units by a non-U.S. person would be subject to U.S. federal income tax at normal graduated rates with respect to gain recognized and the REIT would be required to withhold at a rate of 10% on distributions in excess of the REIT's current and accumulated earnings and profits. In addition, a purchaser of Units would be required to withhold tax at the rate of 10% of the amount realized from the sale and to report and to remit such tax to the IRS. Furthermore, under FIRPTA, if any non-U.S. person holds, actually or constructively, more than 5% of the outstanding Units, the REIT will be required to withhold 35% (or less to the extent provided in applicable Treasury Regulations) of any distribution to such Unitholder that could be designated by the REIT as a capital gain dividend. Any such withheld amount is creditable against such Unitholder's FIRPTA tax liability.

In order for the REIT to comply with its withholding obligations under FIRPTA, the Units are subject to notice requirements and transfer restrictions. Non-U.S. persons holding Units are required to provide the REIT with such information as the REIT may request. Furthermore, any non-U.S. person that would be treated as having acquired sufficient Units to be treated as owning more than 5% of the Units is required to notify the REIT by the close of the business day prior to the date of the transfer that would cause the non-U.S. person to own more than 5% of the Units. For the purpose of determining whether a non-U.S. person has acquired more than 5% of the Units, rules of constructive ownership apply which can attribute ownership of Units (i) among family members, (ii) to non-U.S. persons from entities that own Units, to the extent that such non-U.S. persons own interests in such entities and (iii) to entities from non-U.S. persons that own interests in such entities. Under these attribution rules, Units of related entities (including related investment funds) may be aggregated to the extent of overlapping ownership. If any non-U.S. person that otherwise would be treated as having acquired sufficient Units to be treated as owning more than 5% of the Units fails to comply with

the notice provisions described above, the excess Units (i.e., the excess of the number of Units they are treated as owning over an amount equal to 5% of the outstanding Units) will be sold, with such non-U.S. persons receiving the lesser of (i) its original purchase price for the excess Units and (ii) the sale price of the excess Units (net of selling expenses). Any such non-U.S. person would also not have any economic entitlement to any distribution by the REIT on an excess Unit, and, if any such distributions are received by the non-U.S. person and are not repaid, the REIT is permitted to withhold from subsequent payments to the non-U.S. person up to the amount of such forfeited distributions. Non-U.S. persons holding Units are strongly advised to monitor their actual and constructive ownership of Units. See "Declaration of Trust — Restrictions on Ownership and Transfer — FIRPTA" for a more detailed discussion of these rules. Notwithstanding that a non-U.S. person may comply with the notice requirements and transfer restrictions described above, the REIT is entitled to withhold on distributions as otherwise required by law, and, to the extent that the REIT has not sufficiently withheld on prior distributions, is entitled to withhold on subsequent distributions.

Risks Related to the REIT's Relationship with Welsh

Reliance on Welsh

The REIT will rely on Welsh's expertise in identifying acquisition opportunities, transaction execution, administrative services and asset management and property management capabilities. The REIT will also rely on Welsh with respect to certain advisory services, including the services of the Chief Executive Officer, Chief Financial Officer, General Counsel and Secretary and the management of its properties. Consequently, the REIT's ability to achieve its investment objectives depends in large part on Welsh and its ability to advise the REIT. This means that the REIT's investments are dependent upon Welsh's business contacts within the U.S. industrial sector, its ability to successfully hire, train, supervise and manage personnel that have strong knowledge of real estate and its ability to operate its business in a manner that supports the REIT. If the REIT were to lose the services provided by Welsh or its key personnel or if Welsh fails to perform its obligations under its agreements with the REIT, the REIT's investments and growth prospects may decline. The REIT may be unable to duplicate the quality and depth of management available to it by becoming a self-managed company or by hiring another asset manager or property manager. Additionally, the Asset Management Agreement and Property Management Agreement provide that, subject to certain exceptions, the REIT will not retain any other person to perform any asset management, property management or administrative services on its behalf, without the consent of Welsh, not to be unreasonably withheld. While the Trustees have oversight responsibility with respect to the services provided by Welsh pursuant to the Asset Management Agreement and the Property Management Agreement, the services provided by Welsh under such agreements will not be performed by employees of the REIT or its subsidiaries, but by Welsh directly, and through entities to which it may subcontract its duties. See "Arrangements with Welsh". As a result, Welsh directly, and through entities to which it may subcontract, will have the ability to influence many matters affecting the REIT and the performance of its properties now and in the foreseeable future. Prospective investors should not purchase any Units unless they are prepared to rely on the Trustees, executive officers and Welsh.

Risks Associated with External Management Arrangements

The Asset Management Agreement and the Property Management Agreement each have an initial term of five years, subject to earlier termination and/or internalization and may be renewed for an additional five-year term upon the approval of a majority of the Independent Trustees. In the event that the Independent Trustees determine not to renew such agreement(s) the REIT shall provide Welsh with at least 12 months written notice or, in lieu of such notice, shall pay Welsh an amount equal to 12 months of fees to be calculated based on the gross fees paid to Welsh under the Asset Management Agreement and/or the Property Management Agreement, as applicable, over the 12 months immediately preceding the end of the initial term of such agreement(s).

At the end of the initial five-year term and the five-year renewal term (if so renewed upon majority approval of the Independent Trustees), there could be circumstances whereby the fees payable to the Manager under the Asset Management Agreement and/or the Property Management Agreement to carry out its duties thereunder are in excess of those expenses that would be incurred by the REIT on an annual basis if management of the REIT was performed by individuals employed directly by the REIT rather than by the Manager under such management agreements but the Asset Management Agreement and/or the Property Management Agreement may not be terminated by the REIT in accordance with the provisions of the agreement. Furthermore, there is a risk that, because of the term and termination provisions of the Asset Management Agreement and/or the Property Management Agreement, the termination of such agreements may be uneconomical for the REIT and accordingly not in the best interest of the REIT.

Accordingly, there can be no assurance that the REIT will continue to have the benefit of Welsh's advisory services, including its executive officers, or that Welsh will continue to be the REIT's asset manager or property manager. If Welsh should cease for whatever reason to provide advisory services or be the asset manager or property manager of the REIT, the REIT may be unable to engage an asset manager and/or property manager on acceptable terms or the cost of obtaining substitute services, whether through an external manager or by internalizing its management, may be greater than the fees the REIT pays Welsh, and this may adversely impact the REIT's ability to meet its objectives and execute its strategy which could materially and adversely affect the REIT's cash flow, operating results and financial condition. Furthermore, at any time, on 180 days' prior written notice following the date on which Welsh ceases to be the asset manager of the REIT, Welsh may terminate the license agreement with the REIT pursuant to which the REIT has the right to the use of the "WPT" name and trademark and related marks and designs. If Welsh terminated the license agreement, the REIT would be required to change its name and this may adversely impact the REIT.

Past Performance is not a Predictor of Future Results

The past performance of Welsh and its affiliates and the performance of the REIT are dependent on future events and are, therefore, inherently uncertain. The track records of Welsh and its affiliates cannot be relied upon to predict future events due to a variety of factors, including, without limitation, varying business strategies, different local and national economic circumstances, different supply and demand characteristics, varying degrees of competition and varying circumstances pertaining to the real estate markets.

Expedited Transactions

Investment analyses by Welsh may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to Welsh at the time of making an investment recommendation may be limited, and Welsh may not have access to detailed information regarding the investment property, such as physical characteristics, environmental matters, zoning regulations or other local conditions that may affect an investment property. In addition, Welsh expects to rely upon independent consultants in connection with its evaluation of proposed investment properties and no assurance can be given as to the accuracy or completeness of the information provided by such independent consultants or to the REIT's right of recourse against them in the event errors or omissions do occur.

Risk Factors Related to the Offering

Indemnities under the Contribution Agreement

The Contribution Agreement includes indemnities by Welsh in favour of the REIT, US Holdco and the Partnership in respect of, among other things, the breach by Welsh of its representations and warranties contained therein. Welsh will guarantee its obligations under the Contribution Agreement with maximum liability up to 35% of the gross proceeds of the Offering (as valued at Closing). As security for such guarantee, Welsh will pledge to the REIT, as security agent for the REIT, US Holdco and the Partnership, for up to 18 months following Closing, the number of Class B Units equivalent in value to 35% of the gross proceeds of the Offering. In addition, the REIT will purchase prospectus liability insurance for $20 million, with $5 million "Side A" coverage for Independent Trustees, for a seven-year term, the beneficiaries of which will be the following persons/entities in accordance with the following priority: (a) individual Trustees and officers of the

REIT; (b) Welsh, as the promoter; and (c) the REIT, subject to certain limits, deductibles and other terms and conditions. There can be no assurance that the REIT will be fully protected in the event of a breach of such representations and warranties or that Welsh will be in a position to satisfy a successful claim by the REIT in the event any such breach occurs. The REIT may not be able to successfully enforce an indemnity contained in the Contribution Agreement against Welsh or such indemnity may not be sufficient to fully indemnify the REIT from third-party claims.

Absence of a Prior Public Market

There is currently no public market for the Units. The Offering Price of the Units offered hereunder was determined by negotiation between the REIT, Welsh and the Underwriters. The REIT cannot predict at what price the Units will trade and there can be no assurance that an active trading market will develop after the Offering or, if developed, that such a market will be sustained at the price level of the Offering.

A publicly traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Accordingly, the Units may trade at a premium or a discount to values implied by the Appraisals.

Potential Volatility of Unit Price

One of the factors that may influence the market price of the Units is the annual yield on the Units. An increase in market interest rates may lead purchasers of Units to demand a higher annual yield, which accordingly could adversely affect the market price of the Units. In addition, the market price of the Units may be affected by numerous factors, many of which are beyond the control of the REIT, including: (i) changes in general market conditions; (ii) fluctuations in the markets for equity securities; (iii) recommendations by securities research analysts; (iv) changes in the economic performance or market valuations of other issuers that investors deem comparable to the REIT; (v) release or expiration of lock-up or other transfer restrictions on outstanding Units; (vi) sales or perceived sales of additional Units; (vii) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the REIT or its competitors; and (viii) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the REIT's industry or target markets.

Restrictions on Redemptions

It is anticipated that the redemption right attached to the Units will not be the primary mechanism by which holders of Units liquidate their investment. The entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the following limitations: (i) the total amount payable by the REIT in respect of such Units and all other Units tendered for redemption in the same calendar month must not exceed US$50,000 (provided that such limitation may be waived at the discretion of the Trustees); (ii) on the date such Units are tendered for redemption, the outstanding Units must be listed for trading on the TSX or traded or quoted on any other stock exchange or market which the Trustees consider, in their sole discretion, provides fair market value prices for the Units; (iii) the normal trading of Units is not suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, on any market on which the Units are quoted for trading) on the Redemption Date for more than five trading days during the 10-day trading period commencing immediately after the Redemption Date; and (iv) the redemption of the Units must not result in the delisting of the Units from the principal stock exchange on which the Units are listed.

Redemption Notes which may be distributed to holders of Units in connection with a redemption will not be listed on any exchange, no market is expected to develop in Redemption Notes and such securities may be subject to an indefinite "hold period" or other resale restrictions under applicable securities laws. Redemption Notes so distributed may not be qualified investments for Exempt Plans, depending upon the circumstances at the time.

Currency Exchange Rate Risk

The Offering Price for Units is denominated in U.S. dollars. The Canadian dollar is not maintained at a fixed exchange rate compared to foreign currencies. Although investors are Canadian residents, an investment in

Units is required to be made in U.S. dollars. Further, the REIT's portfolio will generate cash flow in U.S. dollars and the distributions made on the Units following Closing will be in U.S. dollars. Consequently, income and expense or any ultimate gain on sale will be earned or incurred in U.S. dollars. As a result of fluctuations in the Canada/U.S. dollar exchange rate, the value of an investment in Units and the return on the original investment, when expressed in Canadian dollars, may be greater or less than that determined only with reference to U.S. dollars. Accordingly, investors are subject to currency exchange rate risk.

Appraisals

Welsh retained the Appraiser to provide independent estimates of the fair market value range in respect of the Initial Properties (See "Assessment and Valuation of the Initial Properties — Independent Appraisal"). Caution should be exercised in the evaluation and use of appraisal results, which are estimates of market value at a specific point in time. In general, appraisals represent only the analysis and opinion of qualified experts as of the effective date of such appraisals and are not guarantees of present or future value. There is no assurance that the assumptions employed in determining the appraised values of the Initial Properties are correct as of the date of this prospectus or that such valuations actually reflect an amount that would be realized upon a current or future sale of any of the Initial Properties or that any projections included in the appraisals will be attainable. In addition, the Appraisals have an effective date as of February 15, 2013. As prices in the real estate market fluctuate over time in response to numerous factors, the fair market value of the Initial Properties shown on the Appraisals may be an unreliable indication of their current market value.

A publicly traded real estate investment trust will not necessarily trade at values determined solely by reference to the underlying value of its real estate assets. Accordingly, the Units may trade at a premium or a discount to values implied by the Appraisals.

Financial Forecast

The forecast results contained in this prospectus were prepared using assumptions that reflect management's intended course for the periods covered, given the judgment of management as to the most probable set of economic conditions. There can be no assurance that the assumptions reflected in the forecast will prove to be accurate. Actual results for the forecast period may vary from the forecast results and those variations may be material. There is no representation by the REIT that actual results achieved in the forecast period will be the same, in whole or in part, as those forecast herein. See "Forward-Looking Statements".

Cash Distributions are Not Guaranteed

There can be no assurance regarding the amount of income to be generated by the REIT's properties. The ability of the REIT to make cash distributions, and the actual amount distributed, will be entirely dependent on the operations and assets of the REIT, and will be subject to various factors including financial performance, obligations under applicable credit facilities, fluctuations in working capital, the sustainability of income derived from the tenants of the REIT's properties and any capital expenditure requirements. Unlike fixed-income securities, there is no obligation of the REIT to distribute to Unitholders any fixed amount, and reductions in, or suspensions of, cash distributions may occur that would reduce yield based on the Offering Price. The market value of the Units will deteriorate if the REIT is unable to meet its distribution targets in the future, and that deterioration may be significant. In addition, the composition of cash distributions for tax purposes may change over time and may affect the after-tax return for investors. See "Certain Canadian Federal Income Tax Considerations".

Availability of Cash Flow

AFFO may exceed actual cash available to the REIT from time to time because of items such as principal repayments, leasing costs and capital expenditures in excess of stipulated reserves indentified by the REIT in its calculation of AFFO and redemptions of Units, if any. The REIT may be required to use part of its debt capacity or to reduce distributions in order to accommodate such items. Credit facility terms may prohibit payments or distributions from the REIT in default circumstances.

Structural Subordination of Units

In the event of bankruptcy, liquidation or reorganization of the Partnership or any of its Subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of the Partnership and its Subsidiaries before any assets are made available for distribution to the REIT or holders of Units. Therefore, the Units are effectively subordinated to the debt and other obligations of the Partnership and its subsidiaries. The Partnership and its Subsidiaries generate all of the REIT's cash available for distribution and hold substantially all of the REIT's assets.

The REIT's Fiduciary Duties

Upon the completion of the Offering, the REIT, as the sole member of the general partner of the Partnership, will have fiduciary duties to the Partnership and the limited partners of the Partnership, the discharge of which may conflict with the interests of the Unitholders. The limited partners of the Partnership have agreed that, in the event of a conflict between the duties owed by the Trustees to the REIT and the duties that the REIT owes, in its capacity as the sole member of the general partner of the Partnership, to such limited partners, the Trustees are under no obligation to give priority to the interests of such limited partners.

Limited Control

Unitholders will have limited control over changes in the REIT's policies and operations, which increases the uncertainty and risks of an investment in the REIT. The Board of Trustees will determine major policies, including policies regarding financing, growth, debt capitalization, REIT qualification and distributions. The Board of Trustees may amend or revise these and other policies without a vote of Unitholders. Under the REIT's organizational documents, Unitholders have a right to vote only on limited matters. The Trustees' broad discretion in setting policies and Unitholders' inability to exert control over those policies increases the uncertainty and risks of an investment in the REIT. In addition, the Declaration of Trust will require that the Chief Executive Officer of the REIT be nominated to serve as a Trustee and will also provide Welsh with the right to nominate (subject to election together with the Independent Trustees at annual unitholder meetings) a certain number of Trustees to the Board of Trustees depending on the size of the Board of Trustees and the Retained Interest.

Dilution

The number of Units the REIT is authorized to issue is unlimited. Subject to the rules of any applicable stock exchange on which the Units are listed and applicable securities laws, the REIT may, in its sole discretion, issue additional Units from time to time (including pursuant to any employee incentive compensation plan that may be introduced in the future), and the interests of the holders of Units may be diluted thereby.

Unitholder Liability

The Declaration of Trust provides that no Unitholder will be subject to any liability whatsoever to any person in connection with the holding of a Unit. In addition, legislation has been enacted in the Province of Ontario and certain other provinces and territories that is intended to provide Unitholders in those provinces and territories with limited liability. However, there remains a risk, which is considered by the REIT to be remote in the circumstances, that a holder of Units could be held personally liable for the obligations of the REIT to the extent that claims are not satisfied out of the assets of the REIT. It is intended that the affairs of the REIT will be conducted to seek to minimize such risk wherever possible.

Nature of Investment

The Units represent a fractional interest in the REIT and do not represent a direct investment in the REIT's assets and should not be viewed by investors as direct securities of the REIT's assets. A holder of a Unit of the REIT does not hold a share of a body corporate. As holders of Units, the Unitholders will not have statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions. The rights of Unitholders are based primarily on the Declaration of Trust. There is no statute governing the affairs of the REIT equivalent to the OBCA or the CBCA which sets out the rights and entitlements of shareholders of corporations in various circumstances. As well, the REIT may not be a recognized entity under certain existing insolvency legislation such as the *Bankruptcy and Insolvency Act* (Canada) and the *Companies Creditors' Arrangement Act* (Canada), and thus the treatment of Unitholders upon an insolvency is uncertain.

Enforceability of Judgments

Welsh, the promoter of the Offering, is an entity organized under the laws of a foreign jurisdiction and resides outside Canada. All of the managers and officers of the Partnership and certain of the experts named elsewhere in this prospectus are residents of countries other than Canada. Additionally, all of the Partnership's assets and the assets of these persons are located outside of Canada. As a result, although each of Welsh and the Partnership has appointed GODA Incorporators, Inc. as its agent for service of process in Ontario, it may be difficult for Unitholders to initiate a lawsuit within Canada against these non-Canadian residents. In addition, it may not be possible for Unitholders to collect from Welsh or other non-Canadian residents judgments obtained in courts in Canada predicated on the civil liability provisions of securities legislation of certain of the provinces and territories of Canada. It may also be difficult for Unitholders to succeed in a lawsuit in the U.S., based solely on violations of Canadian securities laws.

Third-Party Approvals

While all consents of a material nature are expected to be obtained on or prior to Closing, certain consents or approvals deemed expedient in connection with the initial public offering transactions may not yet have been obtained at the time of Closing and the consents obtained may be subject to conditions that are required to be fulfilled following Closing. Additionally, third-parties may request certain consents or approvals that were not considered to be necessary in connection with the Offering. To the extent that such approvals are not obtained or conditions relating thereto are not fulfilled, third-parties may claim for breach of contract or other damages, including the return of the Initial Properties to Welsh. While management believes the risks related to third-party approvals are minimal, should any such claim be successful, an adverse impact could result to the REIT's financial condition and operating results, decreasing the amount of cash available for distribution.

Financial Reporting and Other Public Company Requirements

As a result of the Offering, the REIT will become subject to reporting and other obligations under applicable Canadian securities laws and rules of any stock exchange on which the Units are listed, including National Instrument 52-109 — *Certification of Disclosure in Issuers' Annual and Interim Filings*. These reporting and other obligations will place significant demands on the REIT's management, administrative, operational and accounting resources. In order to meet such requirements, the REIT will need to establish systems, implement financial and management controls, reporting systems and procedures and hire accounting and finance staff. If the REIT is unable to accomplish any such necessary objectives in a timely and effective fashion, its ability to comply with its financial reporting requirements and other rules that apply to reporting issuers could be impaired. Moreover, any failure to maintain effective internal controls could cause the REIT to fail to meet its reporting obligations or result in material misstatements in its financial statements. If the REIT cannot provide reliable financial reports or prevent fraud, its reputation and operating results could be materially harmed which could also cause investors to lose confidence in the REIT's reported financial information, which could result in a lower trading price of Units.

Management does not expect that the REIT's disclosure controls and procedures and internal controls over financial reporting will prevent all error and all fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within a company are detected. The inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by individual acts of some persons, by collusion of two or more people or by management override of the controls. Due to the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

MATERIAL CONTRACTS

The following are the only material agreements of the REIT or its Subsidiaries that will be in effect at the time of Closing, other than contracts entered into in the ordinary course of business:

(a) the Declaration of Trust described under "Declaration of Trust";

(b) Asset Management Agreement described under "Arrangements with Welsh — Asset Management Agreement";

(c) Property Management Agreement described under "Arrangements with Welsh — Property Management Agreement";

(d) Non-Competition and Non-Solicitation Agreement described under "Arrangements with Welsh — Non-Competition and Non-Solicitation Agreement";

(e) Contribution Agreement described under "The Acquisition — Contribution Agreement";

(f) Registration Rights Agreement described under "Retained Interest — Registration Rights";

(g) Revolving Facility described under "Debt Strategy and Indebtedness — Debt Composition — Revolving Facility";

(h) Underwriting Agreement described under "Plan of Distribution — General"; and

(i) Partnership Agreement described under "The Partnership".

Copies of the foregoing documents and the Appraisals will be available on the System for Electronic Documents Analysis and Retrieval at www.sedar.com.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed in this prospectus (including, without limitation, those transactions with Welsh described under "The Acquisition", "Arrangements with Welsh" and "Retained Interest") and in the notes to the unaudited *pro forma* condensed consolidated financial statements of the REIT and audited financial statements of the REIT, there are no material interests, direct or indirect, of the Trustees or officers of the REIT, any Unitholder that beneficially owns more than 10% of the Units or any associate or affiliate of any of the foregoing persons in any transaction within the last three years or any proposed transaction that has materially affected or would materially affect the REIT or any of its Subsidiaries.

PROMOTER

Welsh has taken the initiative in founding and organizing the REIT and may therefore be considered a promoter of the REIT for the purposes of applicable securities legislation.

PRINCIPAL UNITHOLDERS

Following Closing, Welsh will hold Class B Units representing an approximate 52.1% effective interest in the REIT on a fully diluted basis (assuming all Class B Units held by Welsh are redeemed for Units) (an approximate 48.6% effective interest in the REIT if the Over-Allotment Option is exercised in full). See "Retained Interest".

PRIOR SALES

On March 4, 2013, the REIT was formed and one Unit was issued for $10 in cash. This Unit will be redeemed by the REIT on Closing.

LEGAL PROCEEDINGS

None of the REIT or its Subsidiaries are involved in any outstanding, threatened or pending litigation that would have a material adverse effect on the REIT.

EXPERTS

The matters referred to under "Eligibility for Investment" and "Certain Canadian Federal Income Tax Considerations", as well as certain other legal matters relating to the issue and sale of the Units, will be passed upon on behalf of the REIT by Goodmans LLP and on behalf of the Underwriters by Davies Ward Phillips & Vineberg LLP.

The matters referred to under "Certain U.S. Federal Income Tax Considerations" will be passed upon on behalf of the REIT by Shearman & Sterling LLP and on behalf of the Underwriters by Davies Ward Phillips & Vineberg LLP.

Certain information relating to the Appraisals has been based upon a report by Altus Group U.S. Inc.

As of the date of this prospectus, the partners and associates of Goodmans LLP, Davies Ward Phillips & Vineberg LLP, Briggs and Morgan, P.A., Shearman & Sterling LLP and the designated professionals of the Appraiser, beneficially owned, directly or indirectly, less than 1% of the outstanding securities of the REIT.

The REIT's auditors, KPMG LLP, Chartered Accountants, are independent in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the REIT are KPMG LLP, located in Toronto, Ontario. The transfer agent and registrar for the Units is Computershare Investor Services Inc. at its principal office in Toronto, Ontario.

EXEMPTIONS FROM CERTAIN PROVISIONS OF NATIONAL INSTRUMENT 41-101

Pursuant to a pre-filing application made under Part 8 of National Policy 11-202 — *Process of Prospectus Reviews in Multiple Jurisdictions*, the REIT filed for, and has obtained, an exemption as contemplated by Part 19 of National Instrument 41-101 — *General Prospectus Requirements*, from the requirements in Item 32.2(1) of Form 41-101F1 in respect of 18 Initial Properties (the "**Specified Initial Properties**"), so that the REIT does not need to include financial statements for the Specified Initial Properties for certain periods prior to their date of acquisition by Welsh as more specifically set out in the table below. The Specified Initial Properties were acquired by Welsh within the last three years. The exemption requested will be evidenced by the issuance of a receipt for this prospectus.

Specified Initial Property	Periods for which Financial Statements are not included in this Prospectus
1370 Discovery Industrial Court	January 2010 - June 2011
6751 Discovery Boulevard	January 2010 - June 2011
8 Mount Moriah Road	January 2010 - June 2011
1685 Boggs Road	January 2010 - June 2011
2940 Old Norcross Road	January 2010 - June 2011
3000 Ames Crossing Drive	January 2010 - June 2011
5910 Rice Creek Parkway	January 2010 - June 2011
1880 Parkview Drive	January 2010 - June 2011
2401-2430 Midpoint Drive	January 2010 - November 2011
2440-2450 Midpoint Drive	January 2010 - November 2011
6600 Pritchard Road	January 2010 - February 2012
8500-8950 Hedge Lane Terrace	January 2010 - July 2012
535 Shingle Oak Drive	January 2010 - August 2010
1105 East Northfield Drive	January 2010 - July 2010
40 Logistics Boulevard	January 2010 - July 2010
6766 Pontius Road	January 2010 - November 2011
3051 Creekside Parkway	January 2010 - November 2011
500 Sumner Way	January 2010 - February 2010

In its pre-filing application, the REIT made the following submissions:

1. Welsh has advised that it would be impossible to produce audited financial statements for the Specified Initial Properties for the following reasons:

   (a) Welsh does not possess nor does it have access to or is it entitled to obtain access to, sufficient financial information for the Specified Initial Properties for any period prior to acquisition by Welsh in order to prepare the audited financial statements required under Item 32.2(1) of Form 41-101F1 in respect of the Specified Initial Properties.

   (b) Prior to acquisition by Welsh, the Specified Initial Properties were owned and managed by a number of different vendors. Welsh has exerted considerable effort to try to obtain a three-year financial history for each of the Specified Initial Properties from each of these vendors. However, many of the vendors have advised Welsh that sufficient historical financial information to conduct a full three-year audit is not available or will not be provided by the vendor.

   (c) In certain circumstances where certain information for a particular Specified Initial Property has been made available by the vendor, the vendor is either unwilling and/or does not have the internal resources to produce the additional details required to apply substantive audit procedures to support the information and complete the audit.

   (d) Several vendors have refused to provide Welsh with information regarding debt and equity related to the Specified Initial Properties claiming that such information is proprietary to the vendor. Accordingly, a complete audit of the statement of financial position for those Specified Initial Properties will be impossible.

2. Industrial properties are a stable asset class. The reasons for this include their "triple-net" lease structure (these types of leases are usually with credit-worthy tenants, with lease terms generally ranging from five to 10 years, and that there is more cash flow predictability and certainty because of the passing through of most costs to the tenant); the fact that tenant moving costs are generally high in the industrial sector due to high levels of investment by tenants in specialty equipment, further supporting the fact that tenancies tend to be longer term; and the fact that industrial properties have historically lower vacancy rates as compared with office and retail classes of real estate.
3. The business of owning and leasing industrial properties is not seasonal. Additionally, Welsh believes the business of owning and leasing industrial properties is a relatively straightforward and predictable business as compared with other businesses that may be more variable year-to-year.
4. In making the investment decision to acquire the Specified Initial Properties owned by Welsh, audited historical financial statements were not required by Welsh and were not relevant to the investment decision made by Welsh to acquire the Specified Initial Properties in which it has an interest. Instead, other information was relied upon for this purpose as part of Welsh's due diligence procedures. Accordingly, given that such audited financial statements were not considered relevant to the investment decision made to acquire such interests in the Specified Initial Properties, Welsh does not believe such audited financial statements for periods prior to acquisition by Welsh are material to the investment decision to be made by a potential investor in the Offering, particularly when compared with the other financial information the REIT intends to provide in the prospectus for the Offering. Furthermore, historical financial disclosure for individual real estate assets does not take into account the manner in which the acquirer will operate the properties post-acquisition, including the indebtedness that will exist with respect to the properties.
5. The *pro forma* financial statements of the REIT to be included in the prospectus for the Offering will provide a more meaningful representation of the financial performance of the Specified Initial Properties than the historical financial statements would have provided, because the *pro forma* financial statements more closely reflect the actual indebtedness and expenses to be associated with the properties and reflect other factors that are relevant to how the Specified Initial Properties are expected to be operated by the REIT in the future, as described in the notes describing the *pro forma* assumptions and adjustments.
6. The REIT will also include a financial forecast in the prospectus for the Offering for each of the quarters ended June 30, 2013, September 30, 2013, December 31, 2013 and March 31, 2014 and for the 12-month period ended March 31, 2014, which will include information on all of the Initial Properties and will be accompanied by a signed auditor's report with respect to the examination of the forecast made by the REIT's auditors.
7. The prospectus for the Offering will include disclosure of the estimated aggregate market value of each of the Initial Properties based on the appraisals to be completed by a third party appraiser for the Initial Properties, a summary of the appraisal completed for each Initial Property and the effective date of each appraisal. The REIT will file on SEDAR the appraisal for each of the Initial Properties as prepared by the third party appraiser with certain information redacted.
8. The same asset manager, Welsh, that currently manages the Specified Initial Properties will continue to provide asset management services to the REIT with respect to those same properties. Continuity of management will also exist at the property management level, since the same individuals involved in currently managing the Specified Initial Properties will also be involved in managing the Specified Initial Properties after they are indirectly acquired by the REIT on the closing of the Offering. Continuity of management, together with the experience of management, will support the reliability of the financial forecast that will be provided in the prospectus. Audited financial statements for the Specified Initial Properties for periods prior to ownership by Welsh would not reflect the manner in which such properties would have been operated by Welsh or in which they will be operated by the REIT following the closing of the Offering.

9. The financial statements proposed to be included in the prospectus will provide sufficient historical information for an investor to make an informed decision regarding the Initial Properties as a portfolio. The financial statements proposed to be included in the prospectus for the applicable Initial Properties will show the most relevant information on the Initial Properties (revenues and direct expenses). Outside of revenues and the direct expenses associated with the Initial Properties, the previous owner's historical financial information is not relevant to the REIT's prospects in owning the property. This is especially true where the properties are being acquired on an individual basis from unrelated vendors who may have very different overhead and non-operating expenses.

10. Based on the foregoing, Welsh does not believe that the financial statements for the Specified Initial Properties for periods prior to ownership by Welsh are necessary or required for the prospectus of the REIT to contain full, true and plain disclosure of all material facts with respect to the securities being offered under such prospectus.

Pursuant to its pre-filing application, the REIT also requested, and has obtained, exemptive relief from the requirement to file expert reports referred to in a prospectus on SEDAR so that it could file a redacted copy of the 37 appraisals for each of the Initial Properties. The relief from this requirement will be evidenced by the issuance of a final receipt for this prospectus. The redacted information will include (i) rent rolls, which contain individual tenant by tenant lease terms, including rental amounts and terms of leases (ii) specific comparable lease information and (iii) sales comparables.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal adviser.

GLOSSARY OF TERMS

"**3003 Reeves Road Schedules**" has the meaning ascribed to it under "Management's Discussion and Analysis of Financial Condition — 3003 Reeves Road".

"**6579 West 350 North**" has the meaning ascribed to it under "Management's Discussion and Analysis of Financial Condition — 6579 West 350 North".

"**Acquired Issuer**" has the meaning ascribed to it under "Investment Guidelines and Operating Policies — Investment Guidelines".

"**Acquiring Person**" means any person who is or becomes the beneficial owner of 20% or more of all Units, as more particularly described under "Unitholders' Rights Plan — Acquiring Person".

"**Acquisition**" means the acquisition of an ownership interest in the Partnership, resulting in the indirect acquisition by the REIT of the Initial Properties, as more particularly described under "The Acquisition".

"**Acquisition Fee**" has the meaning ascribed to it under "Arrangements with Welsh — Asset Management Agreement".

"**ADA**" means the *Americans with Disabilities Act of 1990*, as amended from time to time.

"**Advance Notice Provision**" means the advance notice provisions contained in the Declaration of Trust, as more particularly described under "Declaration of Trust — Advance Notice Provisions".

"**affiliate**" has the meaning given to it in Section 1.3 of National Instrument 45-106 — *Prospectus and Registration Exemptions*.

"**AFFO**" means adjusted funds from operations, as more particularly described under "Presentation of Financial Information — Non-IFRS Measures".

"**allowable capital loss**" means one-half of any capital loss realized on the disposition of a Unit, as more particularly described under "Certain Canadian Federal Income Tax Considerations — Taxation of Taxable Holders — Capital Gains and Losses".

"**Almanac**" means Almanac Realty Investors, LLC, formerly known as Rothschild Realty Managers, LLC, a provider of growth capital to public and private real estate companies across the U.S. and a securityholder of Welsh.

"**Almanac Entities**" means, collectively, Almanac and/or any of its affiliates.

"**Almanac Entitlement**" means the number of Class B Units beneficially owned by Welsh that the Almanac Entities would be entitled to receive (assuming all convertible securities of Welsh held by the Almanac Entities at the Record Time were converted to equity of Welsh) on a liquidation of Welsh and the proportionate distribution of Welsh's assets, as determined at the Record Time (it being understood that the Almanac Entities will be deemed to beneficially own that number of Units and Class B Units beneficially owned by Welsh that the Almanac Entities would be entitled to receive (assuming all convertible securities of Welsh held by the Almanac Entities at the Record Time were converted to equity of Welsh) on a liquidation of Welsh and the proportionate distribution of Welsh's assets); provided, for greater certainty, that to the extent the Almanac Entities directly or indirectly acquire any Class B Units or Units from Welsh or the dollar amount outstanding under the convertible securities of Welsh held by the Almanac Entities is otherwise reduced after the Record Time, the number of Class B Units or Units the Almanac Entities are deemed to beneficially own pursuant to the Almanac Entitlement will be reduced by such number of units so acquired or such reduction in the dollar amount outstanding under such convertible securities of Welsh.

"**AMA Initial Term**" means the initial five-year term of the Asset Management Agreement, as more particularly described under "Arrangements with Welsh — Asset Management Agreement".

"**Appraisals**" means the independent estimates of fair market value of each of the Initial Properties as determined by the Appraiser, and each such independent estimate is an "**Appraisal**".

"**Appraiser**" means Altus Group U.S. Inc.

"**Asset Management Agreement**" means the asset management agreement to be entered into on Closing between Welsh, the REIT and the Partnership pursuant to which Welsh will become the external asset manager of the properties owned by the REIT and will provide certain advisory services to the REIT, as more particularly described under "Arrangements with Welsh — Asset Management Agreement".

"**Assumed Mortgages**" means, collectively, the mortgages in place with respect to the Initial Properties to be indirectly assumed by the REIT in connection with its indirect acquisition of an ownership interest in the Partnership, as more particularly described under "Debt Strategy and Indebtedness — Debt Composition — Assumed Loans".

"**Audit Committee**" means the audit committee of the Board.

"**BCA Reports**" means the building condition assessment reports in respect of the Initial Properties, and each such report is a "**BCA Report**".

"**bcIMC**" means British Columbia Investment Management Corporation.

"**Board Observer**" has the meaning ascribed to it under "Retained Interest".

"**Board of Trustees**" or "**Board**" means the board of Trustees of the REIT.

"**Boise**" means Boise Building Solutions Distribution, LLC.

"**Borrowing Base Properties**" means, collectively, 7401 Cahill Road, 325 Larsen Drive, 5200-5390 Ashland Way, 707 West County Road E, 500 Sumner Way, 25295 Guenther Road, 4350 & 4400 Baker Road and 224 North Hoover Road.

"**Canadian security**" has the meaning ascribed to it in the Tax Act.

"**capital gains refund**" has the meaning ascribed to it under "Certain Canadian Federal Income Tax Considerations — Taxation of the REIT".

"**CBCA**" means the *Canada Business Corporations Act*, as amended from time to time.

"**CDS**" means CDS Clearing and Depository Services Inc.

"**Chair**" means the chair of the Board, as more particularly described under "Governance of the REIT — Governance and Board of Trustees".

"**Class A Units**" means Class A partnership units of the Partnership, as more particularly described under "The Partnership — Partnership Units".

"**Class B Units**" means Class B partnership units of the Partnership, as more particularly described under "The Partnership — Partnership Units".

"**Class I Railroads**" means, according to the Association of American Railroads, those freight railroads with operating revenue exceeding $398.7 million.

"**Closing**" means the closing of the Offering and the completion of the transactions described under "The Acquisition".

"**Code**" means the *United States Internal Revenue Code of 1986*, as amended.

"**Code of Conduct**" means the written code of conduct to be adopted by the REIT, as more particularly described under "Governance of the REIT — Governance and Board of Trustees".

"**Compensation, Governance and Nominating Committee**" means the compensation, governance and nominating committee of the Board.

"**Competing Permitted Bid**" means a competing Permitted Bid made while a Permitted Bid is in existence, as more particularly described under "Unitholders' Rights Plan — Permitted Bid Requirements".

"**Core Initial Properties**" has the meaning ascribed to it under "Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview".

"**CoStar**" means CoStar Group, Inc.

"**CRA**" means the Canada Revenue Agency.

"**December 2012 Proposals**" has the meaning ascribed to it under "Eligibility for Investment".

"**Declaration of Trust**" means the amended and restated declaration of trust of the REIT dated as of the Closing Date, as it may be further amended or amended and restated from time to time.

"**Deferred Trust Units**" means deferred trust units granted pursuant to the Deferred Unit Incentive Plan.

"**Deferred Unit Incentive Plan**" means the deferred unit incentive plan to be adopted by the REIT at the time of Closing, as more particularly described under "Executive Compensation — Compensation Discussion and Analysis — Principal Elements of Compensation" and "Executive Compensation — Incentive Compensation Plans — Deferred Unit Incentive Plan".

"**Demand Distribution**" has the meaning ascribed to it under "Retained Interest — Registration Rights".

"**Demand Registration Right**" has the meaning ascribed to it under "Retained Interest — Registration Rights".

"**deposits**" has the meaning given to them in the *Canada Deposit Insurance Corporation Act*.

"**Distribution Date**" means the monthly date on which distributions on Units may be made by the REIT pursuant to the REIT's distribution policy.

"**DPSP**" means deferred profit sharing plan.

"**DRULPA**" means Delaware Revised Uniform Limited Partnership Act.

"**DTU Participants**" means those individuals eligible to participate in the Deferred Unit Incentive Plan, as more particularly described under "Executive Compensation — Incentive Compensation Plans — Deferred Unit Incentive Plan".

"**Elected Amount**" has the meaning ascribed to it in "Executive Compensation — Incentive Compensation Plans — Deferred Unit Incentive Plan".

"**Electing Persons**" has the meaning ascribed to it in "Executive Compensation — Incentive Compensation Plans — Deferred Unit Incentive Plan".

"**ESFR**" means early suppression fast response.

"**Exempt Plans**" means, collectively, RRSPs, RRIFs, RESPs, DPSPs, RDSPs and TFSAs.

"**FAPI**" means "foreign accrual property income", as defined in the Tax Act.

"**FFO**" means funds from operations, as more particularly described under "Presentation of Financial Information — Non-IFRS Measures".

"**Financial Statements**" has the meaning ascribed to it under "Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview".

"**FIRPTA**" means the *Foreign Investment in Real Property Tax Act of 1980*.

"**Flip-In Event**" means the acquisition by an Acquiring Person, including persons acting jointly or in concert, of 20% or more of the Units, other than by way of a Permitted Bid in certain circumstances, as more particularly described under "Unitholders' Rights Plan — Rights Exercise Privilege".

"**Formica**" means Formica Corporation.

"**GDP**" means gross domestic product.

"**GLA**" means gross leasable area.

"**GSI**" means GSI Commerce Solutions, Inc.

"**Grandfathered Person**" has the meaning ascribed to it under "Unitholders' Rights Plan — Acquiring Person".

"**Gross Book Value**" means, at any time, the historical cost of the investment properties, plus (i) the carrying value of cash and cash equivalents; (ii) the carrying value of mortgages receivable; (iii) the historical cost of other assets and investments used in operations; and (iv) the aggregate capital investment since acquisition.

"**Hartman Property Portfolio**" has the meaning ascribed to it under "Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview".

"**hedging**" has the meaning ascribed to it by National Instrument 81-102 — *Mutual Funds*.

"**Holder**" has the meaning ascribed to it under "Certain Canadian Federal Income Tax Considerations".

"**Hold Period**" has the meaning ascribed to it under "Retained Interest".

"**Honeywell**" means Honeywell International, Inc.

"**IAS**" has the meaning ascribed to it under "Management's Discussion and Analysis of Financial Condition and Results of Operations — 3003 Reeves Road".

"**IASB**" has the meaning ascribed to it under "Management's Discussion and Analysis of Financial Condition and Results of Operations — Overview".

"**IFRS**" means International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the Canadian Institute of Chartered Accountants in Part I of The Canadian Institute of Chartered Accountants Handbook — Accounting, as amended from time to time.

"**Independent Trustee**" means a Trustee who is "independent" pursuant to NI 58-101.

"**Independent Unitholders**" has the meaning ascribed to it under "Unitholders' Rights Plan — Permitted Bid Requirements".

"**Individual Contributed DTUs**" has the meaning ascribed to it under "Executive Compensation — Compensation, Discussion and Analysis — Deferred Unit Incentive Plan".

"**Initial Properties**" means, collectively, the portfolio of 37 properties to be indirectly acquired from Welsh by the Partnership at the time of Closing, as more particularly described under "The Initial Properties", and "Initial Property" means any one of them.

"**Investment Criteria**" has the meaning ascribed to it under "Arrangements with Welsh — Non-Competition and Non-Solicitation Agreement".

"**IRS**" means the U.S. Internal Revenue Service.

"**JAXPORT**" means The Jacksonville Port Authority.

"**Keystone**" means Keystone Automotive Operations Inc.

"**Keystone Distribution**" means Keystone Automotive Distributors, Inc.

"**KGP**" means KGP Logistics Inc.

"**LEED**" means Leadership in Energy and Environmental Design.

"**LIBOR**" means the London Interbank Offered Rate.

"**LifeScience Logistics**" means LifeScience Logistics, LLC.

"**management**" means the persons acting in the capacities of the REIT's Chief Executive Officer, Chief Financial Officer and General Counsel and Secretary, as more particularly described under "Meaning of Certain References".

"**MD&A**" means "Management's Discussion and Analysis of Financial Condition and Results of Operations".

"**MSA**" means a metropolitan statistical area.

"**mutual fund trust**" has the meaning ascribed to it in the Tax Act.

“**named executive officers**” means the REIT’s named executive officers for the purposes of National Instrument 51-102 — *Continuous Disclosure Obligations*, as more particularly described under “Executive Compensation”.

“**NCI**” means the non-certificated inventory system of CDS.

“**NI 52-110**” means National Instrument 52-110 — *Audit Committees*.

“**NI 58-101**” means National Instrument 58-101 — *Corporate Governance Guidelines*.

“**NOI**” means net operating income, as more particularly described under “Presentation of Financial Information — Non-IFRS Measures”.

“**Nominating Unitholder**” has the meaning ascribed to it under “Declaration of Trust — Advance Notice Provisions”.

“**Non-Competition and Non-Solicitation Agreement**” means the non-competition and non-solicitation agreement to be entered into on Closing between Welsh, the Partnership and the REIT, as more particularly described under “Arrangements with Welsh — Non-Competition and Non-Solicitation Agreement”.

“**Non-Resident**” means either a “non-resident” of Canada within the meaning of the Tax Act or a partnership that is not a “Canadian partnership” within the meaning of the Tax Act.

“**Non-U.S. Holder**” has the meaning ascribed to it under “Certain U.S. Federal Income Tax Considerations — Taxation of Non-U.S. Holders”.

“**Notice Date**” has the meaning ascribed to it under “Declaration of Trust — Advance Notice Provisions”.

“**OBCA**” means the *Business Corporations Act* (Ontario), as amended from time to time.

“**Offered Property**” has the meaning ascribed to it under “Arrangements with Welsh — Non-Competition and Non-Solicitation Agreement”.

“**Offering**” means the distribution of Units qualified under this prospectus.

“**Offering Price**” means the price per Unit sold pursuant to this Offering.

“**OfficeMax**” means OfficeMax Inc.

“**Option Plan**” means the Unit option plan of the REIT, as more particularly described under “Executive Compensation — Compensation Discussion and Analysis — Principal Elements of Compensation” and “Executive Compensation — Incentive Compensation Plans — Option Plan”.

“**Option Plan Participants**” means those individuals and entities eligible to participate in the Option Plan, as more particularly described under “Executive Compensation — Incentive Compensation Plans — Option Plan”.

“**Options**” means options granted pursuant to the Option Plan, as more particularly described under “Executive Compensation — Incentive Compensation Plans — Option Plan”.

“**OTC Pink**” has the meaning ascribed to it under “Certain U.S. Federal Income Tax Considerations — Taxation of Non-U.S. Holders — Disposition of Units”.

“**Over-Allotment Option**” means the option granted by the REIT to the Underwriters pursuant to the Underwriting Agreement exercisable for a period of 30 days from the Closing Date to purchase up to an aggregate of 1,500,000 additional Units at the Offering Price solely to cover any over-allotments, if any, and for market stabilization purposes.

“**ownership limits**” has the meaning ascribed to it in “Declaration of Trust — Restrictions on Ownership and Transfer — REIT Qualification”.

“**Partnership**” means WPT Industrial, LP, a Delaware limited partnership, as more particularly described under “The Partnership”.

“**Partnership Agreement**” means the limited partnership agreement to be entered into on Closing to govern the affairs of the Partnership.

"**Partnership Unit**" means a unit in the capital of the Partnership.

"**Permitted Bid**" means a bid that is made to all Unitholders and holders of Class B Units by way of a take-over bid circular, as more particularly described under "Unitholders' Rights Plan — Permitted Bid Requirements".

"**Permitted Transferees**" means (i) any member of Welsh; (ii) any affiliate of Welsh; and (iii) Almanac and its affiliates.

"**Phase I ESA Reports**" means the Phase I environmental site assessment reports and, as applicable, updated phase I environmental site assessment reports in respect of the Initial Properties, and each such report is a "**Phase I ESA Report**".

"**Piggy-Back Distribution**" has the meaning ascribed to it under "Retained Interest — Registration Rights".

"**Piggy-Back Registration Right**" has the meaning ascribed to it under "Retained Interest — Registration Rights".

"**PMA Initial Term**" means the initial five-year term of the Property Management Agreement, as more particularly described under "Arrangements with Welsh — Property Management Agreement".

"**prohibited owner**" has the meaning ascribed to it in "Declaration of Trust — Restrictions on Ownership and Transfer — REIT Qualification".

"**Property Management Agreement**" means the property management agreement to be entered into on Closing between the REIT, the Partnership and Welsh, as described under "Arrangements with Welsh — Property Management Agreement".

"**Property SPEs**" means the limited liability companies and limited partnerships through which Welsh indirectly holds the Initial Properties.

"**Proposed Amendments**" has the meaning ascribed to it under "Certain Canadian Federal Income Tax Considerations".

"**pursuits budget**" has the meaning ascribed to it under "Arrangements with Welsh — Asset Management Agreement".

"**qualified investments**" has the meaning ascribed to it in the Tax Act.

"**RA**" means the *Rehabilitation Act of 1973*, as amended from time to time.

"**RDSP**" means registered disability savings plan.

"**Record Time**" means the close of business on the date of Closing.

"**RECs**" means recognized environmental conditions.

"**Redcats**" means Redcats USA, Inc.

"**Redemption Date**" means the date on which any Unit is surrendered for redemption.

"**Redemption Notes**" means unsecured subordinated promissory notes of the REIT having a maturity date and interest rate to be determined at the time of issuance by the Trustees, such promissory notes to provide that the REIT will at any time be allowed to prepay all or any part of the outstanding principal without notice or bonus.

"**Redemption Price**" means the price per Unit entitled to be received by a Unitholder upon the redemption of Units held by such Unitholder, as more particularly described under "Declaration of Trust — Redemption Right".

"**Registration Rights Agreement**" means the registration rights agreement to be entered into on Closing between Welsh and the REIT, as more particularly described under "Retained Interest — Registration Rights".

"**REIT**" means WPT Industrial Real Estate Investment Trust, a newly created, unincorporated, open-ended real estate investment trust established pursuant to the Declaration of Trust under the laws of the Province of Ontario.

“**REIT Contributed DTUs**” has the meaning ascribed to it in “Executive Compensation — Incentive Compensation Plans — Deferred Unit Incentive Plan”.

“**RESP**” means registered education savings plan.

“**Retained Interest**” means the aggregate number of Units (assuming all Class B Units are redeemed for Units) collectively held at the relevant time by Welsh and any of its Permitted Transferees.

“**Revolving Facility**” has the meaning ascribed to it under “Debt Strategy and Indebtedness — Future Debt Strategy”.

“**Rights**” means rights issued pursuant to the Rights Plan, as more particularly described under “Unitholders’ Rights Plan”.

“**Rights Plan**” means the Unitholders’ rights plan of the REIT, to be established at Closing, as more particularly described under “Unitholders’ Rights Plan”.

“**ROFO**” means a right of first opportunity as more particularly described under “Arrangements with Welsh — Non-Competition and Non-Solicitation Agreement”.

“**RRIF**” means a registered retirement income fund.

“**RRSP**” means a registered retirement savings plan.

“**Rule 144A**” means Rule 144A under the U.S. Securities Act.

“**Securities Act**” means the *Securities Act* (Ontario), as amended from time to time.

“**SEDAR**” means the System for Electronic Data Analysis and Retrieval.

“**Separation Time**” means the time at which the Rights will separate from the Units and Class B Units to which they are attached and become exercisable, as more particularly described under “Unitholders’ Rights Plan — Rights Exercise Privilege”.

“**SIFT Rules**” means the rules applicable to SIFT trusts and SIFT partnerships in the Tax Act.

“**Specified Initial Properties**” has the meaning ascribed to it under “Exemptions from Certain Provisions of National Instrument 41-101.

“**StayWell**” means The StayWell Company.

“**Subsidiary**” has the meaning ascribed to it in the Securities Act and includes a partnership or other entity.

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, in each case as amended from time to time.

“**TFSA**” means a tax-free savings account.

“**The Welsh Group**” has the meaning ascribed to it under “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Overview”.

“**TSX**” means the Toronto Stock Exchange.

“**TSX Publicly Traded Exception**” has the meaning ascribed to it under “Certain U.S. Federal Income Tax Considerations — Taxation of Non-U.S. Holders — Dispositions of Units”.

“**Treaty**” has the meaning ascribed to it on the cover page.

“**Trustees**” means, collectively, the trustees of the REIT, and “**Trustee**” means any one of them.

“**Trustee Fees**” means the annual retainer and meeting fees paid by the REIT to a Trustee in a calendar year for service on the Board.

“**Underwriters**” means, collectively, CIBC World Markets Inc., RBC Dominion Securities Inc, BMO Nesbitt Burns Inc., Scotia Capital Inc., TD Securities Inc., National Bank Financial Inc., Canaccord Genuity Corp. and Raymond James Ltd.

“**Underwriting Agreement**” means the underwriting agreement dated as of April 18, 2013, between the REIT, Welsh and the Underwriters, as more particularly described under “Plan of Distribution”.

“**Unitholders**” means the holders of Units from time to time.

“**Units**” means trust units of the REIT.

“**UPREIT**” means an umbrella partnership real estate investment trust.

“**U.S.**” means the United States.

“**US Holdco**” means WPT Industrial, Inc., a corporation established under the laws of the State of Delaware, as more particularly described under “US Holdco”.

“**U.S. Holder**” has the meaning ascribed to it under “Certain U.S. Federal Income Tax Considerations — Taxation of Non-U.S. Holders”.

“**U.S. Publicly Traded Exception**” has the meaning ascribed to it under “Certain U.S. Federal Income Tax Considerations — Taxation of Non-U.S. Holders — Dispositions of Units”.

“**U.S. Securities Act**” means the United States Securities Act of 1933, as amended.

“**USRPHC**” means a United States Real Property Holding Corporation.

“**USRPIs**” means U.S. real property interests.

“**Welsh**” means Welsh Property Trust, LLC, a limited liability company formed under the laws of the State of Delaware.

“**Welsh Initial Properties**” has the meaning ascribed to it under “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Overview”.

“**Welsh Predecessor Properties**” has the meaning ascribed to it under “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Overview”.

“**Zulily**” means Zulily, Inc.

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WPT INDUSTRIAL REAL ESTATE INVESTMENT TRUST

Pro Forma Condensed Consolidated Financial Statements
(In U.S. dollars)

As at and for the year ended December 31, 2012
(Unaudited)

WPT INDUSTRIAL REAL ESTATE INVESTMENT TRUST
PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(In thousands of U.S. dollars)
December 31, 2012
(Unaudited)

	WPT Industrial Real Estate Investment Trust	Welsh Initial Properties	Core Initial Properties	Notes	Pro forma adjustments	Total
Assets						
Non-current assets:						
Investment properties	$ —	$304,966	$99,500	3(b)	$ 31,235	$435,701
Other non-current assets	—	1,200	109		—	1,309
	—	306,166	99,609		31,235	437,010
Current assets:						
Amounts receivable	—	737	16	3(l)	1,334	2,087
Prepaid expenses	—	306	32		—	338
Cash and cash equivalents	—	3,253	—	3(a)	100,000	
				3(a)	(12,597)	
				3(b)	(68,013)	
				3(b)	(68,382)	
				3(c), (d)	(1,225)	
				3(c), (d)	50,216	3,252
	—	4,296	48		1,333	5,677
Total assets	$ —	$310,462	$99,657		$ 32,568	$442,687
Liabilities and Equity						
Non-current liabilities:						
Mortgages payable	$ —	$143,194	$50,092	3(c)	$ (635)	
				3(b)	$ (68,013)	
				3(b)	32,470	
				3(b), (c)	4,700	$161,808
Notes payable	—	2,480	—	3(b)	(2,480)	—
Class B Redeemable Units	—	—	—	3(b), (h)	108,674	108,674
Security deposits	—	544	245		—	789
Other financial instruments	—	103	—		—	103
	—	146,321	50,337		74,716	271,374
Current liabilities:						
Mortgages payable	—	24,222	—	3(b)	3,968	28,190
Revolving Facility	—	—	—	3(d)	50,216	
				3(d)	(525)	
				3(d)	(65)	49,626
Amounts payable and accrued liabilities	—	3,930	2,164		—	6,094
	—	28,152	2,164		53,594	83,910
Total liabilities	—	174,473	52,501		128,310	355,284
Equity:						
Unitholders' equity	—	—	—	3(a)	87,403	87,403
Divisional surplus	—	135,989	47,156	3(b)	(177,056)	
				3(b)	(36,438)	
				3(b)	2,480	
				3(l)	1,334	
				3(b)	26,535	—
Total equity	—	135,989	47,156		(95,742)	87,403
Total liabilities and equity	$ —	$310,462	$99,657		$ 32,568	$442,687

See accompanying notes to pro forma condensed consolidated financial statements.

WPT INDUSTRIAL REAL ESTATE INVESTMENT TRUST

PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF NET INCOME AND COMPREHENSIVE INCOME

(In thousands of U.S. dollars)
Year ended December 31, 2012
(Unaudited)

	WPT Industrial Real Estate Investment Trust	Welsh Initial Properties	Core Initial Properties	Notes	Pro forma adjustments	Total
Investment properties revenue	$ —	$35,423	$ 7,717		$ —	$43,140
Investment properties operating expenses	—	9,041	1,730	3(f)	331	11,102
Net operating income	—	26,382	5,987		(331)	32,038
Other income and expenses:						
General and administrative	—	338	—	3(i)	1,978	2,316
Fair value adjustments to investments properties	—	(237)	(3,994)	3(k)	4,231	—
Finance costs	—	8,779	2,352	3(g)	881	
				3(h)	7,608	19,620
Net income and comprehensive income	$ —	$17,502	$ 7,629		$15,029	$10,102

See accompanying notes to pro forma condensed consolidated financial statements.

WPT INDUSTRIAL REAL ESTATE INVESTMENT TRUST

NOTES TO PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of U.S. dollars except per unit amounts)
As at and for the year ended December 31, 2012
(Unaudited)

1. BASIS OF PRESENTATION

WPT Industrial Real Estate Investment Trust (the "REIT") is an unincorporated, open-ended real estate investment trust established pursuant to a Declaration of Trust dated March 4, 2013, as may be amended and/or restated from time to time, under the laws of the Province of Ontario. On March 4, 2013, one trust unit of the REIT ("Trust Unit") was issued by the REIT for ten dollars in cash.

The REIT will issue Trust Units ("REIT Units") for cash pursuant to an initial public offering (the "Offering"). On closing of the transactions contemplated in the prospectus (the "Closing"), the REIT will indirectly acquire from Welsh Property Trust, LLC ("Welsh") 35 industrial properties and 2 office properties located in the United States (collectively, the "Initial Properties").

These pro forma condensed consolidated financial statements have been prepared from the audited carve-out statements of financial position for each of Welsh and an unrelated third party owner of five of the Initial Properties as at December 31, 2012 and the audited carve-out statements of net income and comprehensive income of each of Welsh and an unrelated third party owner of five of the Initial Properties for the year ended December 31, 2012. These financial statements are included elsewhere in the prospectus.

The pro forma condensed consolidated statement of financial position gives effect to the transactions in Note 3 as if they had occurred on December 31, 2012. The pro forma condensed consolidated statement of net income and comprehensive income for the year ended December 31, 2012 gives effect to the transactions in note 3 as if they had occurred on January 1, 2012.

The pro forma condensed consolidated financial statements are not necessarily indicative of the results that would have actually occurred had the transactions been consummated at the dates indicated, nor are they necessarily indicative of future operating results or the financial position of the REIT.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation:

These pro forma condensed consolidated financial statements have been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and incorporate the principal accounting policies expected to be used to prepare the REIT's financial statements.

(b) Basis of consolidation:

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

(c) Business combinations:

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

(d) Foreign currency transactions:

The functional and presentation currency of the REIT and its subsidiaries is the U.S. dollar.

(e) Investment properties:

Investment properties are initially recorded at cost, including related transaction costs in the case of asset acquisitions, and includes primarily industrial properties held to earn rental revenue and/or for capital appreciation. The REIT has selected the fair value method 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 pro forma condensed consolidated statement of net income and comprehensive income during the year in which they arise. Fair values are primarily determined by using the discounted cash flow method of the income approach.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

(f) Cash and cash equivalents:

Cash and cash equivalents includes all short-term investments with an original maturity of three months or less and excludes cash subject to restrictions that prevent its use for current purposes. Excluded from cash and cash equivalents are amounts held as required by various lending agreements for escrow accounts for insurance, real estate taxes and capital expenditures related to the REIT's mortgages payable. These items are included in other non-current assets.

(g) Revenue recognition:

The REIT accounts for tenant leases as operating leases given that it has retained substantially all of the risks and benefits of ownership of its investment properties.

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

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

Recoveries from tenants are recognized as revenue in the year in which the corresponding costs are incurred. Other revenue is recorded at the time the service is provided.

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments:

(i) Designation of financial instruments:

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

Financial assets and liabilities	Classification	Measurement
Cash and cash equivalents	Loans and receivables	Amortized cost
Restricted cash	Loans and receivables	Amortized cost
Accounts receivable (rent and other receivables)	Loans and receivables	Amortized cost
Mortgages payable	Other liabilities	Amortized cost
Class B Redeemable Units	Other liabilities	Fair value
Revolving Facility	Other liabilities	Amortized cost
Interest rate swaps and caps	Other liabilities	Fair value
Security deposits	Other liabilities	Amortized cost
Accounts payable and other liabilities	Other liabilities	Amortized cost

(ii) Financial assets:

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

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

(iii) Financial liabilities:

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

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

(iv) Finance costs:

Finance costs include interest expense on mortgages payable, interest expense on the Revolving Facility, distributions on Class B partnership units (“Class B Redeemable Units”) of WPT Industrial, LP (the “Partnership”), and gain or loss on the change in fair value of financial liabilities designated as fair value through profit or loss, including Class B Redeemable Units and other financial instruments and amortization associated with the mark-to-market premium and deferred financing costs incurred in connection with obtaining long-term financings. The mark-to-market premium and deferred financing costs are amortized using the effective interest rate method over the term of the related mortgages payable. Unamortized mark-to-market premium and deferred financing costs are fully amortized when mortgages payable are retired before maturity.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Derivative financial instruments:

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

(i) Income taxes:

(i) Canadian status:

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

(ii) U.S. REIT status:

The REIT is treated as a U.S. corporation for all purposes under the Internal Revenue Code of 1986, as amended (the "Code") and, as a result, it is permitted to elect to be treated as a real estate investment trust under the Code, notwithstanding the fact that it is organized as a Canadian entity. In general, a company which elects real estate investment trust status, distributes at least 90% of its real estate investment trust taxable income to its shareholders in any taxable year, and complies with certain other requirements is not subject to federal income taxation to the extent of the income which it distributes. If it fails to qualify as a real estate investment trust in any taxable year, it will be subject to federal income tax at regular corporate income tax rates on its taxable income. Even if it qualifies for taxation as a real estate investment trust, it may be subject to certain state and local taxes on its income and property and to federal income and excise taxes on its undistributed income. The REIT has reviewed the real estate investment trust requirements and has determined that it qualifies as a real estate investment trust under the Code. Accordingly, no provision for U.S. federal income or excise taxes has been made with respect to the income of the REIT.

(j) REIT Units:

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

(k) Class B Redeemable Units:

The Class B Redeemable Units of the Partnership are redeemable by the holder thereof for cash or REIT Units (on a one-for-one basis subject to customary anti-dilution adjustments), as determined by the general partner of the Partnership in its sole discretion. The REIT Units are puttable and, therefore, the Class B Redeemable Units meet the definition of a financial liability under IAS 32. Further, the Class B Redeemable Units are designated as fair value through profit or loss financial liabilities and are measured at fair value at each reporting period, based upon the value of a REIT Unit, with any changes in fair value recorded in profit or loss.

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

Preparing the pro forma condensed consolidated financial statements requires management to make judgments, estimates and assumptions in the application of the policies outlined in note 2. Management bases its judgments and estimates on historical experience and other factors it believes to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or the liability affected in the future.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Critical accounting judgments:

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

(a) Investment properties:

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

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

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

(b) Leases:

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

The REIT has entered into a non-cancellable ground lease for land related to one of its buildings, which sits on land that is not owned by the REIT. Annual payments under the lease are approximately $100 through May 31, 2023. Annual payments thereafter are adjusted based on changes in the consumer price index until expiration in 2093.

(c) Income taxes:

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

(ii) Estimates and assumptions:

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

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

(m) Changes in future accounting policies:

(i) Financial instruments:

In November 2009 and October 2010, the first part of IFRS 9, Financial Instruments — Classification and Management ("IFRS 9"), relating to the classification and measurement of financial assets and financing liabilities was issued. IFRS 9 will

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

ultimately replace IAS 39, Financial Instruments — Recognition and Measurement. The standard requires an entity to classify its financial assets on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, and subsequently measure the financial assets as either at amortized cost or at fair value. The new standard is mandatory for annual periods beginning on or after January 1, 2015. The impact of adoption has not yet been determined.

The amendments to IAS 32 are intended to clarify existing application issues relating to the offsetting rules and reduce the level of diversity in current practice. The amendments are effective for annual periods beginning on or after January 1, 2014. The impact of adoption has not yet been determined.

(ii) Fair value measurement:

IFRS 13, Fair Value Measurement, defines fair value, provides guidance on its determination and introduces consistent requirements for disclosures on fair value measurement. The REIT intends to adopt this standard on January 1, 2013. The impact of adoption has not yet been determined.

(iii) Presentation of other comprehensive income:

Amendments to IAS 1, Presentation of Financial Statements, provide guidance on the presentation of items contained in other comprehensive income, including a requirement to separate items presented in the other comprehensive income into two groups based on whether or not they may be recycled to profit or loss in the future. The REIT intends to adopt this standard on January 1, 2013. The impact of adoption has not yet been determined.

(iv) IFRS 10, Consolidated Financial Statements ("IFRS 10"):

IFRS 10 replaces consolidated guidance in IAS 27, Consolidated and Separate Financial Statements, and SIC 12, Consolidation — Special Purpose Entities, by replacing a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e. whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in special purpose entities). Under IFRS 10, control is based on whether an investor has (a) power over the investee; (b) exposure, or rights, to variable returns from its involvement with the investee; and (c) the ability to use its power over the investee to affect the amount of the returns. The REIT intends to adopt this standard on January 1, 2013. The impact of adoption has not yet been determined.

(v) IFRS 11, Joint Arrangements ("IFRS 11"):

IFRS 11 introduces new accounting requirements for joint arrangements, replacing IAS 31, Interests in Joint Ventures. The option to apply the proportional consolidation method when accounting for jointly-controlled entities is removed. Additionally, IFRS 11 eliminates jointly-controlled assets to now only differentiate between joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets. The REIT intends to adopt this standard on January 1, 2013. The impact of adoption has not yet been determined.

3. PRO FORMA ADJUSTMENTS

The pro forma adjustments to the pro forma condensed consolidated financial statements have been prepared to account for the impact of the acquisition transaction contemplated by the prospectus as described below:

(a) Initial public offering:

The pro forma condensed consolidated financial statements assume that on Closing the REIT will raise gross proceeds of approximately $100,000 (excluding any over-allotment option) pursuant to the Offering through the issuance of 10 million REIT Units at $10 per unit. Costs relating to the Offering including underwriters' fees are expected to be $12,597 and are charged directly to unitholders' equity.

(b) Acquisition:

On Closing, it is assumed that a subsidiary of the REIT will indirectly acquire from Welsh 35 industrial properties and two office properties located in the United States.

3. PRO FORMA ADJUSTMENTS (Continued)

The Initial Properties will be acquired for a gross purchase price of $435,701. The purchase price is supported by third party appraisals. The REIT will assume mortgages with an aggregate principal balance of $185,932 and a mark-to-market adjustment of $4,700 and will refinance and satisfy certain debt, including mortgages in the aggregate amount of $68,013 on certain Initial Properties that were transferred to the REIT subject to such debt. As partial consideration, the Partnership will issue $108,674 of Class B Redeemable Units to Welsh. The remainder of the purchase price will be paid in cash.

The impact of the acquisitions, which have been accounted for as business combinations, are as follows:

	Book value of the Initial Properties[1]	Fair value adjustment	Total
Investment properties	$404,466	$31,235	$435,701
Other non-current assets	1,309	—	1,309
Amounts receivable	2,086	—	2,086
Prepaid expenses	338	—	338
Cash and cash equivalents	3,253	—	3,253
	411,452	31,235	442,687
Mortgages and loans payable	253,945	4,700	258,645
Other financial instruments	103	—	103
Security deposits	789	—	789
Amounts payable and accrued liabilities	6,094	—	6,094
	260,931	4,700	265,631
Net assets acquired	$150,521	$26,535	$177,056
Consideration given by the REIT consists of the following:			
Class B Redeemable Units issued to Welsh			$108,674
Cash paid			68,382
Total consideration			$177,056

(1) Reflects assets acquired and debt assumed. Notes payable of $2,480 at December 31, 2012 have not been assumed. Certain additional loans and mortgages have been transferred by Welsh on Closing, in total with a net book value of $36,438.

The actual calculation and allocation of the purchase price for the transaction outlined above will be based on the assets purchased and liabilities assumed at the effective date of the acquisition and other information available at that date. Accordingly, the actual amounts for each of these assets and liabilities will vary from the pro forma amounts and the variation may be material.

(c) Mortgages payable:

On the Closing, the REIT will assume the mortgages payable on 28 of the Initial Properties with an outstanding principal balance of $190,632 (including a mark-to-market premium of $4,700), with a weighted average interest rate on such debt of 4.64%. The REIT assumes that it will incur $635 in financing costs on the assumption of the mortgages payable, which has not been included in the total consideration paid to Welsh in note 3(b). The REIT will finance periodic repayment of principal through non-distributed cash generated on working capital.

(d) Revolving Credit Facility:

The Partnership is expected to have in place, on the Closing, a new $75,000 senior secured revolving credit facility (the "Revolving Facility"). The Revolving Facility will have an initial term of three years from the Closing, subject to a one-year extension option upon the payment of an extension fee and satisfaction of other conditions. The expected rate on the Revolving Facility is, at the borrower's option, based on either a base rate or LIBOR (with one, two or three month LIBOR periods), in each case plus an applicable margin based on corporate leverage. The base rate will be equal to the greater of (i) the fluctuating annual rate of interest announced from time to time by KeyBank National Association at its head office as the "prime rate" plus 1.0%, (ii) 0.5%

3. PRO FORMA ADJUSTMENTS (Continued)

above the federal funds effective rate or (iii) 30 day LIBOR plus the applicable margin. The Revolving Facility may be increased to $200,000 upon the borrower's request and approval of the lender.

Upon the Closing, the Partnership is expected to draw $50,216 on the Revolving Facility. The Partnership is expected to pay $525 in upfront financing costs related to the Revolving Facility. The Partnership also purchased a two-year interest rate cap at a cost of $65, covering $50,000 of floating rate debt under its Revolving Facility at a 50 basis point strike above LIBOR.

(e) Sources and uses of cash:

The REIT's sources and uses of cash after the completion of the transactions contemplated in the Offering are as follows:

Sources:	
Proceeds from the Offering	$100,000
Proceeds from draw down of Revolving Facility	50,216
	150,216
Uses:	
Payment of mortgages and loans payable on Closing	68,013
Purchase of Initial Properties (note 3(b))	68,382
Offering costs and expenses	12,597
Financing charges	1,224
	150,216
	$ —

(f) Investment properties operating expenses:

Investment properties operating expenses have been increased by $331 for the year ended December 31, 2012 to reflect the impact of a property management fee that would have been payable pursuant to a property management agreement expected to be entered into on closing between the REIT, the Partnership and Welsh. Under the property management agreement, Welsh will be the property manager of the properties directly and indirectly owned by the REIT and will administer the day-to-day operations of the REIT's portfolio of investment properties. The property management fee will be calculated as follows:

- 2% of gross revenue for single-tenant industrial properties;
- 3% of gross revenue for multi-tenant industrial properties; and
- 4% of gross revenue for office properties.

(g) Finance costs:

Finance costs have been increased by $1,317 for the year ended December 31, 2012 to reflect the impact of interest on the Revolving Facility including $32 related to the interest rate cap. For the same period, finance costs have been adjusted for amortization of mark-to-market premium and deferred financing costs by ($818) and $382, respectively.

(h) Class B Redeemable Units:

On the Closing, it is assumed the Partnership will issue Class B Redeemable Units with a fair value of $108,674. The Class B Redeemable Units are economically equivalent to REIT Units and are entitled only to receive distributions equal to those provided to holders of REIT Units (subject to certain adjustments). These Class B Redeemable Units have been classified as liabilities. Distributions of $7,608 for the year ended December 31, 2012 have been recorded as financing costs.

(i) General and administrative expenses:

General and administrative expenses have been increased by $1,978 for the year ended December 31, 2012 to reflect management's best estimates of trust expenses for the REIT.

General and administrative expenses include legal fees, audit fees, trustee fees, annual report costs, transfer agent fees, insurance and other miscellaneous costs of $1,151 per annum.

3. PRO FORMA ADJUSTMENTS (Continued)

General and administrative expenses also include additional asset management fees of $769 and a construction management fee of $58 for the year ended December 31, 2012 related to the new asset management agreement to be entered into among the REIT, the Partnership and Welsh on the Closing. The asset management fee under the new agreement is 0.25% of gross book value, as defined in the agreement. The construction management fee is equal to 5.0% of aggregate tenant improvements, capital expenditures and construction costs incurred with respect to capital projects in excess of $100 undertaken by the REIT, the Partnership, or any of their affiliates, provided that such fee will not apply to repair and maintenance costs incurred in the ordinary course. Under the terms of the agreement, Welsh is also eligible to earn acquisition fees based on the performance of the REIT. For purposes of preparing the pro forma condensed consolidated financial statements it has been assumed that such fees have not been earned.

(j) Income taxes:

It is assumed that the REIT meets the real estate investment trust requirements under the Code, is not a SIFT trust under the Income Tax Act (Canada) and will make the distributions necessary to not be subject to Canadian and U.S. federal income tax.

(k) Fair value adjustments:

Subsequent to initial recognition, investment properties will be adjusted to their fair values at each reporting period with changes in fair value recorded in net income and comprehensive income. For the purposes of the pro forma condensed consolidated statement of net income and comprehensive income, no changes in the fair value of the investment properties have been assumed.

As the Class B Redeemable Units and other financial instruments are financial liabilities designated as fair value through profit and loss, they will be adjusted to their fair value on an ongoing basis with any fair value adjustments being included in the pro forma condensed consolidated statement of net income and comprehensive income. As a pro forma assumption of such fair value changes is a prediction rather than an objectively determinable pro forma adjustment, these pro forma condensed consolidated financial statements assume no change in the fair value of the Class B Redeemable Units and other financial instruments during the year ended December 31, 2012. However, the actual REIT financial statements will include fair value changes and such changes could be material. For illustrative purposes, a 10% change in the market value of a REIT Unit, would result in a fair value change in the Class B Redeemable Units of approximately $10,867.

(l) Working capital adjustment:

Amounts receivable at December 31, 2012 has been adjusted by $1,334 to reflect the settlement of the net working capital balance, and other non-current assets and liabilities on Closing.

4. UNITHOLDERS' EQUITY

The REIT is authorized to issue an unlimited number of Trust Units. Trust Units are ordinary units of the REIT, each of which represents a unitholders' proportionate undivided beneficial ownership interest and voting rights in the REIT.

On the Closing, the REIT anticipates issuing 10 million units for $87,403, net of issue costs of $12,597.

5. RELATED PARTY TRANSACTIONS

The pro forma condensed consolidated financial statements include the following transactions with Welsh:

(a) Management fees:

Asset management fees of $1,107, as well as property management fees of $1,218, are paid to Welsh for the year ended December 31, 2012.

(b) Class B Redeemable Units:

Distributions on the Class B Redeemable Units of $7,608 are paid to Welsh.

(c) Office rent:

The Partnership has a lease with Welsh and its affiliates at an investment property located at 4350 Baker Road, Minnetonka, Minnesota 55343. Rental revenue earned by the Partnership from Welsh and its affiliates for the year ended December 31, 2012 was $1,000. The lease commenced on June 1, 2008 and expires on May 31, 2020, with annual rent increases of 2.0%.

WPT INDUSTRIAL REAL ESTATE INVESTMENT TRUST

Financial Statements
(Expressed in U.S. dollars)

As at and for the one-day period ended March 4, 2013
(date of formation)

INDEPENDENT AUDITORS' REPORT

To the Trustees of WPT Industrial Real Estate Investment Trust

We have audited the accompanying financial statements of WPT Industrial Real Estate Investment Trust, which comprise the balance sheet as at March 4, 2013 (date of formation), the statements of changes in unitholders' capital and cash flows for the one-day period ended March 4, 2013 (date of formation), and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of WPT Industrial Real Estate Investment Trust as at March 4, 2013 (date of formation), and its financial performance and its cash flows for the one-day period ended March 4, 2013 (date of formation) in accordance with International Financial Reporting Standards.

(Signed) KPMG LLP
Chartered Accountants,
Licensed Public Accountants

April 17, 2013
Toronto, Canada

WPT INDUSTRIAL REAL ESTATE INVESTMENT TRUST

BALANCE SHEET

(Expressed in U.S. dollars)
March 4, 2013 (date of formation)

Assets	
Cash	$10
Unitholders' Capital	$10

See accompanying notes to financial statements.

WPT INDUSTRIAL REAL ESTATE INVESTMENT TRUST

STATEMENT OF CHANGES IN UNITHOLDERS' CAPITAL

(Expressed in U.S. dollars)
One-day period ended March 4, 2013 (date of formation)

Issuance of unit on formation	$10
Unitholders' capital, end of period	$10

See accompanying notes to financial statements.

WPT INDUSTRIAL REAL ESTATE INVESTMENT TRUST

STATEMENT OF CASH FLOWS

(Expressed in U.S. dollars)
One-day period ended March 4, 2013 (date of formation)

Financing activities:	
Issuance of unit	$10
Increase in cash, being cash, end of period	$10

See accompanying notes to financial statements.

WPT Industrial Real Estate Investment Trust (the "REIT") is an unincorporated, open-ended real estate investment trust established pursuant to the Declaration of Trust dated March 4, 2013, as may be amended and/or restated from time to time, under the laws of the Province of Ontario. To date, there have been no operations and going forward, the REIT's financial reporting year end will be December 31. The head office of the REIT is located at 333 Bay Street, Suite 3400, Toronto, Ontario. The REIT has been formed to own and operate an institutional quality portfolio of primarily industrial properties located in the United States, with a particular focus on warehouse and distribution industrial real estate.

1. STATEMENT OF COMPLIANCE

The financial statements of the REIT have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The financial statements were authorized for issue by the Board of Trustees of the REIT on April 17, 2013.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, unrestricted cash and short-term investments. Short-term investments, comprising money market instruments, have an initial maturity of 90 days or less at their date of purchase and are stated at cost, which approximates fair value. As at March 4, 2013, there were no cash equivalents.

(b) Unitholders' capital:

The Trust Unit is redeemable at the option of the holder and, therefore, is considered a puttable instrument in accordance with International Accounting Standard ("IAS") 32, Financial Instruments — Presentation ("IAS 32"). Puttable instruments are required to be accounted for as financial liabilities, except where certain conditions are met in accordance with IAS 32, in which case, the puttable instruments may be presented as equity. The Trust Unit meets the conditions of IAS 32 and is, therefore, classified and accounted for as equity.

The REIT is authorized to issue an unlimited number of trust units ("Trust Units").

On March 4, 2013, the REIT issued one Trust Unit for cash proceeds of ten dollars.

(c) Future accounting changes:

The following new standards and amendments to existing standards issued by the International Accounting Standards Board may be relevant to the REIT in preparing its consolidated financial statements in future periods:

Standards	Effective date
IFRS 9, Financial Statements (2010)	Annual period beginning on or after January 1, 2015
IAS 32, Financial Instruments — Presentation (amendments)	Annual period beginning on or after July 1, 2014

The REIT intends to adopt these standards on their respective effective dates. The extent of the impact of adoption of these standards on the REIT has not yet been determined.

3. SUBSEQUENT EVENTS

(a) On April 17, 2013, the board of trustees of the REIT approved proceeding with a public offering whereby the REIT will raise gross proceeds of $100 million pursuant to an initial public offering (the "Offering") through the issuance of 10 million Trust Units at a price of $10 per Trust Unit, excluding the over-allotment option. Costs relating to the Offering, including underwriters' fees, are expected to be approximately $12.6 million and will be charged directly to unitholders' capital.

The closing (the "Closing") of the transactions contemplated by this prospectus will occur no later than April 26, 2013.

On Closing, a subsidiary of the REIT will indirectly acquire from affiliates of Welsh Property Trust, LLC ("Welsh") 35 industrial properties and two office properties (the "Initial Properties").

The Initial Properties will be acquired for a gross purchase price of $435.7 million. The purchase price is supported by third party appraisals. The REIT will assume debt including mortgages on certain initial properties with an aggregate principal balance of $185.9 million and a mark-to-market adjustment of $4.7 million and will refinance and satisfy other mortgages in the aggregate amount of $68.0 million that encumber certain of the Initial Properties that were transferred to the REIT subject to such debt. As

3. SUBSEQUENT EVENTS (Continued)

partial consideration, WPT Industrial, LP (the "Partnership") will issue $108.7 million of Class B partnership units to Welsh, as the limited partner of the Partnership. The remainder of the purchase price will be paid in cash.

(b) The Partnership is expected to have in place, on the Closing, a new $75.0 million senior secured revolving credit facility (the "Revolving Facility"). The Revolving Facility will have an initial term of three years from the Closing, subject to a one-year extension option upon the payment of an extension fee and satisfaction of other conditions. The expected rate on the Revolving Facility is, at the borrower's option, based on either a base rate or LIBOR (with one, two or three month LIBOR periods), in each case plus an applicable margin based on corporate leverage. The base rate will be equal to the greater of (i) the fluctuating annual rate of interest announced from time to time by KeyBank National Association at its head office as the "prime rate" plus 1.0%, (ii) 0.5% above the federal funds effective rate or (iii) 30 day LIBOR plus the applicable margin. The Revolving Facility may be increased to $200.0 million upon the borrower's request and approval of the lender.

WELSH INITIAL PROPERTIES

Carve-out Financial Statements

December 31, 2012, December 31, 2011, December 31, 2010 and November 30, 2010

(With Independent Auditors' Report Thereon)

WELSH INITIAL PROPERTIES

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INDEPENDENT AUDITORS' REPORT

The Board of Managers and Members
Welsh Property Trust, LLC:

We have audited the accompanying carve-out financial statements of the Welsh Initial Properties which comprise the carve-out statements of financial position as of December 31, 2012, December 31, 2011, December 31, 2010 and November 30, 2010, and the related carve-out statements of income and comprehensive income, divisional surplus and cash flows for the years ended December 31, 2012 and December 31, 2011 and for the period from November 30, 2010 through December 31, 2010, and the related notes to the carve-out financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these carve-out financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of carve-out financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these carve-out financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and International Standards on Auditing. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the carve-out financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the carve-out financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the carve-out financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the carve-out financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the carve-out financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the carve-out financial statements referred to above present fairly, in all material respects, the financial position of the Welsh Initial Properties as of December 31, 2012, December 31, 2011, December 31, 2010, and November 30, 2010, and the results of their operations and their cash flows for the years ended December 31, 2012 and December 31, 2011 and for the period from November 30, 2010 through December 31, 2010 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(Signed) KPMG LLP

Minneapolis, Minnesota
April 18, 2013

WELSH INITIAL PROPERTIES
CARVE-OUT STATEMENTS OF FINANCIAL POSITION
(amounts in thousands of U.S. dollars)

	Note	December 31, 2012	December 31, 2011	December 31, 2010	November 30, 2010
Assets					
NON-CURRENT ASSETS					
Investment properties	6, 7, 8	$304,966	$292,535	$86,377	$79,378
Other non-current assets	10	1,200	1,006	196	176
		306,166	293,541	86,573	79,554
CURRENT ASSETS					
Amounts receivable	11	737	999	465	505
Prepaid expenses		306	291	37	103
Cash and cash equivalents		3,253	2,020	1,036	1,018
		4,296	3,310	1,538	1,626
Total assets		$310,462	$296,851	$88,111	$81,180
Liabilities					
NON-CURRENT LIABILITIES					
Mortgages payable	12	$143,194	$161,843	$50,580	$46,346
Note payable	17	2,480	—	—	—
Security deposits		544	535	166	149
Other financial instruments	18	103	157	149	182
		146,321	162,535	50,895	46,677
CURRENT LIABILITIES					
Mortgages payable	12	24,222	1,889	6,888	6,848
Amounts payable and accrued liabilities	13	3,930	3,508	1,346	1,583
		28,152	5,397	8,234	8,431
Total liabilities		174,473	167,932	59,129	55,108
Divisional surplus		135,989	128,919	28,982	26,072
Total liabilities and divisional surplus		$310,462	$296,851	$88,111	$81,180

See accompanying notes to carve-out financial statements.

WELSH INITIAL PROPERTIES

CARVE-OUT STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

For the Years Ended December 31, 2012 and December 31, 2011 and for the Period from November 30, 2010 through December 31, 2010

(amounts in thousands of U.S. dollars)

	Note	Year Ended December 31, 2012	Year Ended December 31, 2011	November 30, 2010 – December 31, 2010
Investment properties revenue	14	$35,423	$22,665	$969
Investment properties operating expenses		9,041	6,401	266
Net operating income		26,382	16,264	703
Other (income) and expenses				
General and administrative		338	206	9
Fair value (increase) decrease to investment properties	8	(237)	157	89
Gain on extinguishment of mortgages payable		—	(489)	—
Acquisition related costs, net	7	—	373	—
Interest expense	15	8,779	5,009	206
Net income and comprehensive income		$17,502	$11,008	$399

See accompanying notes to carve-out financial statements.

WELSH INITIAL PROPERTIES

CARVE-OUT STATEMENTS OF DIVISIONAL SURPLUS

For the Years Ended December 31, 2012 and December 31, 2011 and the Period from November 30, 2010 through December 31, 2010

(amounts in thousands of U.S. dollars)

Divisional surplus at November 30, 2010	$ 26,072
Net income and comprehensive income	399
Cash contributions from Welsh	2,373
Cash distributions to Welsh	(489)
Contribution of investment properties in exchange of equity units of Welsh	627
Divisional surplus at December 31, 2010	$ 28,982
Net income and comprehensive income	11,008
Cash contributions from Welsh	87,819
Cash distributions to Welsh	(8,072)
Contribution of investment properties in exchange of equity units of Welsh	9,182
Divisional surplus at December 31, 2011	$128,919
Net income and comprehensive income	17,502
Cash contributions from Welsh	4,772
Cash distributions to Welsh	(15,204)
Divisional surplus at December 31, 2012	$135,989

See accompanying notes to carve-out financial statements.

WELSH INITIAL PROPERTIES

CARVE-OUT STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2012 and December 31, 2011 and the Period from November 30, 2010 through December 31, 2010

(amounts in thousands of U.S. dollars)

	Note	Year Ended December 31, 2012	Year Ended December 31, 2011	November 30, 2010 – December 31, 2010
Operating activities				
Net income		$ 17,502	$ 11,008	$ 399
Non-cash items:				
Amortization of financing costs	15	399	147	—
Amortization of lease incentives and initial direct leasing costs		77	12	—
Amortization of original issue (premium) discount		16	(58)	(16)
Increase in straight line rent costs		(1,358)	(989)	(89)
Fair value (gain) loss on interest rate swap		(54)	8	(33)
Fair value (increase) decrease to investment properties	8	(237)	157	89
Gain on extinguishment of mortgages payable		—	(489)	—
Change in non-cash working capital	19	9,086	5,157	88
Cash flows provided by operating activities		25,431	14,953	438
Investing activities				
Acquisition of investment properties	6, 7	(9,291)	(151,230)	(1,997)
Investment in building improvements	8	(1,622)	(1,168)	—
Cash balances transferred in acquisition of investment properties		—	356	56
Change in restricted cash		(194)	236	(20)
Cash flows used in investing activities		(11,107)	(151,806)	(1,961)
Financing activities				
Mortgage principal payments	12	(1,896)	(28,596)	(113)
Proceeds from mortgages payable	12	5,200	93,016	—
Proceeds from note payable	17	2,480	—	—
Contributions		4,772	87,819	2,373
Distributions		(15,204)	(8,072)	(489)
Financing costs incurred		(36)	(1,695)	—
Interest paid	15	(8,407)	(4,635)	(230)
Cash flows (used in) provided by financing activities		(13,091)	137,837	1,541
Net increase in cash and cash equivalents		1,233	984	18
Cash and cash equivalents, beginning of the period		2,020	1,036	1,018
Cash and cash equivalents, end of the period		$ 3,253	$ 2,020	$ 1,036
Noncash financing and investing activity:				
Purchase of investment properties for exchange of equity units of Welsh		$ —	$ 9,182	$ 627
Assumption of mortgages payable for acquired investment properties		$ —	$ 11,920	$ —
Assumption of mortgages payable from contributed invesment properties		$ —	$ 32,020	$ 4,402

See accompanying notes to carve-out financial statements.

NOTE 1 — GENERAL INFORMATION

Welsh Property Trust, LLC ("Welsh") was established on December 18, 2009 and did not have meaningful operating activity prior to November 30, 2010, when properties were first acquired from the Welsh group of companies (collectively, "The Welsh Group"). For the year ended December 31, 2011 and for the period from November 30, 2010 through December 31, 2010, Welsh acquired seven and one additional properties, respectively, from The Welsh Group.

The Welsh Initial Properties, as presented in these carve-out financial statements, is not a legal entity. It represents the carve-out of 30 industrial and two office properties (the "Portfolio"), located in various regions throughout the United States, from the consolidated financial statements of Welsh. For all periods presented in these carve-out financial statements, the Portfolio was under the common control of Welsh.

These carve-out financial statements of the Portfolio have been prepared for the specific purpose of reporting on the assets, liabilities, revenues, expenses, and divisional surplus in the net assets of the Portfolio included in, and for the inclusion in, a prospectus to be filed by WPT Industrial Real Estate Investment Trust (the "REIT"), a newly-created, unincorporated, open-ended real estate investment trust established under the laws of the Province of Ontario. These carve-out financial statements present the financial position, results of operations and cash flows of the Portfolio for the periods presented as if the Portfolio had been accounted for on a stand-alone basis.

These carve-out financial statements are not necessarily indicative of the results that would have been attained had the Portfolio been operated as a separate legal entity for the years presented and, therefore, are not necessarily indicative of future operating results.

NOTE 2 — BASIS OF PREPARATION

Statement of Compliance

These carve-out financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These are the Portfolio's first carve-out financial statements prepared in accordance with IFRS and the Portfolio adopted IFRS in accordance with IFRS 1, *First-Time Adoption of International Reporting Standards*. An explanation or reconciliation of how the transition to IFRS has affected the Portfolio's carve-out financial position, performance and cash flows has not been presented as the Portfolio has not presented carve-out financial statements in previous years. The date of transition to IFRS was November 30, 2010, the first date any of the properties were acquired by Welsh.

Basis of Measurement

These carve-out financial statements have been prepared on a historical cost basis except for investment properties and an interest rate swap that have been measured at fair value. The carve-out financial statements are presented in United States dollars, which is the functional currency of the Portfolio.

Basis of Presentation

The Portfolio holds its interests in the investment properties in limited liability companies ("LLCs"), which are commonly controlled by Welsh. All intercompany transactions, if any, and balances between properties within the Portfolio have been eliminated upon combination.

The carve-out financial statements were authorized for issue by the Board of Managers and Members on April 17, 2013.

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these carve-out financial statements are described below and have been applied consistently to all periods presented:

Investment Properties

Investment property is initially recorded at cost, including related transaction costs in the case of asset acquisitions, and includes primarily industrial properties held to earn rental revenue and/or for capital appreciation. The Portfolio has selected the fair value method to account for real estate classified as investment property. As a result, subsequent to initial recognition, investment property is carried at fair value, with gains and losses arising from changes in fair value recognized in the carve-out statements of income and comprehensive income for the period in which they arise. Fair values are primarily determined by using the discounted cash flow method of the income approach.

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment property includes land, building, improvements to the property, all direct leasing costs incurred in arranging property tenants, as well as any lease incentives. Lease incentives that do not provide benefits beyond the initial lease term are amortized as a reduction to investment property revenue on a straight-line basis over the term of the lease.

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

Investment property is derecognized when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Prior to its disposal, the carrying value of the investment property is adjusted to reflect its fair value. This adjustment shall be recorded as a fair value gain (loss). Any remaining gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

Revenue Recognition

The Portfolio accounts for tenant leases as operating leases given that it has retained substantially all of the risks and benefits of ownership of its investment property.

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

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

Recoveries from tenants are recognized as revenue in the period in which the corresponding costs are incurred. Other revenues are recorded at the time the service is provided.

Business Combinations

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

Cash and Cash Equivalents

Cash and cash equivalents includes all short-term investments with an original maturity of three months or less, and excludes cash subject to restrictions that prevent its use for current purposes. Excluded from cash and cash equivalents are amounts held as required by various lending agreements for escrow accounts for insurance, real estate taxes, and capital expenditures related to the Portfolio's mortgages payable. These items are included in other non-current assets.

Income Taxes

The Portfolio holds its interest in the investment properties through LLCs. Generally, an LLC is treated as either a partnership or a disregarded entity for U.S. federal income tax purposes. As a result, LLCs are generally not subject to federal income taxes as the respective members/partners are taxed on their allocable share of the entity's taxable income. Therefore, no provision or liability for federal income taxes has been included in the accompanying carve-out financial statements. In certain instances, the Portfolio may be subject to certain state and local taxes.

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Portfolio evaluates the uncertainties of tax positions taken or expected to be taken on a tax return based on the probability of whether the position taken will be sustained upon examination by tax authorities. The Portfolio recognizes tax positions taken or to be taken in a tax return when they become probable. The Portfolio concluded that it has no material uncertain tax liabilities to be recognized as of December 31, 2012, December 31, 2011, December 31, 2010 or November 30, 2010.

Financial instruments

Designation of financial instruments

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

Financial Assets	Classification	Measurement
Cash and cash equivalents	Loans and receivables	Amortized cost
Restricted cash	Loans and receivables	Amortized cost
Amounts receivable (rent and other receivables)	Loans and receivables	Amortized cost
Financial Liabilities		
Mortgages payable	Other liabilities	Amortized cost
Interest rate swap	Other liabilities	Fair value
Security deposits	Other liabilities	Amortized cost
Amounts payable and accrued liabilities	Other liabilities	Amortized cost

Financial assets

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

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

Financial liabilities

The Portfolio classifies financial liabilities on initial recognition as other liabilities measured at amortized cost. The Portfolio initially recognizes borrowings on the date they are originated. All other financial liabilities are recognized initially on the trade date at which the Portfolio becomes a party to the contractual provisions of the instrument. Mortgages and other financial liabilities are initially recognized at fair value less directly attributable transaction costs, or at fair value when assumed in a business combination or asset acquisition. Subsequent to initial recognition, these financial liabilities are recognized at amortized cost using the effective interest rate method.

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

Finance Costs

Finance costs include interest expense on mortgages payable and amortization associated with loan fees incurred in connection with obtaining long-term financings. Finance costs are amortized to interest expense using the effective interest rate method over the term of the related mortgages payable unless they relate to a qualifying asset. Unamortized finance costs are fully amortized when mortgages payable are retired before maturity.

NOTE 4 — CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Preparing the carve-out financial statements requires management to make judgments, estimates and assumptions in the application of the policies outlined in Note 3. Management bases its judgments and estimates on historical experience and other factors it believes to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Critical accounting judgments

The following are the critical judgments used in applying the Portfolio's accounting policies that have the most significant effect on the amounts in the carve-out financial statements:

Investment properties

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

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

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

Leases

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

The Portfolio has entered into a non-cancellable ground lease for land related to one of its buildings, which sits on land that is not owned by the Portfolio. Annual payments under the lease are approximately $0.1 million through May 31, 2023. Annual payments thereafter are adjusted based on changes in the consumer price index until expiration in 2093.

Estimates and assumptions

Management makes estimates and assumptions that affect carrying amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amount of income for the year. Actual results could differ from these estimates. The estimates and assumptions that are critical in determining the amounts reported in the carve-out financial statements relate to the following:

Valuation of investment properties

Critical assumptions relating to the estimates of fair values of investment properties include the receipt of contractual rents, expected future market rents, renewal rates,maintenance requirements, discount rates that reflect current market uncertainties, capitalization rates and current and recent property investment prices. If there is any change in these assumptions or regional, national or international economic conditions, the fair value of property investments may change materially. Refer to Note 8 for further information on estimates and assumptions made.

NOTE 5 — CHANGES IN FUTURE ACCOUNTING POLICIES

Financial instruments

In November 2009 and October 2010, the first part of IFRS 9, *Financial Instruments — Classification and Measurement,* relating to the classification and measurement of financial assets and financing liabilities was issued. IFRS 9 will ultimately replace IAS 39, *Financial Instruments — Recognition and Measurement*. The standard requires an entity to classify its financial assets on the basis of the entity's

NOTE 5 — CHANGES IN FUTURE ACCOUNTING POLICIES (Continued)

business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, and subsequently measure the financial assets as either at amortized cost or at fair value. The new standard is mandatory for annual periods beginning on or after January 1, 2015. The impact of adoption is currently not anticipated to have a material impact on the Portfolio's financial statements.

The amendments to IAS 32, *Financial Instruments — Presentation — Offsetting of Financial Assets and Financial Liabilities*, are intended to clarify existing application issues relating to the offsetting rules and reduce the level of diversity in current practice. The amendments are effective for annual periods beginning on or after January 1, 2014. The impact of adoption is currently not anticipated to have a material impact on the Portfolio's financial statements.

Fair value measurement

IFRS 13, *Fair Value Measurement*, defines fair value, provides guidance on its determination and introduces consistent requirements for disclosures on fair value measurement. The Portfolio intends to adopt this standard on January 1, 2013. The impact of adoption is currently not anticipated to have a material impact on the Portfolio's financial statements.

Presentation of items of other comprehensive income

Amendments to IAS 1, *Presentation of Financial Statements* ("IAS 1"), provide guidance on the presentation of items contained in other comprehensive income, including a requirement to separate items presented in other comprehensive income into two groups based on whether or not they may be recycled to profit or loss in the future. The Portfolio intends to adopt this standard on January 1, 2013. The impact of adoption is currently not anticipated to have a material impact on the Portfolio's financial statements.

IFRS 10, *Consolidated Financial Statements*

IFRS 10 replaces the consolidation guidance in IAS 27, *Consolidated and Separate Financial Statements* and SIC 12, *Consolidation — Special Purpose Entities* by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e., whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in special purpose entities). Under IFRS 10, control is based on whether an investor has (1) power over the investee; (2) exposure, or rights, to variable returns from its involvement with the investee; and (3) the ability to use its power over the investee to affect the amount of the returns. The Portfolio intends to adopt this standard on January 1, 2013. The impact of adoption is currently not anticipated to have a material impact on the Portfolio's financial statements.

IFRS 11, *Joint Arrangements*

IFRS 11 introduces new accounting requirements for joint arrangements, replacing IAS 31, *Interests in Joint Ventures*. The option to apply the proportional consolidation method when accounting for jointly controlled entities is removed. Additionally, IFRS 11 eliminates jointly controlled assets to now only differentiate between joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets. The Portfolio intends to adopt this standard on January 1, 2013. The impact of adoption is currently not anticipated to have a material impact on the Portfolio's financial statements.

NOTE 6 — ASSET ACQUISITIONS

Detailed below are the asset acquisitions completed for the years ended December 31, 2012 and December 31, 2011:

For the year ended December 31, 2012	Interest acquired by Welsh (%)	Purchase Price[1]	Fair value of mortgages payable assumed	Date Acquired
6600 Pritchard Road	90	$3,606	$—	February 29, 2012
8500-8950 Hedge Lane Terrace	100	5,685	—	August 1, 2012
Total		$9,291	$—	

(1) Includes transaction costs of $42 and $85, respectively.

NOTE 6 — ASSET ACQUISITIONS (Continued)

For the year ended December 31, 2011	Interest acquired by Welsh (%)	Purchase Price[(1)]	Fair value of mortgages payable assumed	Date Acquired
3003 Reeves Road	100	$23,013	$—	August 1, 2011
3000 Ames Crossing Road	99	13,135	—	August 11, 2011
6579 West 350 North	100	21,638	—	September 20, 2011
Total		$57,786	$—	

(1) Includes transaction costs of $13, $82 and $238, respectively.

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

	Year ended December 31, 2012	Year ended December 31, 2011
Investment property	$9,291	$57,786
Total purchase price	$9,291	$57,786
The consideration paid consists of:		
Cash paid	$9,291	$57,786
Total consideration	$9,291	$57,786

In conjunction with these asset acquisitions, Welsh entered into new mortgages payable in the amount of $6.6 million and $32.4 million for the years ended December 31, 2012 and December 31, 2011, respectively.

There were no asset acquisitions for the period from November 30, 2010 through December 31, 2010.

NOTE 7 — BUSINESS COMBINATION

Effective January 31, 2011, Welsh acquired a 100% interest in two industrial properties in an acquisition from The Welsh Group for $1.4 million in cash consideration and equity units of Welsh worth $2.7 million. Total consideration for the two properties approximated the fair value of net assets acquired at that date. The following are the recognized amounts of identifiable assets acquired and liabilities assumed for the two properties, measured at their respective fair values:

Investment properties	$13,464
Amounts receivable	37
Prepaid expenses	11
Cash	139
Amounts payable and other accrued liabilities	(223)
Security deposits	(20)
Mortgages payable	(9,351)
Total consideration	$ 4,057

There were no acquisition costs directly related to this transaction. For the year ended December 31, 2011, the Portfolio recognized $1.6 million of revenue and $1.0 million of income and comprehensive income before fair value adjustments, related to the acquisition of these two properties. Had the acquisition occurred on January 1, 2011, the Portfolio would have recognized an additional $0.1 million of revenue and $0.1 million of income and comprehensive income before fair value related adjustments.

NOTE 7 — BUSINESS COMBINATION (Continued)

Effective July 7, 2011, Welsh acquired a 100% interest in five industrial properties (collectively, the "Rooker Portfolio") from a single third party owner for total cash consideration of $37.3 million, which approximated the fair value of net assets acquired at that date. The following are the recognized amounts of identifiable assets acquired and liabilities assumed for the five properties, measured at their respective fair values:

Investment properties	$37,450
Amounts receivable	12
Prepaid expenses	6
Amounts payable and other accrued liabilities	(153)
Security deposits	(55)
Total consideration	$37,260

Acquisition related costs of $0.2 million were incurred directly related to this transaction. For the year ended December 31, 2011, the Portfolio recognized $2.1 million of revenue and $1.1 million of income and comprehensive income before fair value adjustments, related to the acquisition of these five properties. Had the acquisition occurred on January 1, 2011, the Portfolio would have recognized an additional $1.5 million of revenue and $0.9 million of income and comprehensive income before fair value related adjustments.

Effective July 7, 2011, Welsh acquired a 100% interest in two industrial properties (collectively, the "Hartman Portfolio") from a single third party owner for total cash consideration of $27.1 million, which approximated the fair value of net assets acquired at that date. The following are the recognized amounts of identifiable assets acquired and liabilities assumed for the two properties, measured at their respective fair values:

Investment properties	$27,500
Amounts receivable	6
Amounts payable and other accrued liabilities	(247)
Security deposits	(168)
Total consideration	$27,091

Acquisition related costs of $0.03 million were incurred directly related to this transaction. For the year ended December 31, 2011, the Portfolio recognized $1.2 million of revenue and $0.6 million of income and comprehensive income before fair value adjustments, related to the acquisition of these two properties. Had the acquisition occurred on January 1, 2011, the Portfolio would have recognized an additional $1.2 million of revenue and $1.0 million of income and comprehensive income before fair value related adjustments.

Effective August 18, 2011, Welsh acquired a 68.35% interest in two industrial properties (collectively, "Rice Creek") from a single third party owner for total cash consideration of $6.2 million, which approximated the fair value of net assets acquired at that date. The following includes 100% of the recognized amounts of identifiable assets acquired and liabilities assumed for the two properties, measured at their respective fair values:

Investment properties	$ 18,000
Amounts receivable	7
Other non-current assets	178
Amounts payable and other accrued liabilities	(42)
Mortgages payable	(11,920)
Total consideration	$ 6,223

Acquisition related costs of $0.1 million were incurred directly related to this transaction. For the year ended December 31, 2011, the Portfolio recognized $0.9 million of revenue and $0.1 million of income and comprehensive income before fair value adjustments, related to the acquisition of these two properties. Had the acquisition occurred on January 1, 2011, the Portfolio would have recognized an additional $1.5 million of revenue and $0.7 million of income and comprehensive income before fair value related adjustments.

NOTE 7 — BUSINESS COMBINATION (Continued)

Effective August 31, 2011, Welsh acquired a 100% interest in five industrial properties in an acquisition from The Welsh Group for equity units of Welsh worth $6.5 million. Total consideration for the five properties approximated the fair value of net assets acquired at that date. The following are the recognized amounts of identifiable assets acquired and liabilities assumed for the five properties, measured at their respective fair values:

Investment properties	$ 28,430
Amounts receivable	110
Prepaid expenses	66
Cash	217
Restricted cash	753
Amounts payable and other accrued liabilities	(329)
Security deposits	(66)
Mortgages payable	(22,669)
Total consideration	$ 6,512

There were no acquisition costs directly related to this transaction. For the year ended December 31, 2011, the Portfolio recognized $1.3 million of revenue and $0.5 million of income and comprehensive income before fair value adjustments, related to the acquisition of these five properties. Had the acquisition occurred on January 1, 2011, the Portfolio would have recognized an additional $2.4 million of revenue and $1.0 million of comprehensive income before fair value related adjustments.

Effective November 21, 2011, Welsh acquired a 100% interest in two industrial properties (collectively, "Midpoint") from a single third party owner for total cash consideration of $21.5 million, which approximated fair value at that date. The following are the recognized amounts of identifiable assets acquired and liabilities assumed for the two properties, measured at their respective fair values:

Investment properties	$21,540
Prepaid expenses	34
Restricted cash	30
Amounts payable and other accrued liabilities assumed	(71)
Total consideration	$21,533

Acquisition related costs of $0.1 million were incurred directly related to this transaction. For the year ended December 31, 2011, the Portfolio recognized $0.3 million of revenue and $0.1 million of income and comprehensive income before fair value adjustments, related to the acquisition of these two properties. Had the acquisition occurred on January 1, 2011, the Portfolio would have recognized an additional $1.8 million of revenue and $1.4 million of income and comprehensive income before fair value related adjustments.

Effective December 21, 2010, Welsh acquired a 100% interest in one industrial property in an acquisition from The Welsh Group for $2.0 million in cash consideration and equity units of Welsh worth $0.6 million. Total consideration for the property approximated the fair value of net assets acquired at that date. The following are the recognized amounts of identifiable assets acquired and liabilities assumed for the property, measured at their respective fair values:

Investment properties	$ 6,999
Amounts receivable	78
Prepaid expenses	7
Cash	56
Amounts payable and other accrued liabilities	(114)
Mortgages payable	(4,402)
Total consideration	$ 2,624

There were no acquisition costs directly related to this transaction. For the year ended December 31, 2010, the Portfolio recognized $22 of revenue and $11 of income and comprehensive income before fair value adjustments, related to the acquisition of these two properties. Had the acquisition occurred on January 1, 2010, the Portfolio would have recognized an additional $0.7 million of revenue and $0.4 million of income and comprehensive income before fair value related adjustments.

NOTE 8 — INVESTMENT PROPERTIES

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

	Year ended December 31, 2012	Year ended December 31, 2011	November 30, 2010 – December 31, 2010
Balance, beginning of year	$292,535	$ 86,377	$79,378
Additions:			
Property acquisitions	9,291	204,170	6,999
Additions to investment properties	1,596	876	—
Lease incentives and initial direct leasing costs	26	292	—
Amortization of lease incentives	(77)	(12)	—
Increase in straight line rent costs	1,358	989	89
Fair value increase (decrease) to investment properties	237	(157)	(89)
Balance, end of period	$304,966	$292,535	$86,377

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

Fair values at December 31, 2012, December 31, 2011, December 31, 2010 and November 31, 2010 were primarily determined by a combination of: (a) discounting the expected future cash flows, including a terminal value based on the application of a terminal capitalization rate to the following years estimated cash flows; and (b) applying a market capitalization rate to stabilized net operating income, adjusting for cash inflows and outflows required to achieve the stabilized net operating income and deducting the present value of future capital expenditures.

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

	December 31, 2012	December 31, 2011	December 31, 2010	November 30, 2010
Weighted average capitalization rate	8.18%	8.53%	9.13%	9.12%
Range of capitalization rates	7.00%-10.50%	7.25%-9.50%	8.00%-10.50%	8.00-10.50%
Weighted average discount rate	8.32%	8.71%	9.59%	9.62%
Range of discount rates	8.01%-10.38%	8.03%-10.32%	8.25%-11.00%	8.25%-11.00%

NOTE 9 — SEGMENT REPORTING

Welsh owns, manages and operates primarily industrial investment properties located throughout the United States. Management, when measuring the Portfolio's performance, does not distinguish or group its operations on a geographical or any other basis. Accordingly, the Portfolio has a single reportable segment for disclosure purposes in accordance with IFRS.

NOTE 10 — OTHER NON-CURRENT ASSETS

	December 31, 2012	December 31, 2011	December 31, 2010	November 30, 2010
Restricted cash	$1,200	$1,006	$196	$176

Included in restricted cash are escrow accounts for insurance, real estate taxes, and capital expenditures related to the Portfolio's mortgages payable.

NOTE 11 — AMOUNTS RECEIVABLE

Receivables are recorded at their estimated net realizable value. Management does not require collateral and accounts are evaluated for collectability if payment is not received within three months of the payment due date.

Amounts receivable are as follows:

	December 31, 2012	December 31, 2011	December 31, 2010	November 30, 2010
Trade receivables	$687	$989	$470	$518
Other receivables	67	17	1	7
Allowance for uncollectible amounts	(17)	(7)	(6)	(20)
Amounts receivable	$737	$999	$465	$505

The carrying amount of amounts receivable approximates fair value due to their short-term nature.

NOTE 12 — MORTGAGES PAYABLE

Mortgages payable consist of the following:

	December 31, 2012	December 31, 2011	December 31, 2010	November 30, 2010
Mortgages payable	$168,604	$165,300	$57,093	$52,803
Mortgages payable (discount) premium	(3)	(20)	375	391
Financing costs, net	(1,185)	(1,548)	—	—
Total	$167,416	$163,732	$57,468	$53,194
Less: Current portion	(24,222)	(1,889)	(6,888)	(6,848)
Non-current mortgages payable	$143,194	$161,843	$50,580	$46,346

Mortgages payable are collateralized by investment properties with a carrying value of $293.8 million, $281.3 million, $86.4 million and $79.4 million as of December 31, 2012, December 31, 2011, December 31, 2010 and November 30, 2010, respectively.

Mortgages payable weighted average effective interest rates and maturity dates are as follows:

	December 31, 2012	December 31, 2011	December 31, 2010	November 30, 2010	Maturity dates
Fixed rate — mortgages payable[1]	5.17%	5.26%	5.95%	5.93%	2014-2021
Variable rate — mortgages payable	4.57%	5.07%	5.07%	5.00%	2013-2014
Total mortgages payable	5.03%	5.23%	5.47%	5.46%	

(1) Management has entered into an interest rate swap to fix the interest rate of a mortgage payable at 5.50%. See Note 18.

NOTE 12 — MORTGAGES PAYABLE (Continued)

Scheduled maturities of mortgages payable principal and interest are as follows at December 31, 2012:

	Principal	Interest	Total payments
2013	$ 24,222	$ 7,644	$ 31,866
2014	32,016	6,484	38,500
2015	5,803	5,509	11,312
2016	22,957	5,352	28,309
2017	1,702	4,030	5,732
2018 and thereafter	81,904	10,279	92,183
	168,604	39,298	207,902
Mortgages payable discount	(3)	—	(3)
Financing costs, net	(1,185)	—	(1,185)
Total	$167,416	$39,298	$206,714

Of the $24.2 million principal payments due in fiscal year 2013, $22.8 million relates to a single mortgage payable originally due on November 29, 2012. On February 28, 2013, management entered into the eighth modification amendment with the lender to extend the maturity date to June 30, 2013. Refer to Note 20 — Subsequent Events for more detail regarding interest and payments.

NOTE 13 — AMOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2012	December 31, 2011	December 31, 2010	November 30, 2010
Trade payables	$ 183	$ 125	$ 139	$ 69
Accrued liabilities and other payables	1,010	904	47	509
Accrued real estate taxes	1,406	1,241	675	740
Accrued interest	409	398	121	96
Unearned revenue	66	53	—	—
Rent received in advance	856	787	364	169
Total	$3,930	$3,508	$1,346	$1,583

NOTE 14 — OPERATING LEASES

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

For the period from November 30, 2010 through December 31, 2010, two tenants accounted for more than 10% of the Portfolio's total rental revenue. There were no tenants that accounted for more than 10% of the Portfolio's total rental revenue for the years ended December 31, 2012 and December 31, 2011.

At December 31, 2012, the total future contractual minimum base rent lease payments expected to be received under non-cancellable leases are as follows:

1 year	$ 26,239
2-5 years	78,880
Greater than 5 years	43,759
Total	$148,878

NOTE 15 — INTEREST EXPENSE

Interest on mortgages payable incurred and charged to income and comprehensive income is recorded as follows:

	Year ended December 31, 2012	Year ended December 31, 2011	November 30, 2010 – December 31, 2010
Interest expense incurred at stated rate	$8,418	$4,912	$255
Amortization of financing costs	399	147	—
Amortization of original issue (premium) discount	16	(58)	(16)
Fair value (gain) loss on interest rate swap	(54)	8	(33)
Interest expense	$8,779	$5,009	$206
Add/deduct:			
Amortization of financing costs	(399)	(147)	—
Amortization of original issue premium (discount)	(16)	58	16
Fair value (loss) gain on interest rate swap	54	(8)	33
Change in accrued interest	(11)	(277)	(25)
Cash interest paid	$8,407	$4,635	$230

NOTE 16 — SELF FUNDED REVENUE BONDS

In conjunction with the acquisition of certain properties, $29.5 million of self-funded industrial revenue bonds (Bonds) were assumed. The authorized amount of the Bonds is $29.5 million, of which $29.5 million is outstanding as of December 31, 2012 and 2011. The Bonds provide for real estate tax abatement for the acquired properties. Through a series of transactions, the Portfolio is both the bondholder and the obligor of the Bonds. Therefore, in accordance with International Accounting Standard 32, *Financial Instruments: Disclosure and Presentation* ("IAS 32"), the Bonds are not recorded on the statements of financial position.

NOTE 17 — TRANSACTIONS WITH RELATED PARTIES

The Portfolio engaged in various transactions with certain entities deemed to be related parties through controlling interests of the properties' management, as discussed below.

Management Agreement

Management fees are paid by the Portfolio to The Welsh Group pursuant to a management agreement, providing for a broad range of management, accounting and other administrative services. Total fees paid to The Welsh Group for the years ended December 31, 2012 and December 31, 2011 and for the period from November 30, 2010 through December 31, 2010 were $1.0 million, $0.6 million and $30, respectively.

Other Related Party Transactions

For the years ended December 31, 2012 and December 31, 2011 and for the period from November 30, 2010 through December 31, 2010, the Portfolio incurred total fees from The Welsh Group related to architectural and construction services as well as certain brokerage services of $0.3 million, $0.3 million and $1, respectively. Additionally, the Portfolio had $45, $33, $17 and $5 in amounts payable to related parties at December 31, 2012, December 31, 2011, December 31, 2010 and November 30, 2010, respectively. The Portfolio also had a $2.5 million note payable to a related party as of December 31, 2012.

The Portfolio has a lease with Welsh and its affiliates at an investment property located at 4350 Baker Road, Minnetonka, Minnesota 55434. Rental revenue earned by the Portfolio from Welsh and its affiliates for the years ended December 31, 2012 and 2011 was $1.0 million and $1.0 million, respectively. The lease commenced on June 1, 2009 and expires on May 31, 2020, with annual rent increases of 2.0%.

NOTE 18 — FINANCIAL INSTRUMENTS

Risk Management

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

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

At December 31, 2012, the Portfolio's total mortgages payable was 74.9% fixed and 25.1% variable. Management manages a portion of its variable-rate mortgages payable using an interest rate swap that alters its exposure to the impact of changing interest rates. The interest rate swap is not designated as a hedging instrument and as a result, the change in fair value is recognized in earnings as an adjustment to interest expense in the accompanying statements of income and comprehensive income. For the year ended December 31, 2012, a 100 basis-point change in interest rates, assuming all other variables are constant, would have resulted in a $0.4 million change in the Portfolio's interest expense.

The Portfolio has no exposure to currency or other market price risk.

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

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

Fair value of financial instruments

Amounts receivable, cash, deposits, amounts payable and accrued liabilities are carried at amortized cost, which, due to their short-term nature, approximates fair value.

Mortgages Payable

The Portfolio estimates the fair value of mortgages payable using discounted cash flow analysis and a yield rate that was estimated based on the borrowing rates currently available to the Portfolio for mortgages payable with similar terms and maturities, which is a Level 2 input. Financial instruments carried at amortized cost where carrying value does not approximate fair value are described below:

	December 31, 2012		December 31, 2011	
	Total		Total	
	Carrying amount	Fair value	Carrying amount	Fair value
Mortgages payable	$168,604	$173,739	$165,300	$165,288

Management believes the carrying amount of all mortgages payable approximates fair value at December 31, 2010 and November 30, 2010 because all mortgages payable at December 31, 2010 and November 30, 2010 had been recorded at fair value in accordance with the acquisition method of accounting as described in Note 2.

NOTE 18 — FINANCIAL INSTRUMENTS (Continued)

Fair value measurements are classified and disclosed in one of the following three categories:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that is not based on observable market data (unobservable inputs).

Interest Rate Swap

The Portfolio is party to an interest rate swap agreement to limit exposure to the fluctuations in its LIBOR-based variable interest payments on a mortgage note payable. The swap covers the notional amount of $3.5 million at a fixed rate of 5.5% and is set to expire on April 1, 2014. The interest rate swap is not designed as a hedge for accounting purposes. The fair value of the interest rate swap was a liability of $103, $157, $149 and $182 at December 31, 2012, December 31, 2011, December 31, 2010 and November 30, 2010, respectively, and was included in the accompanying carve-out financial statements as an other financial instrument. The Portfolio recognized an adjustment to interest expense in the amount of $54, $8 and $33 for the years ended December 31, 2012 and December 31, 2011 and for the period from November 30, 2010 through December 31, 2010, respectively. The interest rate swap fair value is determined by a model-derived valuation, in which significant inputs and value drivers are observable in active markets for a similar instrument, i.e., Level 2 inputs. Changes in fair value are recognized as adjustments to interest expense in the accompanying carve-out statements of income and comprehensive income.

NOTE 19 — SUPPLEMENTARY CASH FLOW INFORMATION

Change in non-cash working capital comprises:

	Year ended December 31, 2012	Year ended December 31, 2011	November 30, 2010 – December 31, 2010
(Increase) decrease in amounts receivable	$ 262	$ (360)	$ 118
(Increase) decrease in prepaid expenses	(15)	(139)	72
Increase (decrease) in amounts payable	58	(28)	70
Increase in accrued interest and interest paid	8,418	4,895	241
Increase (decrease) in accrued real estate taxes	166	22	(143)
Increase (decrease) in other accrued liabilities	118	549	(481)
Increase in security deposits	10	6	16
Increase in prepaid rents and insurance	69	212	195
Change in non-cash working capital	$9,086	$5,157	$ 88

NOTE 20 — SUBSEQUENT EVENT

On February 28, 2013, management signed the Eighth Loan Modification Agreement (“Loan Agreement”), effective March 1, 2013. The Loan Agreement states the outstanding principal balance shall bear interest at a variable per annum interest rate equal to the One-Month LIBOR Rate plus three and one-half percent (3.5%) with no interest rate floor. A payment of principal plus interest is due on June 30, 2013 in the amount of $160,526.

CORE INITIAL PROPERTIES

Carve-out Financial Statements

December 31, 2012, December 31, 2011, December 31, 2010, and July 31, 2010

(With Independent Auditors' Report Thereon)

CORE INITIAL PROPERTIES

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INDEPENDENT AUDITORS' REPORT

The Board of Managers and Members
Welsh Property Trust, LLC:

We have audited the accompanying carve-out financial statements of the Core Initial Properties which comprise the carve-out statements of financial position as of December 31, 2012, December 31, 2011, December 31, 2010 and July 31, 2010, and the related carve-out statements of income and comprehensive income, divisional surplus and cash flows for the years ended December 31, 2012 and December 31, 2011 and for the period from July 31, 2010 through December 31, 2010, and the related notes to the carve-out financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these carve-out financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of carve-out financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these carve-out financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and International Standards on Auditing. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the carve-out financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the carve-out financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the carve-out financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the carve-out financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the carve-out financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the carve-out financial statements referred to above present fairly, in all material respects, the financial position of the Core Initial Properties as of December 31, 2012, December 31, 2011, December 31, 2010 and July 31, 2010, and the results of their operations and their cash flows for the years ended December 31, 2012 and December 31, 2011 and for the period from July 31, 2010 through December 31, 2010 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(Signed) KPMG LLP

Minneapolis, Minnesota
April 18, 2013

CORE INITIAL PROPERTIES

CARVE-OUT STATEMENTS OF FINANCIAL POSITION

(amounts in thousands of U.S. dollars)

	Note	December 31, 2012	December 31, 2011	December 31, 2010	July 31, 2010
Assets					
NON-CURRENT ASSETS					
Investment Properties	6, 7, 8	$99,500	$92,416	$45,138	$31,392
Other non-current assets	10	109	8	258	—
		99,609	92,424	45,396	31,392
CURRENT ASSETS					
Amounts receivable	11	16	6	2,672	—
Prepaid expenses		32	5	12	—
		48	11	2,684	—
Total assets		$99,657	$92,435	$48,080	$31,392
Liabilities					
NON-CURRENT LIABILITIES					
Mortgages payable	12	$50,092	$48,378	$ —	$ —
Security deposits		245	245	245	50
		50,337	48,623	245	50
CURRENT LIABILITIES					
Amounts payable and accrued liabilities	13	2,164	2,240	871	234
Total liabilities		52,501	50,863	1,116	284
Divisional surplus		47,156	41,572	46,964	31,108
Total liabilities and divisional surplus		$99,657	$92,435	$48,080	$31,392

See accompanying notes to carve-out financial statements.

CORE INITIAL PROPERTIES

CARVE-OUT STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

For the Years Ended December 31, 2012 and December 31, 2011 and for the Period from July 31, 2010 through December 31, 2010

(amounts in thousands of U.S. dollars)

	Note	Year Ended December 31, 2012	Year Ended December 31, 2011	July 31, 2010 – December 31, 2010
Investment properties revenue	14	$ 7,717	$ 4,451	$ 1,554
Investment properties operating expenses		1,730	1,190	370
Net operating income		5,987	3,261	1,184
Other (income) and expenses				
Fair value increase to investment properties	8	(3,994)	(1,254)	(7,631)
Acquisition related costs, net	7	—	828	—
Interest expense	15	2,352	972	—
Net income and comprehensive income		$ 7,629	$ 2,715	$ 8,815

See accompanying notes to carve-out financial statements.

CORE INITIAL PROPERTIES

CARVE-OUT STATEMENTS OF DIVISIONAL SURPLUS

For the Years Ended December 31, 2012 and December 31, 2011 and for the Period from July 31, 2010 through December 31, 2010

(amounts in thousands of U.S. dollars)

Divisional surplus at July 31, 2010	$31,108
Net income and comprehensive income	8,815
Net contributions transferred from parent to Core Initial Properties	7,041
Divisional surplus at December 31, 2010	$46,964
Net income and comprehensive income	2,715
Net distributions transferred from Core Initial Properties to parent	(8,107)
Divisional surplus at December 31, 2011	$41,572
Net income and comprehensive income	7,629
Net distributions transferred from Core Initial Properties to parent	(2,045)
Divisional surplus at December 31, 2012	$47,156

See accompanying notes to carve-out financial statements.

CORE INITIAL PROPERTIES

CARVE-OUT STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2012 and December 31, 2011 and for the Period from July 31, 2010 through December 31, 2010

(amounts in thousands of U.S. dollars)

	Note	Year Ended December 31, 2012	Year Ended December 31, 2011	July 31, 2010 – December 31, 2010
Operating activities				
Net income		$ 7,629	$ 2,715	$ 8,815
Non-cash items:				
Amortization of financing costs	15	187	107	—
Increase in straight line rent costs		(1,781)	(766)	(272)
Fair value increase to investment properties	8	(3,994)	(1,254)	(7,631)
Change in non-cash working capital	18	2,030	4,649	(2,110)
Cash flows provided by (used in) operating activities		4,071	5,451	(1,198)
Investing activities				
Acquisition of investment properties	6, 7	—	(41,443)	(3,463)
Investment in building improvements	8	(1,309)	(3,477)	(2,380)
Cash flows used in investing activities		(1,309)	(44,920)	(5,843)
Financing activities				
Proceeds from mortgages payable	12	1,535	48,898	—
Net contributions from or (distributions to) parent	16	(2,045)	(8,107)	7,041
Financing costs incurred		(8)	(627)	—
Interest paid	15	(2,244)	(695)	—
Cash flows (used in) provided by financing activities		(2,762)	39,469	7,041
Net change in cash and cash equivalents		—	—	—
Cash and cash equivalents, beginning of the period		—	—	—
Cash and cash equivalents, end of the period		$ —	$ —	$ —

See accompanying notes to carve-out financial statements.

NOTE 1 — GENERAL INFORMATION

The Core Initial Properties as presented in these carve-out financial statements is not a legal entity. It represents the carve-out of five industrial properties (collectively, the "Portfolio"), located in various regions throughout the United States, from the consolidated financial statements of a larger portfolio under the common control of a single third party for all periods presented.

These carve-out financial statements of the Portfolio have been prepared for the specific purpose of reporting on the assets, liabilities, revenues, expenses, and divisional surplus in the net assets of the Portfolio included in, and for the inclusion in, a prospectus to be filed by WPT Industrial Real Estate Investment Trust (the "REIT"), a newly-created, unincorporated, open-ended real estate investment trust established under the laws of the Province of Ontario. These carve-out financial statements present the financial position, results of operations and cash flows of the Portfolio for the periods presented as if the Portfolio had been accounted for on a stand-alone basis.

These carve-out financial statements are not necessarily indicative of the results that would have been attained had the Portfolio been operated as a separate legal entity for the years and period presented and, therefore, are not necessarily indicative of future operating results.

Effective January 24, 2013, Welsh Property Trust, LLC ("Welsh") entered into a business combination to acquire the investment properties included in the Portfolio carve-out financial statements. Subsequent to that date, the financial position and results of operations of the Portfolio are reported in the financial statements of Welsh. On closing of the transactions contemplated in the REIT's prospectus, the REIT will indirectly acquire ownership of the property interests of Welsh.

NOTE 2 — BASIS OF PREPARATION

Statement of Compliance

These carve-out financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These are the Portfolio's first carve-out financial statements prepared in accordance with IFRS and the Portfolio adopted IFRS in accordance with IFRS 1, *First-Time Adoption of International Reporting Standards*. An explanation or reconciliation of how the transition to IFRS has affected the Portfolio's carve-out financial position, performance and cash flows has not been presented as the Portfolio has not presented carve-out financial statements in previous years. The date of transition to IFRS was July 31, 2010, the date the first two properties were purchased by the Portfolio.

Basis of Measurement

These carve-out financial statements have been prepared on a historical cost basis except for investment properties that have been measured at fair value. The carve-out financial statements are presented in United States dollars, which is the functional currency of the Portfolio.

Basis of Presentation

The Portfolio holds its interest in the investment properties in limited liability companies ("LLCs"), which were commonly controlled by a single third party. All intercompany transactions, if any, and balances between properties within the Portfolio have been eliminated upon combination.

The carve-out financial statements were authorized for issue by the Board of Managers and Members on April 17, 2013.

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these carve-out financial statements are described below and have been applied consistently to all periods presented:

Investment Properties

Investment property is initially recorded at cost, including related transaction costs in the case of asset acquisitions, and includes industrial properties held to earn rental revenue and/or for capital appreciation. The Portfolio has selected the fair value method to account for real estate classified as investment property. As a result, subsequent to initial recognition, investment property is carried at fair value, with gains and losses arising from changes in fair value recognized in the carve-out statements of income and comprehensive income forthe period in which they arise. Fair values are primarily determined by using the discounted cash flow method of the income approach.

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment property includes land, building, improvements to the property, all direct leasing costs incurred in arranging property tenants, as well as any lease incentives. Lease incentives that do not provide benefits beyond the initial lease term are amortized as a reduction to investment property revenue on a straight-line basis over the term of the lease.

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

Investment property is derecognized when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Prior to its disposal, the carrying value of the investment property is adjusted to reflect its fair value. This adjustment shall be recorded as a fair value gain or loss. Any remaining gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

Revenue Recognition

The Portfolio accounts for tenant leases as operating leases given that it has retained substantially all of the risks and benefits of ownership of its investment property.

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

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

Recoveries from tenants are recognized as revenue in the period in which the corresponding costs are incurred. Other revenues are recorded at the time the service is provided.

Business Combinations

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

Income Taxes

The Portfolio holds its interest in the investment properties through LLCs. Generally, an LLC is treated as either a partnership or a disregarded entity for U.S. federal income tax purposes. As a result, LLCs are generally not subject to federal income taxes as the respective members/partners are taxed on their allocable share of the entity's taxable income. Therefore, no provision or liability for federal income taxes has been included in the accompanying carve-out financial statements. In certain instances, the Portfolio may be subject to certain state and local taxes.

The Portfolio evaluates the uncertainties of tax positions taken or expected to be taken on a tax return based on the probability of whether the position taken will be sustained upon examination by tax authorities. The Portfolio recognizes tax positions taken or to be taken in a tax return when they become probable. The Portfolio concluded that it has no material uncertain tax liabilities to be recognized as of December 31, 2012, December 31, 2011, December 31, 2010 or July 31, 2010.

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Designation of financial instruments

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

Financial Assets	Classification	Measurement
Amounts Receivable (rent and other receivables)	Loans and receivables	Amortized cost
Financial Liabilities		
Mortgages payable	Other liabilities	Amortized cost
Security deposits	Other liabilities	Amortized cost
Amounts payable and accrued liabilities	Other liabilities	Amortized cost

Financial assets

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

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

Financial liabilities

The Portfolio classifies financial liabilities on initial recognition as other liabilities measured at amortized cost. The Portfolio initially recognizes borrowings on the date they are originated. All other financial liabilities are recognized initially on the trade date at which the Portfolio becomes a party to the contractual provisions of the instrument. Mortgages and other financial liabilities are initially recognized at fair value less directly attributable transaction costs, or at fair value when assumed in a business combination or asset acquisition. Subsequent to initial recognition, these financial liabilities are recognized at amortized cost using the effective interest rate method.

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

Finance Costs

Finance costs include interest expense on mortgages payable and amortization associated with loan fees incurred in connection with obtaining long-term financings. Finance costs are amortized to interest expense using the effective interest rate method over the term of the related mortgages payable unless they relate to a qualifying asset. Unamortized finance costs are fully amortized when mortgages payable are retired before maturity.

NOTE 4 — CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Preparing the carve-out financial statements requires management to make judgments, estimates and assumptions in the application of the policies outlined in Note 3. Management bases its judgments and estimates on historical experience and other factors it believes to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

NOTE 4 — CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Critical accounting judgments

The following are the critical judgments used in applying the Portfolio's accounting policies that have the most significant effect on the amounts in the carve-out financial statements:

Investment properties

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

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

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

Leases

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

Estimates and assumptions

Management makes estimates and assumptions that affect carrying amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amount of income for the year. Actual results could differ from these estimates. The estimates and assumptions that are critical in determining the amounts reported in the carve-out financial statements relate to the following:

Valuation of investment properties

Critical assumptions relating to the estimates of fair values of investment properties include the receipt of contractual rents, expected future market rents, renewal rates, maintenance requirements, discount rates that reflect current market uncertainties, capitalization rates and current and recent property investment prices. If there is any change in these assumptions or regional, national or international economic conditions, the fair value of property investments may change materially. Refer to Note 8 for further information on estimates and assumptions made.

NOTE 5 — CHANGES IN FUTURE ACCOUNTING POLICIES

Financial instruments

In November 2009 and October 2010, the first part of IFRS 9, *Financial Instruments — Classification and Measurement* relating to the classification and measurement of financial assets and financing liabilities was issued. IFRS 9 will ultimately replace IAS 39, *Financial Instruments — Recognition and Measurement*. The standard requires an entity to classify its financial assets on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, and subsequently measure the financial assets as either at amortized cost or at fair value. The new standard is mandatory for annual periods beginning on or after January 1, 2015. The impact of adoption is currently not anticipated to have a material impact on the Portfolio's financial statements.

The amendments to IAS 32, *Financial Instruments — Presentation — Offsetting of Financial Assets and Financial Liabilities*, are intended to clarify existing application issues relating to the offsetting rules and reduce the level of diversity in current practice. The amendments are effective for annual periods beginning on or after January 1, 2014. The impact of adoption is currently not anticipated to have a material impact on the Portfolio's financial statements.

NOTE 5 — CHANGES IN FUTURE ACCOUNTING POLICIES (Continued)

Fair value measurement

IFRS 13, *Fair Value Measurement*, defines fair value, provides guidance on its determination and introduces consistent requirements for disclosures on fair value measurement. The Portfolio intends to adopt this standard on January 1, 2013. The impact of adoption is currently not anticipated to have a material impact on the Portfolio's financial statements.

Presentation of items of other comprehensive income

Amendments to IAS 1, *Presentation of Financial Statements* ("IAS 1"), provide guidance on the presentation of items contained in other comprehensive income, including a requirement to separate items presented in other comprehensive income into two groups based on whether or not they may be recycled to profit or loss in the future. The Portfolio intends to adopt this standard on January 1, 2013. The impact of adoption is currently not anticipated to have a material impact on the Portfolio's financial statements.

IFRS 10, *Consolidated Financial Statements*

IFRS 10 replaces the consolidation guidance in IAS 27, *Consolidated and Separate Financial Statements* and SIC 12, *Consolidation — Special Purpose Entities* by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e., whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in special purpose entities). Under IFRS 10, control is based on whether an investor has (1) power over the investee; (2) exposure, or rights, to variable returns from its involvement with the investee; and (3) the ability to use its power over the investee to affect the amount of the returns. The Portfolio intends to adopt this standard on January 1, 2013. The impact of adoption is currently not anticipated to have a material impact on the Portfolio's financial statements.

IFRS 11, *Joint Arrangements*

IFRS 11 introduces new accounting requirements for joint arrangements, replacing IAS 31, *Interests in Joint Ventures*. The option to apply the proportional consolidation method when accounting for jointly controlled entities is removed. Additionally, IFRS 11 eliminates jointly controlled assets to now only differentiate between joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets. The Portfolio intends to adopt this standard on January 1, 2013. The impact of adoption is currently not anticipated to have a material impact on the Portfolio's financial statements.

NOTE 6 — ASSET ACQUISITIONS

There were no asset acquisitions for the years ended December 31, 2012 or December 31, 2011.

Detailed below is the asset acquisition completed for the period from July 31, 2010 through December 31, 2010:

For the period from July 31, 2010 through December 31, 2010	Interest acquired by parent (%)	Purchase Price[(1)]	Fair value of mortgages payable assumed	Date Acquired
535 Shingle Oak Drive	100	$3,463	$—	August 27, 2010

(1) Includes transactions costs of $0.3 million

NOTE 6 — ASSET ACQUISITIONS (Continued)

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

	August 27, 2010
Investment property	$3,463
Total purchase price	$3,463
The consideration paid consists of:	
Cash paid	$3,463
Total consideration	$3,463

NOTE 7 — BUSINESS COMBINATION

On November 22, 2011, the parent acquired a 100% interest in two industrial properties for total cash consideration of $41.4 million, which approximated the fair value of net assets acquired at that date. The two properties consisted of approximately 1.5 million square feet of industrial space. The following are the recognized amounts of identifiable assets acquired and liabilities assumed for the two properties, measured at their respective fair values:

Investment properties	$41,781
Amounts payable and other accrued liabilities assumed	(338)
Cash consideration	$41,443

Acquisition related costs of $0.8 million were incurred directly related to this transaction. For the year ended December 31, 2011, the Portfolio recognized $0.1 million of revenue and $0.9 million of loss and comprehensive loss before fair value adjustments, related to the acquisition of these two properties. Had the acquisition occurred on January 1, 2011, the Portfolio would have recognized an additional $1.1 million of revenue and $1.1 million of loss and comprehensive loss before fair value related adjustments.

NOTE 8 — INVESTMENT PROPERTIES

The reconciliation of the carrying amount of investment properties at the beginning and end of each carve-out financial period are set out below:

	Year ended December 31, 2012	Year ended December 31, 2011	July 31, 2010 – December 31, 2010
Balance, beginning of period	$92,416	$45,138	$31,392
Additions:			
Property acquisitions	—	41,781	3,463
Additions to investment properties	1,309	2,700	2,120
Lease incentives and initial direct leasing costs		777	260
Increase in straight line rent costs	1,781	766	272
Fair value increase to investment properties	3,994	1,254	7,631
Balance, end of period	$99,500	$92,416	$45,138

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

Fair values at December 31, 2012, December 31, 2011, December 31, 2010 and July 31, 2010 were primarily determined by a combination of: (a) discounting the expected future cash flows, including a terminal value based on the application of a terminal capitalization rate to the following years estimated cash flows; and (b) applying a market capitalization rate to stabilized net operating income, adjusting for cash inflows and outflows required to achieve the stabilized net operating income and deducting the present value

NOTE 8 — INVESTMENT PROPERTIES (Continued)

of future capital expenditures. Fair values at July 31, 2010 were determined using the purchase price when the parent acquired the initial properties of the Portfolio.

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

	December 31, 2012	December 31, 2011	December 31, 2010
Weighted average capitalization rate	7.50%	7.50%	7.75%
Weighted average discount rate	6.92%	7.81%	7.84%
Range of discount rates	3.90%-9.01%	7.22%-8.92%	7.34%-8.37%

NOTE 9 — SEGMENT REPORTING

The parent owns, manages and operates industrial investment properties located throughout the United States. Management, when measuring the Portfolio's performance, does not distinguish or group its operations on a geographical or any other basis. Accordingly, the Portfolio has a single reportable segment for disclosure purposes in accordance with IFRS.

NOTE 10 — OTHER NON-CURRENT ASSETS

	December 31, 2012	December 31, 2011	December 31, 2010	July 31, 2010
Deposits	$ 28	$6	$258	$—
Tax escrow	81	2	—	—
Total	$109	$8	$258	$—

NOTE 11 — AMOUNTS RECEIVABLE

Receivables are recorded at their estimated net realizable value. Management does not require collateral and accounts are evaluated for collectability if payment is not received within three months of the payment due date.

Amounts receivable are as follows:

	December 31, 2012	December 31, 2011	December 31, 2010	July 31, 2010
Trade receivables	$16	$6	$2,672	$—

There was no allowance for uncollectible amounts receivable at December 31, 2012, December 31, 2011 and July 31, 2010.

The carrying amount of amounts receivable approximates fair value due to their short-term nature.

NOTE 12 — MORTGAGES PAYABLE

Mortgages payable consist of the following:

	December 31, 2012	December 31, 2011	December 31, 2010	July 31, 2010
Mortgages payable	$50,433	$48,898	$—	$—
Financing costs, net	(341)	(520)	—	—
Total	$50,092	$48,378	$—	$—

NOTE 12 — MORTGAGES PAYABLE (Continued)

Mortgages payable are collateralized by investment properties with a carrying value of $99.5 million and $92.4 million as of December 31, 2012 and December 31, 2011, respectively.

Mortgages payable weighted average effective interest rates and maturity dates are as follows:

	December 31, 2012	December 31, 2011	December 31, 2010	July 31, 2010	Maturity dates
Fixed rate — mortgages payable	4.41%	4.41%	—	—	2018
Variable rate — mortgages payable	4.50%	4.50%	—	—	2014
Total mortgages payable	4.46%	4.45%	—	—	

Scheduled maturities of mortgages payable principal and interest are as follows at December 31, 2012:

	Principal	Interest	Total payments
2013	$ —	$2,044	$ 2,044
2014	26,358	1,393	27,751
2015	419	1,053	1,472
2016	438	1,034	1,472
2017	458	1,014	1,472
2018 and thereafter	22,760	500	23,260
	50,433	7,038	57,471
Financing costs, net	(341)	—	(341)
Total	$50,092	$7,038	$57,130

NOTE 13 — AMOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2012	December 31, 2011	December 31, 2010	July 31, 2010
Trade payables	$ 129	$ 15	$161	$—
Accrued liabilities and other payables	1,082	1,453	349	234
Accrued interest	91	170	—	—
Accrued real estate taxes	618	451	306	—
Rent received in advance	244	151	55	—
Total	$2,164	$2,240	$871	$234

NOTE 14 — OPERATING LEASES

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

For the years ended December 31, 2012, December 31, 2011 and for the period from July 31, 2010 through December 31, 2010, five, three and three tenants, respectively, accounted for more than 10% of the Portfolio's total rental revenue.

NOTE 14 — OPERATING LEASES (Continued)

At December 31, 2012, the total future contractual minimum base rent lease payments expected to be received under non-cancellable leases are as follows:

1 year	$ 7,112
2-5 years	26,490
Greater than 5 years	7,551
Total	$41,153

NOTE 15 — INTEREST EXPENSE

Interest on mortgages payable incurred and charged to income and comprehensive income is recorded as follows:

	Year ended December 31, 2012	Year ended December 31, 2011	July 31, 2010 – December 31, 2010
Interest expense incurred, at stated rate	$2,165	$ 865	$—
Amortization of financing costs	187	107	—
Interest expense	$2,352	$ 972	$—
Add/deduct:			
Amortization of financing costs	(187)	(107)	—
Change in accrued interest	79	(170)	—
Cash interest paid	$2,244	$ 695	$—

NOTE 16 — TRANSACTIONS WITH RELATED PARTIES

The Portfolio engaged in various transactions with an entity deemed to be a related party through common ownership, as discussed below.

Management Agreement

Management fees are paid by the Portfolio for the related party pursuant to a management agreement, providing for a broad range of management, accounting and other administrative services. Total fees paid for the years ended December 31, 2012 and December 31, 2011 and for the period from July 31, 2010 through December 31, 2010 were $0.2 million, $0.2 million and $0.2 million, respectively. Additionally, the Portfolio had $30, $10 and $10 in amounts payable to the related party at December 31, 2012, December 31, 2011 and December 31, 2010, respectively. There were no amounts payable to the entity at July 31, 2010.

Cash Management

The Portfolio does not maintain its own cash accounts. Cash management is handled at the parent level with all cash inflows and outflows shown as net contributions from or distributions to the parent in the accompanying carve-out statements of divisional surplus and cash flows.

NOTE 17 — FINANCIAL INSTRUMENTS

Risk Management

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

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk consists of interest rate risk, currency risk and other market price risk. There is interest rate risk associated with the Portfolio's fixed rate mortgages payabledue to the expected requirement to refinance such mortgages payable in the year of maturity. In order to manage exposure to interest rate risk, the Portfolio endeavors to manage maturities of fixed rate mortgages payable, and match the nature of the mortgages payable with the cash flow characteristics of the underlying asset. For the year ended December 31, 2012, a

NOTE 17 — FINANCIAL INSTRUMENTS (Continued)

100 basis-point change in interest rates, assuming all other variables are constant, would have resulted in a $0.3 million change in the Portfolio's interest expense.

The Portfolio has no exposure to currency or other market price risk.

The Portfolio's assets consist of industrial properties. Credit risk arises from the possibility that tenants in investment properties may not fulfill their lease or contractual obligations. The Portfolio mitigates its credit risks by attracting tenants of sound financial standing and by diversifying its mix of tenants. It also monitors tenant payment patterns and discusses potential tenant issues with property managers on a regular basis. The carrying amount of financial assets represents the maximum credit exposure.

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

Fair value of financial instruments

Amounts receivable, deposits and amounts payable and accrued liabilities are carried at amortized cost, which, due to their short-term nature, approximates fair value.

Mortgages Payable

The Portfolio estimates the fair value of mortgages payable using discounted cash flow analysis and a yield rate that was estimated based on the borrowing rates currently available to the Portfolio for mortgages payable with similar terms and maturities, which is a Level 2 input. Management believes the carrying amount of all mortgages payable approximates fair value because contractual interest rates approximated rates currently available in the market place for the years ended December 31, 2012 and December 31, 2011.

Fair value measurements are classified and disclosed in one of the following three categories:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTE 18 — SUPPLEMENTARY CASH FLOW INFORMATION

Change in non-cash working capital comprises:

	Year ended December 31, 2012	Year ended December 31, 2011	July 31, 2010 – December 31, 2010
(Increase) decrease in amounts receivable	$ (10)	$2,666	$(2,672)
(Increase) decrease in prepaid expenses	(27)	6	(11)
(Increase) decrease in other non-current assets	(101)	250	(258)
Increase (decrease) in amounts payable	114	(146)	161
Increase in accrued interest and interest paid	2,165	864	—
Increase in accrued real estate taxes	213	1	72
Increase (decrease) in other accrued liabilities	(417)	912	348
Increase in security deposits	—	—	195
Increase in prepaid rents and insurance	93	96	55
Change in non-cash working capital	$2,030	$4,649	$(2,110)

NOTE 19 — SUBSEQUENT EVENT

On January 24, 2013, the five investment properties were sold to Welsh in exchange for cash proceeds of $99.5 million. Subsequent to that date, the financial position and results of operations of the Portfolio are reported in the financial statements of Welsh.

WELSH PREDECESSOR PROPERTIES

Combined Financial Statements

August 31, 2011, December 31, 2010, and January 1, 2010

(With Independent Auditors' Report Thereon)

WELSH PREDECESSOR PROPERTIES

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INDEPENDENT AUDITORS' REPORT

The Board of Managers and Members
Welsh Property Trust, LLC:

We have audited the accompanying combined statements of financial position of the Welsh Predecessor Properties (the "Portfolio") as of August 31, 2011, December 31, 2010 and January 1, 2010 and the related combined statements of income and comprehensive income, divisional surplus, and cash flows for the period from January 1, 2011 through August 31, 2011 and for the year ended December 31, 2010. These combined financial statements are the responsibility of the Portfolio's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Portfolio's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Welsh Predecessor Properties as of August 31, 2011, December 31, 2010 and January 1, 2010, and the results of their operations and their cash flows for the period from January 1, 2011 through August 31, 2011 and for the year ended December 31, 2010 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(Signed) KPMG LLP

April 18, 2013
Minneapolis, Minnesota

WELSH PREDECESSOR PROPERTIES

COMBINED STATEMENTS OF FINANCIAL POSITION

(amounts in thousands of U.S. dollars)

	Note	August 31, 2011	December 31, 2010	January 1, 2010
Assets				
NON-CURRENT ASSETS				
Investment Properties	8	$28,430	$41,198	$111,345
Other non-current assets	10	752	584	773
		29,182	41,782	112,118
CURRENT ASSETS				
Amounts receivable	11	110	138	266
Prepaid expenses		55	141	188
Cash and cash equivalents		217	374	1,447
		382	653	1,901
Total assets		$29,564	$42,435	$114,019
Liabilities				
NON-CURRENT LIABILITIES				
Mortgages payable	12	$22,189	$31,353	$ 84,453
Security deposits		66	86	241
Other financial instruments	17	—	—	20
		22,255	31,439	84,714
CURRENT LIABILITIES				
Mortgages payable	12	430	416	385
Amounts payable and accrued liabilities	13	329	681	1,680
		759	1,097	2,065
Total liabilities		23,014	32,536	86,779
Divisional surplus		6,550	9,899	27,240
Total liabilities and divisional surplus		$29,564	$42,435	$114,019

See accompanying notes to combined financial statements.

WELSH PREDECESSOR PROPERTIES

COMBINED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

For the Period from January 1, 2011 through August 31, 2011 and for the Year Ended December 31, 2010

(amounts in thousands of U.S. dollars)

	Note	January 1, 2011 – August 31, 2011	Year Ended December 31, 2010
Investment properties revenue	14	$2,591	$15,838
Investment properties operating expenses		557	4,964
Net operating income		2,034	10,874
Other (income) and expenses			
General and administrative		34	174
Fair value increase to investment properties	8	(684)	(2,178)
Loss on sale of investment properties	7	102	318
Interest expense	15	957	4,936
Net income and comprehensive income		$1,625	$ 7,624

See accompanying notes to combined financial statements.

WELSH PREDECESSOR PROPERTIES

COMBINED STATEMENTS OF DIVISIONAL SURPLUS

For the Period from January 1, 2011 through August 31, 2011 and for the Year Ended December 31, 2010

(amounts in thousands of U.S. dollars)

Divisional surplus at January 1, 2010	$ 27,240
Net income and comprehensive income	7,624
Cash contributions	7,051
Cash distributions	(5,771)
Sale of investment properties in exchange of equity units of Welsh	(26,245)
Divisional surplus at December 31, 2010	$ 9,899
Net income and comprehensive income	1,625
Cash contributions	—
Cash distributions	(2,010)
Sale of investment properties in exchange of equity units of Welsh	(2,964)
Divisional surplus at August 31, 2011	$ 6,550

See accompanying notes to combined financial statements.

WELSH PREDECESSOR PROPERTIES

COMBINED STATEMENTS OF CASH FLOWS

For the Period from January 1, 2011 through August 31, 2011 and for the Year Ended December 31, 2010

(amounts in thousands of U.S. dollars)

	Note	January 1, 2011 – August 31, 2011	Year Ended December 31, 2010
Operating activities			
Net income		$ 1,625	$ 7,624
Non-cash items:			
Amortization of financing costs	15	24	118
Amortization of lease incentives		—	3
Increase in straight line rent costs		(12)	(936)
Fair value loss on interest rate swap		—	162
Fair value increase to investment properties	8	(684)	(2,178)
Loss on sale of investment properties	7	102	318
Change in non-cash working capital	18	898	4,907
Cash flows provided by operating activities		1,953	10,018
Investing activities			
Acquisition of investment properties	6	—	(12,802)
Investment in building improvements	8	—	(317)
Proceeds from sale of investment properties	7	1,375	2,774
Cash balances transferred to buyer in sale of investment properties		(139)	(1,073)
Change in restricted cash		(169)	13
Cash flows provided by (used in) investing activities		1,067	(11,405)
Financing activities			
Mortgage principal payments	12	(210)	(2,988)
Proceeds from mortgages	12	—	6,875
Contributions		—	7,051
Distributions		(2,010)	(5,771)
Financing costs incurred		—	(116)
Interest paid	15	(957)	(4,737)
Cash flows (used in) provided by financing activities		(3,177)	314
Net decrease in cash and cash equivalents		(157)	(1,073)
Cash and cash equivalents, beginning of the period		374	1,447
Cash and cash equivalents, end of the period		$ 217	$ 374
Noncash financing and investing activity:			
Sale of investment properties for exchange of equity of Welsh		$ 2,964	$ 26,245
Assumption of mortgages payable by Welsh for investment properties sold		$(9,085)	$(57,205)

See accompanying notes to combined financial statements.

NOTE 1 — GENERAL INFORMATION

The Welsh Predecessor Properties as presented in these combined financial statements are not a legal entity. It represents the combination of 15 industrial and two office properties (the "Portfolio"), located in various regions throughout the United States. For all periods presented in these combined financial statements, the Portfolio was under the management of the same three principals of the Welsh group of companies ("The Welsh Group") and are therefore considered to be under common management. Management believes that combination under the basis of common management is appropriate for the Portfolio given the three principals serve in executive level positions for all investment properties combined in the accompanying financial statements, one of whom serves as the Chief Executive Officer in all instances. In this Chief Executive role, the principal provides general and active management of the business of the Portfolio and sees that all orders and resolutions of the members and managing member are carried into effect and possesses the general powers and duties of management usually vested in the chief manager of a limited liability company. These executive level appointments are contractual in nature. The three principals have held these executive level positions for the entire period presented in the accompanying combined financial statements. Additionally, ten of the 17 investment properties comprising the Portfolio are under the common control of the Chief Executive Officer. The ultimate owners of the Portfolio are the principals of The Welsh Group and certain other investors who have varied ownership interests.

These combined financial statements of the Portfolio have been prepared for the specific purpose of reporting on the assets, liabilities, revenues, expenses, and divisional surplus in the net assets of the Portfolio included in, and for the inclusion in, a prospectus to be filed by WPT Industrial Real Estate Investment Trust (the "REIT"), a newly-created, unincorporated, open-ended real estate investment trust established under the laws of the Province of Ontario. These combined financial statements present the financial position, results of operations and cash flows of the Portfolio for the periods presented as if the Portfolio had been accounted for on a stand-alone basis.

These combined financial statements are not necessarily indicative of the results that would have been attained had the Portfolio been operated as a separate legal entity for the years presented and, therefore, are not necessarily indicative of future operating results.

Effective August 31, 2011, Welsh Property Trust, LLC ("Welsh") acquired control of the final investment properties included in the Portfolio financial statements. Subsequent to that date, the financial position and results of operations of the Portfolio are reported in the financial statements of Welsh. On closing of the transactions contemplated in the REIT's prospectus, the REIT will indirectly acquire ownership of the property interests of Welsh.

NOTE 2 — BASIS OF PRESENTATION

Statement of Compliance

These combined financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These are the Portfolio's first combined financial statements prepared in accordance with IFRS and the Portfolio adopted IFRS in accordance with IFRS 1, *First-Time Adoption of International Reporting Standards*. An explanation or reconciliation of how the transition to IFRS has affected the Portfolio's combined financial position, performance and cash flows has not been presented as the Portfolio has not presented combined financial statements in previous years. The date of transition to IFRS was January 1, 2010.

Basis of Measurement

These combined financial statements have been prepared on a historical cost basis except for investment properties and an interest rate swap that have been measured at fair value. The combined financial statements are presented in United States dollars, which is the functional currency of the Portfolio.

Basis of Presentation

The Portfolio holds its interest in the Welsh Predecessor Properties in limited liability companies ("LLCs"), which are commonly managed by The Welsh Group. All intercompany transactions, if any, and balances between properties within the Portfolio have been eliminated upon combination.

The combined financial statements were authorized for issue by the Board of Managers and Members on April 17, 2013.

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these combined financial statements are described below and have been applied consistently to all periods presented:

Investment Properties

Investment property is initially recorded at cost, including related transaction costs in the case of asset acquisitions, and includes primarily industrial properties held to earn rental revenue and/or for capital appreciation. The Portfolio has selected the fair value method to account for real estate classified as investment property. As a result, subsequent to initial recognition, investment property is carried at fair value, with gains and losses arising from changes in fair value recognized in the combined statements of income and comprehensive income for the year in which they arise. Fair values are primarily determined by using the discounted cash flow method of the income approach.

Investment property includes land, building, improvements to the property, all direct leasing costs incurred in arranging property tenants, as well as any lease incentives. Lease incentives that do not provide benefits beyond the initial lease term are amortized as a reduction to investment property revenue on a straight-line basis over the term of the lease.

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

Investment property is derecognized when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Prior to its disposal, the carrying value of the investment property is adjusted to reflect its fair value. This adjustment shall be recorded as a fair value gain (loss). Any remaining gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

Revenue Recognition

The Portfolio accounts for tenant leases as operating leases given that it has retained substantially all of the risks and benefits of ownership of its investment property.

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

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

Recoveries from tenants are recognized as revenue in the period in which the corresponding costs are incurred. Other revenues are recorded at the time the service is provided.

Business Combinations

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

Cash and Cash Equivalents

Cash and cash equivalents includes all short-term investments with an original maturity of three months or less, and excludes cash subject to restrictions that prevent its use for current purposes. Excluded from cash and cash equivalents are amounts held as required

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

by various lending agreements for escrow accounts for insurance, real estate taxes, and capital expenditures related to the Portfolio's mortgages payable. These items are included in other non-current assets.

Income Taxes

The Portfolio holds its interest in the investment properties through LLCs. Generally, an LLC is treated as either a partnership or a disregarded entity for U.S. federal income tax purposes. As a result, LLCs are generally not subject to federal income taxes as the respective members/partners are taxed on their allocable share of the entity's taxable income. Therefore, no provision or liability for federal income taxes has been included in the accompanying carve-out financial statements. In certain instances, the Portfolio may be subject to certain state and local taxes.

The Portfolio evaluates the uncertainties of tax positions taken or expected to be taken on a tax return based on the probability of whether the position taken will be sustained upon examination by tax authorities. The Portfolio recognizes tax positions taken or to be taken in a tax return when they become probable. The Portfolio concluded that it has no material uncertain tax liabilities to be recognized as of August 31, 2011, December 31, 2010 or January 1, 2010.

Financial instruments

Designation of financial instruments

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

Financial Assets	Classification	Measurement
Cash and cash equivalents	Loans and receivables	Amortized cost
Restricted cash	Loans and receivables	Amortized cost
Amounts Receivable (rent and other receivables)	Loans and receivables	Amortized cost
Financial Liabilities		
Mortgages payable	Other liabilities	Amortized cost
Interest rate swap	Other liabilities	Fair value
Security deposits	Other liabilities	Amortized cost
Amounts payable and accrued liabilities	Other liabilities	Amortized cost

Financial assets

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

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

Financial liabilities

The Portfolio classifies financial liabilities on initial recognition as other liabilities measured at amortized cost. The Portfolio initially recognizes borrowings on the date they are originated. All other financial liabilities are recognized initially on the trade date at which the Portfolio becomes a party to the contractual provisions of the instrument. Mortgages and other financial liabilities are initially recognized at fair value less directly attributable transaction costs, or at fair value when assumed in a business combination or asset

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

acquisition. Subsequent to initial recognition, these financial liabilities are recognized at amortized cost using the effective interest rate method.

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

Finance Costs

Finance costs include interest expense on mortgages payable and amortization associated with loan fees incurred in connection with obtaining long-term financings. Finance costs are amortized to interest expense using the effective interest rate method over the term of the related mortgages payable unless they relate to a qualifying asset. Unamortized finance costs are fully amortized when mortgages payable are retired before maturity.

Derivative Financial Instruments

The Portfolio utilizes an interest rate swap agreement to manage risks from fluctuations in interest rates. Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and subsequently remeasured at fair value. The method of recognizing the resulting gain or loss depends on whether the derivative financial instrument is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Portfolio has not designated any derivative financial instrument as a hedging instrument. However, the Portfolio has entered into an interest rate swap contract to limit its exposure to fluctuations in the interest rates on a variable rate mortgage. Gains or losses arising from the change in fair values of the interest rate swap contract are recognized as interest expense in the combined statements of income and comprehensive income.

NOTE 4 — CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Preparing the combined financial statements requires management to make judgments, estimates and assumptions in the application of these policies outlined in Note 3. Management bases its judgments and estimates on historical experience and other factors it believes to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Critical accounting judgments

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

Investment properties

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

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

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

Leases

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

NOTE 4 — CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

The Portfolio has entered into a non-cancellable ground lease for land related to one of its buildings, which sits on land that is not owned by the Portfolio. Annual payments under the lease are approximately $0.1 million through May 31, 2023. Annual payments thereafter are adjusted based on changes in the consumer price index until expiration in 2093.

Estimates and assumptions

Management makes estimates and assumptions that affect carrying amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amount of income for the year. Actual results could differ from these estimates. The estimates and assumptions that are critical in determining the amounts reported in the combined financial statements relate to the following:

Valuation of investment properties

Critical assumptions relating to the estimates of fair values of investment properties include the receipt of contractual rents, expected future market rents, renewal rates, maintenance requirements, discount rates that reflect current market uncertainties, capitalization rates and current and recent property investment prices. If there is any change in these assumptions or regional, national or international economic conditions, the fair value of property investments may change materially. Refer to Note 8 for further information on estimates and assumptions made.

NOTE 5 — CHANGES IN FUTURE ACCOUNTING POLICIES

Financial instruments

In November 2009 and October 2010, the first part of IFRS 9, *Financial Instruments — Classification and Measurement,* relating to the classification and measurement of financial assets and financing liabilities was issued. IFRS 9 will ultimately replace IAS 39, *Financial Instruments — Recognition and Measurement*. The standard requires an entity to classify its financial assets on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, and subsequently measure the financial assets as either at amortized cost or at fair value. The new standard is mandatory for annual periods beginning on or after January 1, 2015. The impact of adoption is currently not anticipated to have a material impact on the Portfolio's financial statements.

The amendments to IAS 32, *Financial Instruments — Presentation — Offsetting of Financial Assets and Financial Liabilities*, are intended to clarify existing application issues relating to the offsetting rules and reduce the level of diversity in current practice. The amendments are effective for annual periods beginning on or after January 1, 2014. The impact of adoption is currently not anticipated to have a material impact on the Portfolio's financial statements.

Fair value measurement

IFRS 13, *Fair Value Measurement*, defines fair value, provides guidance on its determination and introduces consistent requirements for disclosures on fair value measurement. The Portfolio intends to adopt this standard on January 1, 2013. The impact of adoption is currently not anticipated to have a material impact on the Portfolio's financial statements.

Presentation of items of other comprehensive income

Amendments to IAS 1, *Presentation of Financial Statements* ("IAS 1"), provide guidance on the presentation of items contained in other comprehensive income, including a requirement to separate items presented in other comprehensive income into two groups based on whether or not they may be recycled to profit or loss in the future. The Portfolio intends to adopt this standard on January 1, 2013. The impact of adoption is currently not anticipated to have a material impact on the Portfolio's financial statements.

IFRS 10, *Consolidated Financial Statements*

IFRS 10 replaces the consolidation guidance in IAS 27, *Consolidated and Separate Financial Statements* and SIC 12, *Consolidation — Special Purpose Entities* by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e., whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in special purpose entities). Under IFRS 10, control is based on whether an investor has (1) power over the investee; (2) exposure, or rights, to variable returns from its involvement with the investee; and (3) the ability to use its power over the investee to affect the amount of the returns. The Portfolio intends to adopt this standard on January 1, 2013. The impact of adoption is currently not anticipated to have a material impact on the Portfolio's financial statements.

NOTE 5 — CHANGES IN FUTURE ACCOUNTING POLICIES (Continued)

IFRS 11, *Joint Arrangements*

IFRS 11 introduces new accounting requirements for joint arrangements, replacing IAS 31, *Interests in Joint Ventures*. The option to apply the proportional consolidation method when accounting for jointly controlled entities is removed. Additionally, IFRS 11 eliminates jointly controlled assets to now only differentiate between joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets. The Portfolio intends to adopt this standard on January 1, 2013. The impact of adoption is currently not anticipated to have a material impact on the Portfolio's financial statements.

NOTE 6 — ASSET ACQUISITIONS

There were no asset acquisitions for the period from January 1, 2011 through August 31, 2011.

Detailed below is the asset acquisition completed for the year ended December 31, 2010:

For the year ended December 31, 2010	Interest acquired by The Welsh Group (%)	Purchase Price[1]	Fair value of mortgages payable assumed	Date Acquired
Welsh Sumner Way, LLC	100	$12,802	—	March 5, 2010

(1) Includes transaction costs of $0.3 million

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

	Year ended December 31, 2010
Investment property	$12,802
Total purchase price	$12,802
The consideration paid consists of:	
Cash paid	12,802
Total consideration	$12,802

In conjunction with this asset acquisition, the Portfolio entered into new mortgages payable in the amount of $6.9 million during the year ended December 31, 2010.

NOTE 7 — SALE OF INVESTMENT PROPERTIES

For the period January 1, 2011 through August 31, 2011, seven properties were contributed into Welsh in exchange for a combination of cash of $1.4 million and equity units of Welsh worth $3.0 million. For the year ended December 31, 2010, ten properties were contributed into Welsh in exchange for a combination of cash of $2.8 million and equity units of Welsh worth $26.2 million. All costs related to these contribution transactions were borne by Welsh.

The loss on sale of assets was as follows:

	January 1, 2011 – August 31, 2011	Year ended December 31, 2010
Contributed value	$ 4,339	$ 29,019
Carrying value of investment properties sold	(13,464)	(86,377)
Mortgages payable assumed by Welsh	9,085	57,205
Other adjustments on disposition	(62)	(165)
Loss on sale of investment properties	$ (102)	$ (318)

NOTE 8 — INVESTMENT PROPERTIES

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

	January 1, 2011 – August 31, 2011	Year ended December 31, 2010
Balance, beginning of year	$ 41,198	$111,345
Additions:		
Property acquisitions	—	12,802
Additions to investment properties	—	102
Lease incentives and initial direct leasing costs	—	215
Amortization of lease incentives	—	(3)
Increase in straight line rent costs	12	936
Fair value increase to investment properties	684	2,178
Sale of investment properties	(13,464)	(86,377)
Balance, end of period	$ 28,430	$ 41,198

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

Fair values at August 31, 2011, December 31, 2010 and January 1, 2010 were primarily determined by a combination of: (a) discounting the expected future cash flows, including a terminal value based on the application of a terminal capitalization rate to the following years estimated cash flows; and (b) applying a market capitalization rate to stabilized net operating income, adjusting for cash inflows and outflows required to achieve the stabilized net operating income and deducting the present value of future capital expenditures.

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

	August 31, 2011	December 31, 2010	January 1, 2010
Weighted average capitalization rate	9.32%	8.75%	8.67%
Range of capitalization rates	8.00%-10.00%	7.50%-9.75%	7.50%-9.75%
Weighted average discount rate	9.33%	9.47%	10.27%
Range of discount rates	8.00%-10.50%	8.08%-11.85%	8.68%-14.37%

NOTE 9 — SEGMENT REPORTING

The Welsh Group owns, manages and operates primarily industrial investment properties located throughout the United States. Management, when measuring the Portfolio's performance, does not distinguish or group its operations on a geographical or any other basis. Accordingly, the Portfolio has a single reportable segment for disclosure purposes in accordance with IFRS.

NOTE 10 — OTHER NON-CURRENT ASSETS

	August 31, 2011	December 31, 2010	January 1, 2010
Deposits	$—	$—	$ 1
Restricted cash	752	584	772
Total	$752	$584	$773

Included in restricted cash are escrow accounts for insurance, real estate taxes, and capital expenditures related to the Portfolio's mortgages payable.

NOTE 11 — AMOUNTS RECEIVABLE

Receivables are recorded at their estimated net realizable value. Management does not require collateral and accounts are evaluated for collectability if payment is not received within three months of the payment due date.

Amounts receivable are as follows:

	August 31, 2011	December 31, 2010	January 1, 2010
Trade receivables	$ 95	$137	$254
Other receivables	15	1	12
Amounts receivable	$110	$138	$266

There was no allowance for uncollectible amounts receivable at August 31, 2011, December 31, 2010, and January 1, 2010.

The carrying amount of amounts receivable approximates fair value due to their short-term nature.

NOTE 12 — MORTGAGES PAYABLE

Mortgages payable consist of the following:

	August 31, 2011	December 31, 2010	January 1, 2010
Mortgages payable	$22,783	$32,078	$85,396
Financing costs, net	(164)	(309)	(558)
Total	22,619	31,769	84,838
Less: Current portion	430	416	385
Non-current mortgages payable	$22,189	$31,353	$84,453

Mortgages payable are collateralized by investment properties with a carrying value of $28.4 million, $41.2 million and $111.3 million as of August 31, 2011, December 31, 2010 and January 1, 2010, respectively.

Mortgages payable weighted average effective interest rates and maturity dates are as follows:

	Weighted average effective interest rate			
	August 31, 2011	December 31, 2010	January 1, 2010	Maturity dates
Fixed rate — mortgages payable[1]	5.77%	5.95%	5.95%	2011-2021
Variable rate — mortgages payable	—	—	5.07%	2012-2015
Total mortgages payable	5.77%	5.95%	5.62%	

(1) Management has entered into an interest rate swap to fix the interest rate of a mortgage payable at 5.50%. See Note 17.

NOTE 12 — MORTGAGES PAYABLE (Continued)

Scheduled maturities of mortgages payable principal and interest are as follows at August 31, 2011:

	Principal	Interest	Total payments
2011 (remainder of year)	$ 76	$ 332	$ 408
2012	310	1,324	1,634
2013	333	1,301	1,634
2014	352	1,281	1,634
2015	374	1,260	1,634
2016 and thereafter	21,338	1,241	22,579
	22,783	6,740	29,522
Financing costs, net	(164)	—	(164)
Total	$22,619	$6,740	$29,358

NOTE 13 — AMOUNTS PAYABLE AND ACCRUED LIABILITIES

	August 31, 2010	December 31, 2010	January 1, 2010
Trade payables	$—	$ 29	$ 210
Accrued liabilities and other payables	281	466	906
Accrued interest	—	24	105
Rent received in advance	48	162	459
Total	$329	$681	$1,680

NOTE 14 — OPERATING LEASES

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

For the period from January 1, 2011 through August 31, 2011 and for the year ended December 31, 2010, two and one tenants, respectively, accounted for more than 10% of the Portfolio's total rental revenue.

At August 31, 2011, the total future contractual minimum base rent lease payments expected to be received under non-cancellable leases are as follows:

1 year	$ 2,899
2-5 years	8,269
Greater than 5 years	1,658
Total	$12,826

NOTE 15 — INTEREST EXPENSE

Interest on mortgages payable incurred and charged to income and comprehensive income is recorded as follows:

	January 1, 2011 – August 31, 2011	Year ended December 31, 2010
Interest expense incurred, at stated rate	$933	$4,656
Amortization of financing costs	24	118
Fair value loss on interest rate swap	—	162
Interest expense	$957	$4,936
Add/deduct:		
Amortization of financing costs	(24)	(118)
Fair value loss on interest rate swap	—	(162)
Change in accrued interest	24	81
Cash interest paid	$957	$4,737

NOTE 16 — TRANSACTIONS WITH RELATED PARTIES

The Portfolio engaged in various transactions with certain entities deemed to be related parties through controlling interests of the properties' management, as discussed below.

Management Agreement

Management fees are paid by the Portfolio to The Welsh Group pursuant to a management agreement, providing for a broad range of management, accounting and other administrative services. Total fees paid to The Welsh Group for the period from January 1, 2011 through August 31, 2011 and for the year ended December 31, 2010 were $0.1 million and $0.6 million, respectively.

Other Related Party Transactions

For the period from January 1, 2011 through August 31, 2011, the Portfolio incurred no other fees from The Welsh Group. For the year ended December 31, 2010, the Portfolio incurred total fees from The Welsh Group related to architectural and construction services as well as certain brokerage services from The Welsh Group of $0.3 million. Additionally, the Portfolio had $0.1 million included in amounts payable to related parties at January 1, 2010. There were no amounts payable to related parties at August 31, 2011 or December 31, 2010.

The Portfolio has a lease with Welsh and its affiliates at an investment property located at 4350 Baker Road, Minnetonka, Minnesota 55434. Rental revenue earned by the Portfolio from Welsh and its affiliates for the year ended December 31, 2010 was $1.0 million. This investment property was sold to Welsh in November 2010. The lease commenced on June 1, 2009 and expires on May 31, 2020, with annual rent increases of 2.0%.

NOTE 17 — FINANCIAL INSTRUMENTS

Risk Management

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

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk consists of interest rate risk, currency risk and other market price risk. There is interest rate risk associated with the Portfolio's fixed rate mortgages payable due to the expected requirement to refinance such mortgages payable in the year of maturity. In order to manage exposure to interest rate risk, the Portfolio endeavors to manage maturities of fixed rate mortgages payable, and match the nature of the mortgages payable with the cash flow characteristics of the underlying asset. Management managed a portion of its variable-rate mortgages payable using an interest rate swap that altered its exposure to the impact of changing interest rates. The interest rate swap was not designated as a hedging instrument and as a result, the change in fair value was recognized in earnings as an adjustment to interest expense in the accompanying combined statements of income and comprehensive income until the related investment property was disposed of on November 30, 2010. For the period from January 1, 2011 through August 31, 2011, the

NOTE 17 — FINANCIAL INSTRUMENTS (Continued)

Portfolio's mortgages payable were 100% fixed rate and 0% variable rate. Therefore, a 100 basis-point change in interest rates would not have resulted in a change in the Portfolio's interest expense.

The Portfolio has no exposure to currency or other market price risk.

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

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

Fair value of financial instruments

Amounts receivable, cash, deposits, amounts payable and accrued liabilities are carried at amortized cost, which, due to their short-term nature, approximates fair value.

Mortgages Payable

The Portfolio estimates the fair value of mortgages payable using discounted cash flow analysis and a yield rate that was estimated based on the borrowing rates currently available to the Portfolio for mortgages payable with similar terms and maturities, which is a Level 2 input. Management believes the carrying amount of all mortgages payable approximates fair value because contractual interest rates approximated rates currently available in the market place at August 31, 2011, December 31, 2010 and January 1, 2010.

Fair value measurements are classified and disclosed in one of the following three categories:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Interest Rate Swap

The Portfolio was party to an interest rate swap agreement to limit exposure to the fluctuations in its LIBOR-based variable interest payments on a mortgage note payable. The swap covered the notional amount of $3.5 million at a fixed rate of 5.5% and was set to expire on April 1, 2014. The interest rate swap was not designed as a hedge for accounting purposes. The fair value of the interest rate swap was a liability of $20 at January 1, 2010, and was included in the accompanying combined financial statements as an other financial instrument until the related investment property was disposed of on November 30, 2010. The Portfolio recognized an adjustment to interest expense in the amount of $162 for the year ended December 31, 2010. The interest rate swap fair value was determined by a model-derived valuation, in which significant inputs and value drivers were observable in active markets for a similar instrument, i.e., Level 2 inputs. Changes in fair value were recognized as adjustments to interest expense in the accompanying combined statements of income and comprehensive income.

NOTE 18 — SUPPLEMENTARY CASH FLOW INFORMATION

Change in non-cash working capital comprises:

	January 1, 2011 – August 31, 2011	Year ended December 31, 2010
Increase in amounts receivable	$ (9)	$ (456)
(Increase) decrease in prepaid expenses	75	(63)
Decrease in amounts payable	(27)	(112)
Increase in accrued interest and cash paid for interest	950	4,765
Increase (decrease) in accrued real estate taxes	(91)	540
Increase in other accrued liabilities	33	366
Decrease in security deposits	—	(5)
Decrease in prepaid rents and insurance	(33)	(128)
Change in non-cash working capital	$898	$4,907

NOTE 19 — SUBSEQUENT EVENT

On August 31, 2011, the five remaining investment properties were sold to Welsh for $6.4 million. The Portfolio's investors exchanged their membership interests for 643,597 common units of Welsh, either directly or indirectly, subject to existing mortgages and other indebtedness.

6579 WEST 350 NORTH

Schedules of Assets to be Acquired and Liabilities to be Assumed
and Schedules of Revenues and Operating Expenses

September 20, 2011, December 31, 2010 and January 1, 2010

(With Independent Auditors' Report Thereon)

6579 WEST 350 NORTH

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INDEPENDENT AUDITORS' REPORT

The Board of Managers and Members
Welsh Property Trust, LLC:

We have audited the accompanying Schedules of Assets to be Acquired and Liabilities to be Assumed of 6579 West 350 North (the "Property") at September 20, 2011, December 31, 2010 and January 1, 2010 and the related Schedules of Revenues and Operating Expenses for the period from January 1, 2011 through September 20, 2011 and for the year ended December 31, 2010 (collectively, the "Schedules"). These Schedules are the responsibility of the Property's management. Our responsibility is to express an opinion on these Schedules based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedules are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Property's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedules, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedules. We believe that our audits provide a reasonable basis for our opinion.

Without modifying our opinion, we draw attention to Note 1 "Basis of Presentation" to the Schedules which describes the basis of accounting used in preparing the Schedules. The Schedules were prepared to present the assets to be acquired and liabilities to be assumed, and revenues and operating expenses of 6579 West 350 North.

In our opinion, the Schedules at September 20, 2011, December 31, 2010, and January 1, 2010 and for the period from January 1, 2011 through September 20, 2011 and for the year ended December 31, 2010 are prepared, in all material respects, in accordance with the basis of preparation in Note 1 "Basis of Presentation."

(Signed) KPMG LLP

April 18, 2013
Minneapolis, Minnesota

6579 WEST 350 NORTH

SCHEDULES OF ASSETS TO BE ACQUIRED AND LIABILITIES TO BE ASSUMED

September 20, 2011, December 31, 2010 and January 1, 2010

(amounts in thousands of U.S. dollars)

	Note	September 20, 2011	December 31, 2010	January 1, 2010
Investment property	4	$21,400	$20,977	$20,044
Total assets to be acquired		$21,400	$20,977	$20,044
Security deposit		$ 54	$ 54	$ 54
Prepaid rent		57	—	—
Accrued property taxes		60	—	—
Total liabilities to be assumed		171	54	54
Net assets to be acquired		$21,229	$20,923	$19,990

See accompanying notes to the Schedules.

6579 WEST 350 NORTH

SCHEDULES OF REVENUES AND OPERATING EXPENSES

For the Period January 1, 2011 through September 20, 2011 and for the Year Ended December 31, 2010

(amounts in thousands of U.S. dollars)

	January 1, 2011 – September 20, 2011	Year Ended December 31, 2010
Revenues:		
Investment property revenue	$1,472	$1,995
Operating expenses:		
Investment property expenses	388	396
Revenues less operating expenses	$1,084	$1,599

See accompanying notes to the Schedules.

6579 WEST 350 NORTH

NOTES TO THE SCHEDULES OF ASSETS TO BE ACQUIRED AND LIABILITIES TO BE ASSUMED AND SCHEDULES OF REVENUES AND OPERATING EXPENSES

September 20, 2011, December 31, 2010 and January 1, 2010

(amounts in thousands of U.S. dollars)

NOTE 1 — BASIS OF PRESENTATION

6579 West 350 North (the "Property") is an approximately 629,000 square foot multi-tenant investment property located in Greenfield, Indiana. It was purchased by Welsh Property Trust, LLC ("Welsh") on September 20, 2011 from an unrelated third party. Assets included in the purchase include land, building and improvements. Liabilities assumed included tenant security deposits, prepaid rent and accrued property taxes.

The Schedules of Assets to be Acquired and Liabilities to be Assumed and Schedules of Revenues and Operating Expenses (collectively, the "Schedules") have been prepared from the historical accounting records of the previous third party owner using the historical cost basis, unless otherwise stated.

These Schedules have been prepared as if the Property had existed as a stand-alone entity as of and for the period from January 1, 2011 through September 20, 2011 and for the year ended December 31, 2010.

The Schedules of Assets to be Acquired and Liabilities to be Assumed, and the Schedules of Revenues and Operating Expenses are prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The line items in the Schedules of Assets to be Acquired and Liabilities to be Assumed, and the Schedules of Revenue and Operating Expenses and the disclosures in the notes thereto have been prepared using presentation and disclosure requirements in accordance with IFRS and would apply to those line items and disclosures if those line items and disclosures were presented as part of a complete set of financial statements prepared in accordance with IFRS. Significant accounting policies can be found in Note 2, "Summary of Significant Accounting Policies."

The presentation of the Schedules of the Property is not intended to be a complete presentation of the investment property's assets, liabilities, revenues and operating expenses. Certain presentation and disclosure requirements of IFRS have been omitted in these Schedules, including, but not limited to, complete statements of financial position, statements of comprehensive income, statements of changes in equity, statements of cash flows and certain other information required by International Accounting Standard ("IAS") 1, *Presentation of Financial Statements,* and IFRS 1, *First-time Adoption of IFRS* and other related disclosures.

The Schedules were authorized for issue by the Board of Managers and Members on April 17, 2013.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies used in the preparation of these Schedules are described below:

Investment Property

Investment property is initially recorded at cost, including related transaction costs in the case of asset acquisitions, and includes a multi-tenant industrial property held to earn rental revenue and/or for capital appreciation. The Property has selected the fair value method to account for real estate classified as investment property. As a result, subsequent to initial recognition, investment property is carried at fair value. Fair values are primarily determined by using the discounted cash flow method of the income approach.

Investment property includes land, building, improvements to the property, all direct leasing costs incurred in arranging property tenants, as well as any lease incentives. Lease incentives that do not provide benefits beyond the initial lease term are amortized as a reduction to investment property revenue on a straight-line basis over the term of the lease.

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

Investment property is derecognized when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Prior to its disposal, the carrying value of the investment property is adjusted to reflect its fair value. This adjustment shall be recorded as a fair value gain or loss. Any remaining gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

Revenue Recognition

The Property accounts for tenant leases as operating leases given that it has retained substantially all of the risks and benefits of ownership of its investment property.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The total amount of contractual rent to be received from operating leases is recognized on a straight-line basis over the term of the lease.

Recoveries from tenants are recognized as revenue in the period in which the corresponding costs are incurred.

NOTE 3 — CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Preparing the Schedules requires management to make judgments, estimates and assumptions in the application of the policies outlined in Note 2. Management bases its judgments and estimates on historical experience and other factors it believes to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that would require a material adjustment to the carrying amount of the asset or liability affected in the future.

Critical accounting judgments

The following are the critical judgments used in applying the Property's accounting policies that have the most significant effect on the amounts in the Schedules:

Investment properties

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

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

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

Leases

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

Estimates and assumptions

Management makes estimates and assumptions that affect carrying amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amount of revenues and operating expenses for the period. Actual results could differ from these estimates. The estimates and assumptions that are critical in determining the amounts reported in the Schedules relate to the following:

Valuation of Investment Property

Critical assumptions relating to the estimates of fair values of investment property include the receipt of contractual rents, expected future market rents, renewal rates, maintenance requirements, discount rates that reflect current market uncertainties, capitalization rates, and current and recent comparable property sales transactions. If there is any change in these assumptions or regional, national or international economic conditions, the fair value of investment property may change materially. Refer to Note 4 for further information on estimates and assumptions made.

NOTE 4 — INVESTMENT PROPERTY

A reconciliation of the carrying amount for investment property at the beginning and end of each financial period is set out below:

	January 1, 2011 – September 20, 2011	Year Ended December 31, 2010
Balance, beginning of period	$20,977	$20,044
Additions:		
Initial direct leasing costs	15	—
Fair value adjustment to investment property	408	933
Balance, end of period	$21,400	$20,977

Fair values at September 20, 2011, December 31, 2010 and January 1, 2010 were primarily determined by a combination of: (a) discounting the expected future cash flows, including a terminal value based on the application of a terminal capitalization rate to the following years estimated cash flows; and (b) applying a market capitalization rate to stabilized net operating income, adjusting for cash inflows and outflows required to achieve the stabilized net operating income and deducting the present value of future capital expenditures.

The key valuation metrics for the investment property are set out below:

	September 20, 2011	December 31, 2010	January 1, 2010
Capitalization rate	8.25%	8.00%	8.00%
Discount rate	8.75%	9.36%	9.08%

NOTE 5 — OPERATING LEASES

The Property leases space to multiple tenants under operating leases with non-cancellable lease agreements. The leases have various terms, escalation clauses and renewal rights as well as early termination fees.

The total future contractual minimum base rent lease payments expected to be received under the non-cancellable leases are as follows at September 20, 2011:

1 year	$ 1,866
2-5 years	5,828
Greater than 5 years	2,815
Total	$10,509

NOTE 6 — SUBSEQUENT EVENTS

On September 20, 2011, the Property was sold to Welsh in exchange for cash proceeds of $21.4 million. Subsequent to that date, the financial position and results of operations of the Property are reported in the financial statements of Welsh.

3003 REEVES ROAD

Schedules of Assets to be Acquired and Liabilities to be Assumed
and Schedules of Revenues and Operating Expenses

July 31, 2011, December 31, 2010, and January 1, 2010

(With Independent Auditors' Report Thereon)

3003 REEVES ROAD

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INDEPENDENT AUDITORS' REPORT

The Board of Managers and Members
Welsh Property Trust, LLC:

We have audited the accompanying Schedules of Assets to be Acquired and Liabilities to be Assumed of 3003 Reeves Road (the "Property") at July 31, 2011, December 31, 2010 and January 1, 2010 and the related Schedules of Revenues and Operating Expenses for the period from January 1, 2011 through July 31, 2011 and for the year ended December 31, 2010 (collectively, the "Schedules"). These Schedules are the responsibility of the Property's management. Our responsibility is to express an opinion on these Schedules based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedules are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Property's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedules, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Schedules. We believe that our audits provide a reasonable basis for our opinion.

Without modifying our opinion, we draw attention to Note 1 "Basis of Presentation" to the Schedules which describes the basis of accounting used in preparing the Schedules. The Schedules were prepared to present the assets to be acquired and liabilities to be assumed, and revenues and operating expenses of 3003 Reeves Road.

In our opinion, the Schedules at July 31, 2011, December 31, 2010 and January 1, 2010 and for the period from January 1, 2011 through July 31, 2011 and for the year ended December 31, 2010 are prepared, in all material respects, in accordance with the basis of preparation in Note 1 "Basis of Presentation."

(Signed) KPMG LLP

April 18, 2013
Minneapolis, Minnesota

3003 REEVES ROAD

SCHEDULES OF ASSETS TO BE ACQUIRED AND LIABILITIES TO BE ASSUMED

July 31, 2011, December 31, 2010 and January 1, 2010

(amounts in thousands of U.S. dollars)

	Note	July 31, 2011	December 31, 2010	January 1, 2010
Investment Property	4	$23,000	$23,111	$22,269
Total assets to be acquired		$23,000	$23,111	$22,269
Total liabilities to be assumed		—	—	—
Net assets to be acquired		$23,000	$23,111	$22,269

See accompanying notes to the Schedules.

3003 REEVES ROAD

SCHEDULES OF REVENUES AND OPERATING EXPENSES

For the Period January 1, 2011 through July 31, 2011 and for the Year Ended December 31, 2010

(amounts in thousands of U.S. dollars)

	January 1, 2011 – July 31, 2011	Year Ended December 31, 2010
Revenues:		
Investment property revenue	$1,285	$2,191
Operating expenses:		
Investment property expenses	282	458
Revenues less operating expenses	$1,003	$1,733

See accompanying notes to the Schedules.

NOTE 1 — BASIS OF PRESENTATION

3003 Reeves Road (the "Property") is an approximately 741,000 square foot single-tenant distribution investment property located in Plainfield, Indiana. It was purchased by Welsh Property Trust, LLC ("Welsh") on July 31, 2011 from an unrelated third party. Assets included in the purchase include land, building and improvements. No liabilities were assumed in the purchase.

The Schedules of Assets to be Acquired and Liabilities to be Assumed and Schedules of Revenues and Operating Expenses (collectively, the "Schedules") have been prepared from the historical accounting records of the previous third party owner using the historical cost basis, unless otherwise stated.

These Schedules have been prepared as if the Property had existed as a stand-alone entity as of and for the period from January 1, 2011 through July 31, 2011 and for the year ended December 31, 2010.

The Schedules of Assets to be Acquired and Liabilities to be Assumed, and the Schedules of Revenues and Operating Expenses are prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The line items in the Schedules of Assets to be Acquired and Liabilities to be Assumed, and the Schedules of Revenue and Operating Expenses and the disclosures in the notes thereto have been prepared using presentation and disclosure requirements in accordance with IFRS and would apply to those line items and disclosures if those line items and disclosures were presented as part of a complete set of financial statements prepared in accordance with IFRS. Significant accounting policies can be found in Note 2, "Summary of Significant Accounting Policies."

The presentation of the Schedules of the Property is not intended to be a complete presentation of the investment property's assets, liabilities, revenues and operating expenses. Certain presentation and disclosure requirements of IFRS have been omitted in these Schedules, including, but not limited to, complete statements of financial position, statements of comprehensive income, statements of changes in equity, statements of cash flows and certain other information required by International Accounting Standard ("IAS") 1, *Presentation of Financial Statements,* and IFRS 1, *First-time Adoption of IFRS* and other related disclosures.

The Schedules were authorized for issue by the Board of Managers and Members on April 17, 2013.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies used in the preparation of these Schedules are described below:

Investment Property

Investment property is initially recorded at cost, including related transaction costs in the case of asset acquisitions, and includes a single-tenant industrial property held to earn rental revenue and/or for capital appreciation. The Property has selected the fair value method to account for real estate classified as investment property. As a result, subsequent to initial recognition, investment property is carried at fair value. Fair values are primarily determined by using the discounted cash flow method of the income approach.

Investment property includes land, building, improvements to the property, all direct leasing costs incurred in arranging property tenants, as well as any lease incentives. Lease incentives that do not provide benefits beyond the initial lease term are amortized as a reduction to investment property revenue on a straight-line basis over the term of the lease.

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

Investment property is derecognized when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Prior to its disposal, the carrying value of the investment property is adjusted to reflect its fair value. This adjustment shall be recorded as a fair value gain or loss. Any remaining gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Property accounts for tenant leases as operating leases given that it has retained substantially all of the risks and benefits of ownership of its investment property.

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

The total amount of contractual rent to be received from operating leases is recognized on a straight-line basis over the term of the lease.

Recoveries from tenants are recognized as revenue in the period in which the corresponding costs are incurred.

NOTE 3 — CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Preparing the Schedules requires management to make judgments, estimates and assumptions in the application of these policies outlined in Note 2. Management bases its judgments and estimates on historical experience and other factors it believes to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that would require a material adjustment to the carrying amount of the asset or liability affected in the future.

Critical accounting judgments

The following are the critical judgments used in applying the Property's accounting policies that have the most significant effect on the amounts in the Schedules:

Investment properties

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

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

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

Leases

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

NOTE 3 — CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Estimates and assumptions

Management makes estimates and assumptions that affect carrying amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amount of revenues and operating expenses for the period. Actual results could differ from these estimates. The estimates and assumptions that are critical in determining the amounts reported in the Schedules relate to the following:

Valuation of Investment Property

Critical assumptions relating to the estimates of fair values of investment property include the receipt of contractual rents, expected future market rents, renewal rates, maintenance requirements, discount rates that reflect current market uncertainties, capitalization rates and current and recent comparable property sales transactions. If there is any change in these assumptions or regional, national or international economic conditions, the fair value of investment property may change materially. Refer to Note 4 for further information on estimates and assumptions made.

NOTE 4 — INVESTMENT PROPERTY

A reconciliation of the carrying amount for investment property at the beginning and end of each financial period are set out below:

	January 1, 2011 – July 31, 2011	Year Ended December 31, 2010
Balance, beginning of period	$23,111	$22,269
Fair value adjustment to investment property	(111)	842
Balance, end of period	$23,000	$23,111

Fair values at July 31, 2011, December 31, 2010 and January 1, 2010 were primarily determined by a combination of: (a) discounting the expected future cash flows, including a terminal value based on the application of a terminal capitalization rate to the following years estimated cash flows; and (b) applying a market capitalization rate to stabilized net operating income, adjusting for cash inflows and outflows required to achieve the stabilized net operating income and deducting the present value of future capital expenditures.

The key valuation metrics for the investment property are set out below:

	July 31, 2011	December 31, 2010	January 1, 2010
Capitalization rate	8.25%	7.75%	7.75%
Discount rate	9.50%	9.39%	9.38%

NOTE 5 — OPERATING LEASES

The Property leases space to a single tenant under an operating lease with non-cancellable lease agreement. The lease has various terms, escalation clauses and renewal rights as well as early termination fees.

The total future contractual minimum base rent lease payments expected to be received under the non-cancellable lease are as follows at July 31, 2011:

1 year	$ 1,898
2-5 years	5,856
Greater than 5 years	2,248
Total	$10,002

NOTE 6 — SUBSEQUENT EVENTS

On July 31, 2011, the Property was sold to Welsh in exchange for cash proceeds of $23.0 million. Subsequent to that date, the financial position and results of operations of the Property are reported in the financial statements of Welsh.

HARTMAN PROPERTY PORTFOLIO

Carve-out Financial Statements

July 7, 2011, December 31, 2010 and January 1, 2010

(With Independent Auditors' Report Thereon)

HARTMAN PROPERTY PORTFOLIO

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INDEPENDENT AUDITORS' REPORT

The Board of Managers and Members
Welsh Property Trust, LLC:

We have audited the accompanying carve-out statements of financial position of the Hartman Property Portfolio (the "Portfolio") as of July 7, 2011, December 31, 2010 and January 1, 2010 and the related carve-out statements of income and comprehensive income, divisional surplus, and cash flows for the period from January 1, 2011 through July 7, 2011 and for the year ended December 31, 2010. These carve-out financial statements are the responsibility of the Portfolio's management. Our responsibility is to express an opinion on these carve-out financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Portfolio's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the carve-out financial statements referred to above present fairly, in all material respects, the financial position of the Hartman Property Portfolio as of July 7, 2011, December 31, 2010 and January 1, 2010, and the results of their operations and their cash flows for the period from January 1, 2011 through July 7, 2011 and for the year ended December 31, 2010 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

(Signed) KPMG LLP

April 18, 2013
Minneapolis, Minnesota

HARTMAN PROPERTY PORTFOLIO

CARVE-OUT STATEMENTS OF FINANCIAL POSITION

(amounts in thousands of U.S. dollars)

	Note	July 7, 2011	December 31, 2010	January 1, 2010
Assets				
NON-CURRENT ASSETS				
Investment properties	6	$27,500	$26,700	$23,400
Prepaid expenses and other assets		—	18	17
		27,500	26,718	23,417
CURRENT ASSETS				
Amounts receivable	8	—	64	34
Cash and cash equivalents		80	4	3
		80	68	37
Total assets		$27,580	$26,786	$23,454
Liabilities				
NON-CURRENT LIABILITIES				
Mortgages payable	9	$ —	$14,726	$17,384
Security deposits		168	168	131
		168	14,894	17,515
CURRENT LIABILITIES				
Mortgages payable	9	18,362	3,665	114
Amounts payable and accrued liabilities	10	563	678	799
		18,925	4,343	913
Total liabilities		19,093	19,237	18,428
Divisional surplus		8,487	7,549	5,026
Total liabilities and divisional surplus		$27,580	$26,786	$23,454

See accompanying notes to carve-out financial statements.

HARTMAN PROPERTY PORTFOLIO

CARVE-OUT STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

For the Period from January 1, 2011 through July 7, 2011 and for the Year Ended December 31, 2010

(amounts in thousands of U.S. dollars)

	Note	January 1, 2011 – July 7, 2011	Year Ended December 31, 2010
Investment properties revenue	11	$1,199	$ 2,257
Investment properties operating expenses		249	552
Net operating income		950	1,705
Other (income) and expenses			
General and administrative		13	25
Fair value increase to investment properties	6	(686)	(1,611)
Interest expense	12	719	1,397
Recovery of bad debt		—	(724)
Net income and comprehensive income		$ 904	$ 2,618

See accompanying notes to carve-out financial statements.

HARTMAN PROPERTY PORTFOLIO

CARVE-OUT STATEMENTS OF DIVISIONAL SURPLUS

For the Period from January 1, 2011 through July 7, 2011 and for the Year Ended December 31, 2010

(amounts in thousands of U.S. dollars)

Divisional surplus at January 1, 2010	$5,026
Net income and comprehensive income	2,618
Cash contributions	698
Cash distributions	(793)
Divisional surplus at December 31, 2010	$7,549
Net income and comprehensive income	904
Cash contributions	98
Cash distributions	(64)
Divisional surplus at July 7, 2011	$8,487

See accompanying notes to carve-out financial statements.

HARTMAN PROPERTY PORTFOLIO

CARVE-OUT STATEMENTS OF CASH FLOWS

For the Period from January 1, 2011 through July 7, 2011 and for the Year Ended December 31, 2010

(amounts in thousands of U.S. dollars)

	Note	January 1, 2011 – July 7, 2011	Year Ended December 31, 2010
Operating activities			
Net income		$ 904	$ 2,618
Non-cash items:			
Amortization of financing costs	12	19	44
Amortization of lease incentives and initial direct leasing costs		35	54
Increase in straight line rent costs		(148)	(370)
Fair value increase to investment properties	6	(686)	(1,611)
Change in non-cash working capital	16	766	1,243
Cash flows provided by operating activities		890	1,978
Investing activities			
Investment in building improvements	6	(11)	(681)
Payments of lease incentives and initial direct leasing costs		(1)	(681)
Cash flows used in investing activities		(12)	(1,362)
Financing activities			
Mortgage principal payments	9	(77)	(114)
Proceeds from mortgages payable	9	29	963
Contributions		98	698
Distributions		(64)	(793)
Interest paid	12	(788)	(1,369)
Cash flows used in financing activities		(802)	(615)
Net increase in cash and cash equivalents		76	1
Cash and cash equivalents, beginning of the period		4	3
Cash and cash equivalents, end of the period		$ 80	$ 4

See accompanying notes to carve-out financial statements.

NOTE 1 — GENERAL INFORMATION

The Hartman Property Portfolio as presented in these carve-out financial statements is not a legal entity. It represents the carve-out of two industrial properties (collectively, the "Portfolio"), located in Georgia, from the consolidated financial statements of a larger portfolio under the common control of a single third party for all periods presented.

These carve-out financial statements of the Portfolio have been prepared for the specific purpose of reporting on the assets, liabilities, revenues, expenses and divisional surplus in the net assets of the Portfolio included in, and for the inclusion in, a prospectus to be filed by WPT Industrial Real Estate Investment Trust (the "REIT"), a newly-created, unincorporated, open-ended real estate investment trust established under the laws of the Province of Ontario. These carve-out financial statements present the financial position, results of operations and cash flows of the Portfolio for the periods presented as if the Portfolio had been accounted for on a stand-alone basis.

These carve-out financial statements are not necessarily indicative of the results that would have been attained had the Portfolio been operated as a separate legal entity for the periods presented and, therefore, are not necessarily indicative of future operating results.

Effective July 7, 2011, Welsh Property Trust, LLC ("Welsh") entered into a business combination to acquire the investment properties included in the Portfolio carve-out financial statements. Subsequent to that date, the financial position and results of operations of the Portfolio are reported in the financial statements of Welsh. On closing of the transactions contemplated in the REIT's prospectus, the REIT will indirectly acquire ownership of the property interests of Welsh.

NOTE 2 — BASIS OF PRESENTATION

Statement of Compliance

These carve-out financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These are the Portfolio's first carve-out financial statements prepared in accordance with IFRS and the Portfolio adopted IFRS in accordance with IFRS 1, *First-Time Adoption of International Reporting Standards*. An explanation or reconciliation of how the transition to IFRS has affected the Portfolio's carve-out financial position, performance and cash flows has not been presented as the Portfolio has not presented carve-out financial statements in previous years. The date of transition to IFRS was January 1, 2010.

Basis of Measurement

These carve-out financial statements have been prepared on a historical cost basis except for investment properties that have been measured at fair value. The carve-out financial statements are presented in United States dollars, which is the functional currency of the Portfolio.

Basis of Presentation

The Portfolio holds its interest in the investment properties in limited liability companies ("LLCs"), which were commonly controlled by a single third party. All intercompany transactions, if any, and balances between properties within the Portfolio have been eliminated upon combination.

The carve-out financial statements were authorized for issue by the Board of Managers and Members on April 17, 2013.

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these carve-out financial statements are described below and have been applied consistently to all periods presented:

Investment Property

Investment property is initially recorded at cost, including related transaction costs in the case of asset acquisitions, and includes industrial properties held to earn rental revenue and/or for capital appreciation. The Portfolio has selected the fair value method to account for real estate classified as investment property. As a result, subsequent to initial recognition, investment property is carried at fair value, with gains and losses arising from changes in fair value recognized in the carve-out statements of income and comprehensive income for the period in which they arise. Fair values are primarily determined by using the discounted cash flow method of the income approach.

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment property includes land, building, improvements to the property, all direct leasing costs incurred in arranging property tenants, as well as any lease incentives. Lease incentives that do not provide benefits beyond the initial lease term are amortized as a reduction to investment property revenue on a straight-line basis over the term of the lease.

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

Investment property is derecognized when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Prior to its disposal, the carrying value of the investment property is adjusted to reflect its fair value. This adjustment shall be recorded as a fair value gain or loss. Any remaining gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

Revenue Recognition

The Portfolio accounts for tenant leases as operating leases given that it has retained substantially all of the risks and benefits of ownership of its investment property.

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

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

Recoveries from tenants are recognized as revenue in the period in which the corresponding costs are incurred. Other revenues are recorded at the time the service is provided.

Business Combinations

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

Cash and Cash Equivalents

Cash and cash equivalents includes all short-term investments with an original maturity of three months or less, and excludes cash subject to restrictions that prevent its use for current purposes. Excluded from cash and cash equivalents are amounts held as required by various lending agreements for escrow accounts for insurance, real estate taxes, and capital expenditures related to the Portfolio's mortgages payable. These items are included in other non-current assets.

Income Taxes

The Portfolio holds its interest in the investment properties through LLCs. Generally, an LLC is treated as either a partnership or a disregarded entity for U.S. federal income tax purposes. As a result, LLCs are generally not subject to federal income taxes as the respective members/partners are taxed on their allocable share of the entity's taxable income. Therefore, no provision or liability for federal income taxes has been included in the accompanying carve-out financial statements. In certain instances, the Portfolio may be subject to certain state and local taxes.

The Portfolio evaluates the uncertainties of tax positions taken or expected to be taken on a tax return based on the probability of whether the position taken will be sustained upon examination by tax authorities. The Portfolio recognizes tax positions taken or to be

NOTE 3 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

taken in a tax return when they become probable. The Portfolio concluded that it has no material uncertain tax liabilities to be recognized as of July 7, 2011, December 31, 2010, or January 1, 2010.

Financial instruments

Designation of financial instruments

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

Financial Assets	Classification	Measurement
Cash and cash equivalents	Loans and receivables	Amortized cost
Amounts receivable (rent and other receivables)	Loans and receivables	Amortized cost
Financial Liabilities		
Mortgages payable	Other liabilities	Amortized cost
Security deposits	Other liabilities	Amortized cost
Amounts payable and accrued liabilities	Other liabilities	Amortized cost

Financial assets

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

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

Financial liabilities

The Portfolio classifies financial liabilities on initial recognition as other liabilities measured at amortized cost. The Portfolio initially recognizes borrowings on the date they are originated. All other financial liabilities are recognized initially on the trade date at which the Portfolio becomes a party to the contractual provisions of the instrument. Mortgages and other financial liabilities are initially recognized at fair value less directly attributable transaction costs, or at fair value when assumed in a business combination or asset acquisition. Subsequent to initial recognition, these financial liabilities are recognized at amortized cost using the effective interest rate method.

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

Finance Costs

Finance costs include interest expense on mortgages payable and amortization associated with loan fees incurred in connection with obtaining long-term financings. Finance costs are amortized to interest expense using the straight-line method over the term of the related loan unless they relate to a qualifying asset. Unamortized finance costs are fully amortized when mortgages payable are retired before maturity.

NOTE 4 — CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Preparing the carve-out financial statements requires management to make judgments, estimates and assumptions in the application of these policies. Management bases its judgments and estimates on historical experience and other factors it believes to be reasonable

NOTE 4 — CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

under the circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Critical accounting judgments

The following are the critical judgments used in applying the Portfolio's accounting policies that have the most significant effect on the amounts in the carve-out financial statements:

Investment properties

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

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

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

Leases

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

Estimates and assumptions

Management makes estimates and assumptions that affect carrying amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amount of income for the year. Actual results could differ from these estimates. The estimates and assumptions that are critical in determining the amounts reported in the carve-out financial statements relate to the following:

Valuation of investment properties

Critical assumptions relating to the estimates of fair values of investment properties include the receipt of contractual rents, expected future market rents, renewal rates, maintenance requirements, discount rates that reflect current market uncertainties, capitalization rates and current and recent property investment prices. If there is any change in these assumptions or regional, national or international economic conditions, the fair value of property investments may change materially. Refer to Note 6 for further information on estimates and assumptions made.

NOTE 5 — CHANGES IN FUTURE ACCOUNTING POLICIES

Financial instruments

In November 2009 and October 2010, the first part of IFRS 9, *Financial Instruments — Classification and Measurement,* relating to the classification and measurement of financial assets and financing liabilities was issued. IFRS 9 will ultimately replace IAS 39, *Financial Instruments — Recognition and Measurement*. The standard requires an entity to classify its financial assets on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset, and subsequently measure the financial assets as either at amortized cost or at fair value. The new standard is mandatory for annual periods beginning on or after January 1, 2015. The impact of adoption is currently not anticipated to have a material impact on the Portfolio's financial statements.

NOTE 5 — CHANGES IN FUTURE ACCOUNTING POLICIES (Continued)

The amendments to IAS 32, *Financial Instruments — Presentation — Offsetting of Financial Assets and Financial Liabilities*, are intended to clarify existing application issues relating to the offsetting rules and reduce the level of diversity in current practice. The amendments are effective for annual periods beginning on or after January 1, 2014. The impact of adoption is currently not anticipated to have a material impact on the Portfolio's financial statements.

Fair value measurement

IFRS 13, *Fair Value Measurement*, defines fair value, provides guidance on its determination and introduces consistent requirements for disclosures on fair value measurement. The Portfolio intends to adopt this standard on January 1, 2013. The impact of adoption is currently not anticipated to have a material impact on the Portfolio's financial statements.

Presentation of items of other comprehensive income

Amendments to IAS 1, *Presentation of Financial Statements* ("IAS 1"), provide guidance on the presentation of items contained in other comprehensive income, including a requirement to separate items presented in other comprehensive income into two groups based on whether or not they may be recycled to profit or loss in the future. The Portfolio intends to adopt this standard on January 1, 2013. The impact of adoption is currently not anticipated to have a material impact on the Portfolio's financial statements.

IFRS 10, *Consolidated Financial Statements*

IFRS 10 replaces the consolidation guidance in IAS 27, *Consolidated and Separate Financial Statements* and SIC 12, *Consolidation — Special Purpose Entities* by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e., whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in special purpose entities). Under IFRS 10, control is based on whether an investor has (1) power over the investee; (2) exposure, or rights, to variable returns from its involvement with the investee; and (3) the ability to use its power over the investee to affect the amount of the returns. The Portfolio intends to adopt this standard on January 1, 2013. The impact of adoption is currently not anticipated to have a material impact on the Portfolio's financial statements.

IFRS 11, *Joint Arrangements*

IFRS 11 introduces new accounting requirements for joint arrangements, replacing IAS 31, *Interests in Joint Ventures*. The option to apply the proportional consolidation method when accounting for jointly controlled entities is removed. Additionally, IFRS 11 eliminates jointly controlled assets to now only differentiate between joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control have rights to the assets and obligations for the liabilities. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets. The Portfolio intends to adopt this standard on January 1, 2013. The impact of adoption is currently not anticipated to have a material impact on the Portfolio's financial statements.

NOTE 6 — INVESTMENT PROPERTIES

The reconciliation of the carrying value of investment properties at the beginning and end of each carve-out financial period are set out below:

	January 1, 2011 – July 7, 2011	Year ended December 31, 2010
Balance, beginning of period	$26,700	$23,400
Additions:		
Additions to investment properties	—	692
Lease incentives and initial direct leasing costs	1	681
Amortization of lease incentives	(35)	(54)
Increase in straight line rent costs	148	370
Fair value increase to investment properties	686	1,611
Balance, end of period	$27,500	$26,700

NOTE 6 — INVESTMENT PROPERTIES (Continued)

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

Fair values at July 7, 2011, December 31, 2010 and January 1, 2010 were primarily determined by a combination of: (a) discounting the expected future cash flows, including a terminal value based on the application of a terminal capitalization rate to the following years estimated cash flows; and (b) applying a market capitalization rate to stabilized net operating income, adjusting for cash inflows and outflows required to achieve the stabilized net operating income and deducting the present value of future capital expenditures.

The key valuation metrics for investment property are as follows:

	July 7, 2011		December 31, 2010		January 1, 2010	
	Rate (%)	Weighted Average (%)	Rate (%)	Weighted Average (%)	Range (%)	Weighted Average (%)
Capitalization rate	7.25	7.25	7.50	7.50	7.75 - 8.25	7.81
Discount rate	8.45	8.45	8.50	8.50	8.75 - 9.25	8.81

NOTE 7 — SEGMENT REPORTING

The parent owns, manages and operates industrial investment properties located in Georgia. Management, when measuring the Portfolio's performance, does not distinguish or group its operations on a geographical or any other basis. Accordingly, the Portfolio has a single reportable segment for disclosure purposes in accordance with IFRS.

NOTE 8 — AMOUNTS RECEIVABLE

Receivables are recorded at their estimated net realizable value. Management does not require collateral and accounts are evaluated for collectability if payment is not received within three months of the payment due date.

Amounts receivable are as follows:

	July 7, 2011	December 31, 2010	January 1, 2010
Trade receivables	$—	$ 13	$ —
Other receivables	193	244	1,061
Allowance for uncollectible amounts	(193)	(193)	(1,027)
Amounts receivable	$—	$ 64	$ 34

The carrying amount of amounts receivable approximates fair value due to their short-term nature.

NOTE 9 — MORTGAGES PAYABLE

Mortgages payable consist of the following:

	July 7, 2011	December 31, 2010	January 1, 2010
Mortgages payable	$ 18,373	$18,421	$17,572
Financing costs, net	(11)	(30)	(74)
Total	18,362	18,391	17,498
Less: Current portion	(18,362)	(3,665)	(114)
Non-current mortgages payable	$ —	$14,726	$17,384

NOTE 9 — MORTGAGES PAYABLE (Continued)

Mortgages payable are collateralized by investment properties with a carrying value of $27.5 million, $26.7 million and $23.4 million as of July 7, 2011, December 31, 2010 and January 1, 2010, respectively. As discussed in Note 17, mortgages payable were paid off when the investment properties were sold to Welsh on July 7, 2011.

Mortgages payable weighted average effective interest rates and maturity dates are as follows:

	July 7, 2011	December 31, 2010	January 1, 2010	Maturity dates
Fixed rate — mortgages payable	8.00%	8.00%	8.00%	2012
Variable rate — mortgages payable	5.00%	5.00%	5.00%	2011
Total mortgages payable	7.42%	7.42%	7.56%	

Scheduled maturities of mortgages payable principal and interest are as follows at July 7, 2011:

	Principal	Interest	Total Payments
2011 (remainder of year)	$ 3,623	$527	$ 4,150
2012	14,750	98	14,848
	$18,373	$625	$18,998

NOTE 10 — AMOUNTS PAYABLE AND ACCRUED LIABILITIES

	July 7, 2011	December 31, 2010	January 1, 2010
Trade payables	$ 11	$ 22	$ 8
Accrued liabilities and other payables	421	376	691
Accrued interest	48	117	89
Rent received in advance	83	163	11
Total	$563	$678	$799

NOTE 11 — OPERATING LEASES

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

For the period from January 1, 2011 through July 7, 2011 and for the year ended December 31, 2010, three and three tenants, respectively, accounted for more than 10% of the Portfolio's total rental revenue.

At July 7, 2011, the total future contractual minimum base rent lease payments expected to be received under non-cancellable leases are as follows:

July 7, 2011 to December 31, 2011	$ 904
2012	1,988
2013	2,097
2014	2,161
2015	2,170
Thereafter	5,226
	$14,546

NOTE 12 — INTEREST EXPENSE

Interest on mortgages payable incurred and charged to income and comprehensive income is recorded as follows:

	January 1, 2011 – July 7, 2011	Year ended December 31, 2010
Interest expense incurred, at stated rate	$719	$1,397
Interest expense	$719	$1,397
Add/deduct:		
Change in accrued interest	69	(28)
Cash interest paid	$788	$1,369

NOTE 13 — SELF FUNDED REVENUE BONDS

In conjunction with the acquisition of a certain investment property, $10.0 million of self-funded industrial revenue bonds (“Bonds”) were assumed. The authorized amount of the Bonds is $10.0 million, of which $10.0 million is outstanding as of July 7, 2011, December 31, 2010 and January 1, 2010. The Bonds provide for real estate tax abatement for the acquired property. Through a series of transactions, the Portfolio is both the bondholder and obligor of the Bonds. Therefore, in accordance with International Accounting Standard 32, *Financial Instruments: Disclosure and Presentation* (“IAS 32”), the Bonds are not recorded on the statements of financial position.

NOTE 14 — TRANSACTIONS WITH RELATED PARTIES

The Portfolio had the following transactions with related parties:

	July 7, 2011	December 31, 2010
Amounts receivable	$193	$193
Allowance for doubtful accounts	193	193
Amounts payable and accrued liabilities	336	366
Cash contributions	98	698
Cash distributions	64	793
Investment properties revenue received	—	82
Recovery of bad debt	—	671
Asset management fees	13	25
Interest expense	23	42

As of January 1, 2010, the Portfolio had $0.3 million of amounts receivable, which were fully reserved for, and $0.3 million of amounts payable and accrued liabilities due to related parties.

Related to one of the investment properties, a related party earns a construction fee for having performed building construction services and a development fee. Although the construction fee is earned ratably as costs are incurred and the development fee is earned upon certain criteria, as defined, being met, neither fee is payable until the sooner of property stabilization, as defined, sale or April 2010. In accordance with the agreement, the Portfolio elected to extend the payment for up to six months beyond April 2010, subject to interest, as defined. However, these fees have not been paid as of July 7, 2011.

The Portfolio is required to pay an asset management fee to a related party. The fee is calculated as 1.5% of the Portfolio’s by-building annual net operating income calculated on a cash basis but is no less than zero.

In April 2009, one of the Portfolio’s related parties filed Voluntary Petitions under Chapter 11 of the United States Code (“the Bankruptcy Code”) in United States Bankruptcy Court (“U.S. Bankruptcy Court”). In August 2010, the bankrupt related party converted from Chapter 11 to Chapter 7. In response to the bankruptcy petitions, the Portfolio filed a Proof of Claim in U.S. Bankruptcy Court against the party to establish the Portfolio’s creditor position. The amounts receivable and payable to the bankrupt related party are included in the above table.

NOTE 14 — TRANSACTIONS WITH RELATED PARTIES (Continued)

The collection and payment outcomes related to these receivables and payables will not be known until the bankruptcy case is resolved.

NOTE 15 — FINANCIAL INSTRUMENTS

Risk Management

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

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk consists of interest rate risk, currency risk and other market price risk. There is interest rate risk associated with the Portfolio's fixed rate mortgages payable due to the expected requirement to refinance such mortgages payable in the year of maturity. For the period ended July 7, 2011, a 100 basis-point increase in interest rates, assuming all other variables are constant, would have resulted in a $0.04 million change in the Portfolio's interest expense.

The Portfolio has no exposure to currency or other market price risk.

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

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

Fair value of financial instruments

Amounts receivable, cash, deposits, amounts payable and accrued liabilities are carried at amortized cost, which, due to their short-term nature, approximates fair value.

Mortgages Payable

The Portfolio estimates the fair value of mortgages payable using discounted cash flow analysis and a yield rate that was estimated based on the borrowing rates currently available to the Company for mortgages payable with similar terms and maturities, which is a Level 2 input. Financial instruments carried at amortized cost where carrying value does not approximate fair value are described below:

	July 7, 2011		December 31, 2010		January 1, 2010	
	Total		Total		Total	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Mortgages payable	$18,373	$18,436	$18,421	$18,704	$17,572	$17,683

Fair value measurements are classified and disclosed in one of the following three categories:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTE 16 — SUPPLEMENTARY CASH FLOW INFORMATION

Change in non-cash working capital comprises:

	January 1, 2011 – July 7, 2011	Year ended December 31, 2010
(Increase) decrease in amounts receivable	$ 64	$ (30)
(Increase) decrease in prepaid expenses and other assets	18	(1)
Decrease in amounts payable and accrued liabilities	(19)	(132)
Increase (decrease) in security deposits	(85)	37
Change in accrued interest and interest paid	788	1,369
Change in non-cash working capital	$766	$1,243

NOTE 17 — SUBSEQUENT EVENTS

On July 7, 2011, the two investment properties were sold to Welsh in exchange for cash proceeds of $27.5 million, and the related mortgages payable were paid off. Subsequent to that date, the financial position and results of operations of the Portfolio are reported in the financial statements of Welsh.

APPENDIX A: CHARTER OF THE AUDIT COMMITTEE

WPT INDUSTRIAL REAL ESTATE INVESTMENT TRUST
CHARTER OF THE AUDIT COMMITTEE
(the "Charter")

1. GENERAL

A. Purpose

The Audit Committee (the "**Committee**") is a committee of the Board of Trustees (the "**Board**") of WPT Industrial Real Estate Investment Trust (the "**REIT**"). The members of the Committee and the chair of the Committee (the "**Chair**") are appointed by the Board on an annual basis (or until their successors are duly appointed) for the purpose of overseeing the REIT's financial controls and reporting and monitoring whether the REIT complies with financial covenants and legal and regulatory requirements governing financial disclosure matters and financial risk management.

2. COMPOSITION

The Committee should be comprised of a minimum of three trustees and a maximum of five trustees.

(1) The Committee must be constituted as required under National Instrument 52-110 — *Audit Committees*, as it may be amended or replaced from time to time ("**NI 52-110**").

(2) All members of the Committee must (except to the extent permitted by NI 52-110) be independent (as defined by NI 52-110), and free from any relationship that, in the view of the Board, could be reasonably expected to interfere with the exercise of his or her independent judgment as a member of the Committee.

(3) No members of the Committee will receive, other than for service on the Board or the Committee or other committees of the Board, any consulting, advisory, or other compensatory fee from the REIT or any of its related parties or subsidiaries.

(4) All members of the Committee must (except to the extent permitted by NI 52-110) be financially literate (which is defined as the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the REIT's financial statements).

(5) Any member of the Committee may be removed or replaced at any time by the Board and will cease to be a member of the Committee on ceasing to be a trustee. The Board may fill vacancies on the Committee by election from among the Board. If and whenever a vacancy will exist on the Committee, the remaining members may exercise all powers of the Committee so long as a quorum remains.

3. LIMITATIONS ON COMMITTEE'S DUTIES

In contributing to the Committee's discharge of its duties under this Charter, each member of the Committee will be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this Charter is intended or may be construed as imposing on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which any member of the Board may be otherwise subject.

Members of the Committee are entitled to rely, absent actual knowledge to the contrary, on (i) the integrity of the persons and organizations from whom they receive information, (ii) the accuracy and completeness of the information provided, (iii) representations made by management of the REIT ("**Management**") as to the non-audit services provided to the REIT by the external auditor, (iv) financial statements of the REIT represented to them by a member of Management or in a written report of the external auditors to present fairly the financial position of the REIT in accordance with applicable generally accepted accounting principles, and (v) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

4. MEETINGS

The Committee should meet not less than four times annually. The Committee should meet within 45 days following the end of the first three financial quarters of the REIT and will meet within 90 days following the end of the fiscal year of the REIT. A quorum for the transaction of business at any meeting of the Committee will be a majority of the members of the Committee or such greater number as the Committee will by resolution determine. The Committee will keep minutes of each meeting of the Committee. A copy of the minutes will be provided to each member of the Committee.

Meetings of the Committee will be held from time to time and at such place as any member of the Committee will determine upon two days' prior notice to each of the other Committee members. The members of the Committee may waive the requirement for notice. In addition, each of the Chief Executive Officer, the Chief Financial Officer and the external auditor will be entitled to request that the Chair call a meeting.

The Committee may ask members of Management and employees of the REIT (including, for greater certainty, its affiliates and subsidiaries) or others (including the external auditor) to attend meetings and provide such information as the Committee requests. Members of the Committee will have full access to information of the REIT (including, for greater certainty, its affiliates, subsidiaries and their respective operations) and will be permitted to discuss such information and any other matters relating to the results of operations and financial position of the REIT with Management, employees, the external auditor and others as they consider appropriate.

The Committee or its Chair should meet at least once per year with Management and the external auditor in separate sessions to discuss any matters that the Committee or either of these groups desires to discuss privately. In addition, the Committee or its Chair should meet with Management quarterly in connection with the REIT's interim financial statements.

The Committee will determine any desired agenda items.

5. COMMITTEE ACTIVITIES

As part of its function in assisting the Board in fulfilling its oversight responsibilities (and without limiting the generality of the Committee's role), the Committee will have the power and authority to:

A. Financial Disclosure

(1) Review, approve and recommend for Board approval the REIT's interim financial statements, including any certification, report, opinion or review rendered by the external auditor and the related management's discussion & analysis and press release.

(2) Review, approve and recommend for Board approval the REIT's annual financial statements, including any certification, report, opinion or review rendered by the external auditor, the annual information form, and the related management's discussion & analysis and press release.

(3) Review and approve any other press releases that contain financial information and such other financial information of the REIT provided to the public or any governmental body as the Committee requires.

(4) Satisfy itself that adequate procedures have been put in place by Management for the review of the REIT's public disclosure of financial information extracted or derived from the REIT's financial statements and the related management's discussion & analysis.

(5) Review any litigation, claim or other contingency and any regulatory or accounting initiatives that could have a material effect upon the financial position or operating results of the REIT and the appropriateness of the disclosure thereof in the documents reviewed by the Committee.

(6) Receive periodically Management reports assessing the adequacy and effectiveness of the REIT's disclosure controls and procedures.

B. Internal Control

(1) Review Management's process to identify and manage the significant risks associated with the activities of the REIT.

(2) Review the effectiveness of the internal control systems for monitoring compliance with laws and regulations.

(3) Have the authority to communicate directly with the internal auditor.

(4) Receive periodical Management reports assessing the adequacy and effectiveness of the REIT's internal control systems.

(5) Assess the overall effectiveness of the internal control and risk management frameworks through discussions with Management and the external auditors and assess whether recommendations made by the external auditors have been implemented by Management.

C. Relationship with the External Auditor

(1) Recommend to the Board the selection of the external auditor and the fees and other compensation to be paid to the external auditor.

(2) Have the authority to communicate directly with the external auditor and arrange for the external auditor to be available to the Committee and the Board as needed.

(3) Advise the external auditor that it is required to report to the Committee, and not to Management.

(4) Monitor the relationship between Management and the external auditor, including reviewing any Management letters or other reports of the external auditor, discussing any material differences of opinion between Management and the external auditor and resolving disagreements between the external auditor and Management.

(5) If considered appropriate, establish separate systems of reporting to the Committee by each of management and the external auditor.

(6) Review and discuss on an annual basis with the external auditor all significant relationships they have with the REIT, Management or employees that might interfere with the independence of the external auditor.

(7) Pre-approve all non-audit services (or delegate such pre-approval, as the Committee may determine and as permitted by applicable securities laws) to be provided by the external auditor.

(8) Review the performance of the external auditor and recommend any discharge of the external auditor when the Committee determines that circumstances warrant.

(9) Periodically consult with the external auditor out of the presence of Management about (a) any significant risks or exposures facing the REIT, (b) internal controls and other steps that Management has taken to control such risks, and (c) the fullness and accuracy of the financial statements of the REIT, including the adequacy of internal controls to expose any payments, transactions or procedures that might be deemed illegal or otherwise improper.

(10) Review and approve any proposed hiring of current or former partners or employees of the current (and any former) external auditor of the REIT.

D. Audit Process

(1) Review the scope, plan and results of the external auditor's audit and reviews, including the auditor's engagement letter, the post-audit management letter, if any, and the form of the audit report. The Committee may authorize the external auditor to perform supplemental reviews, audits or other work as deemed desirable.

(2) Following completion of the annual audit and quarterly reviews, review separately with each of Management and the external auditor any significant changes to planned procedures, any difficulties encountered during the course of the audit and, if applicable, reviews, including any restrictions on the scope of work or access to required information and the cooperation that the external auditor received during the course of the audit and, if applicable, reviews.

(3) Review any significant disagreements among Management and the external auditor in connection with the preparation of the financial statements.

(4) Where there are significant unsettled issues between Management and the external auditor that do not affect the audited financial statements, the Committee will seek to ensure that there is an agreed course of action leading to the resolution of such matters.

(5) Review with the external auditor and Management significant findings and the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented.

(6) Review the system in place to seek to ensure that the financial statements, management's discussion & analysis and other financial information disseminated to regulatory authorities and the public satisfy applicable requirements.

E. Financial Reporting Processes

(1) Review the integrity of the REIT's financial reporting processes, both internal and external, in consultation with the external auditor.

(2) Periodically consider the need for an internal audit function, if not present.

(3) Review all material balance sheet issues, material contingent obligations and material related party transactions.

(4) Review with Management and the external auditor the REIT's accounting policies and any changes that are proposed to be made thereto, including all critical accounting policies and practices used, any alternative treatments of financial information that have been discussed with Management, the ramification of their use and the external auditor's preferred treatment and any other material communications with Management with respect thereto. Review the disclosure and impact of contingencies and the reasonableness of the provisions, reserves and estimates that may have a material impact on financial reporting.

F. General

(1) Inform the Board of matters that may significantly impact on the financial condition or affairs of the business.

(2) Respond to requests by the Board with respect to the functions and activities that the Board requests the Committee to perform.

(3) Periodically review this Charter and, if the Committee deems appropriate, recommend to the Board changes to this Charter.

(4) Review the public disclosure regarding the Committee required from time to time by NI 52-110.

(5) The Committee may at its discretion retain independent counsel, accountants and other professionals to assist it in the conduct of its activities and to set and pay (as an expense of the REIT) the compensation for any such advisors.

(6) Review in advance, and approve, the hiring and appointment of the REIT's senior financial executives.

(7) Perform any other activities as the Committee or the Board deems necessary or appropriate.

6. COMPLAINT PROCEDURES

(1) Anyone may submit a complaint regarding conduct by the REIT or its employees or agents (including its external auditor) reasonably believed to involve questionable accounting, internal accounting controls, auditing or other matters. The Chair will have the power and authority to oversee treatment of such complaints.

(2) Complaints are to be directed to the attention of the Chair.

(3) The Committee should endeavour to keep the identity of the complainant confidential.

(4) The Chair will have the power and authority to lead the review and investigation of a complaint. The Committee should retain a record of all complaints received. Corrective action may be taken when and as warranted.

CERTIFICATE OF THE REIT AND THE PROMOTER

Dated: April 18, 2013

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

WPT INDUSTRIAL REAL ESTATE INVESTMENT TRUST

(Signed) SCOTT T. FREDERIKSEN
Chief Executive Officer

(Signed) DENNIS G. HEIEIE
Chief Financial Officer

On behalf of the Board of Trustees

(Signed) HARRY ROSENBAUM
Trustee

(Signed) SARAH B. KAVANAGH
Trustee

WELSH PROPERTY TRUST, LLC
(as Promoter)

(Signed) SCOTT T. FREDERIKSEN

CERTIFICATE OF THE UNDERWRITERS

Dated: April 18, 2013

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

CIBC WORLD MARKETS INC.

By: (Signed) ALLAN KIMBERLEY

RBC DOMINION SECURITIES INC.

By: (Signed) WILLIAM WONG

BMO NESBITT BURNS INC.

By: (Signed) ASHISH P. MATHUR

SCOTIA CAPITAL INC.

By: (Signed) CHARLES VINEBERG

TD SECURITIES INC.

By: (Signed) JOHN MISHRA

CANACCORD GENUITY CORP.

By: (Signed) JUSTIN BOSA

NATIONAL BANK FINANCIAL INC.

By: (Signed) GLEN HIRSH

RAYMOND JAMES LTD.

By: (Signed) LUCAS ATKINS

INDUSTRIAL

WPT REIT

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