



Investor Presentation
Year End 2013

Summit **II** REIT

Summit Industrial Income REIT

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Overview

- Experienced and Proven Management**
 - Leadership has a combined 90+ years experience
 - Grew original Summit REIT into the largest industrial REIT in Canada
 - Compounded annual return of approx. 20% from 1996 – 2006
- Stable, Strong Portfolio**
 - Institutional quality portfolio 3.3 million sq. ft. of GLA
 - Current weighted average term to maturity of 5.0 years
 - Occupancy at 98.9% (only 2 properties not fully occupied)
- Growth Potential**
 - Utilize extensive network to acquire properties at attractive valuations
 - Scalable platform for growth
 - Industrial sector highly fragmented
 - Opportunity to consolidate industry
 - \$224 million in acquisitions in 2013



Overview

As at December 31 2013	
Annualized Cash Distribution	\$0.49
Current Yield	~8.0%
AFFO Payout Ratio	74.7%
Units Outstanding	18.1 M
Market Capitalization	\$110 M

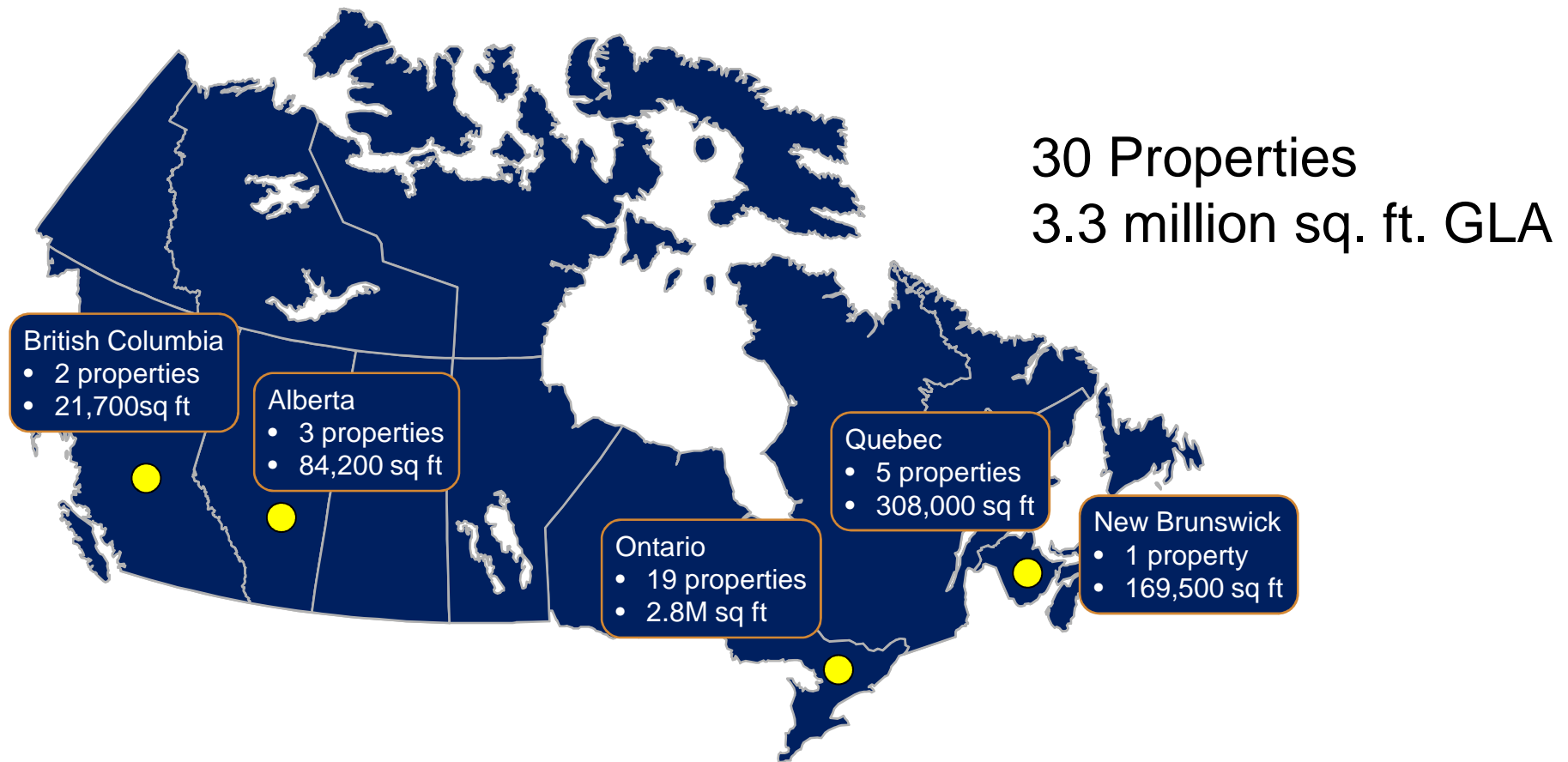
Experienced & Proven Manager

Expertise from Summit REIT and ING Real Estate Canada

Successful Buyers	<ul style="list-style-type: none">● Acquired more than 33 million square feet of industrial assets● Amassed the largest industrial portfolio in Canada
Best-in-Class Operators	<ul style="list-style-type: none">● Created a national platform● Consistently outperformed the market in occupancy / retention
Market Leaders	<ul style="list-style-type: none">● Innovative leasing, cost savings and operational strategies● Innovative capital raises (1st Canadian CMBS)
Value Add Expertise	<ul style="list-style-type: none">● Assembled a land portfolio of 900 acres● Developed / re-developed > 4 million square feet of new product
Relationships	<ul style="list-style-type: none">● Well-connected and respected within the sector● Created partnerships / alliances with prominent landlords / developers


Fully Aligned with All Unitholders – 12% Ownership Interest in REIT

Strong & Growing Portfolio



Solid Industry Fundamentals

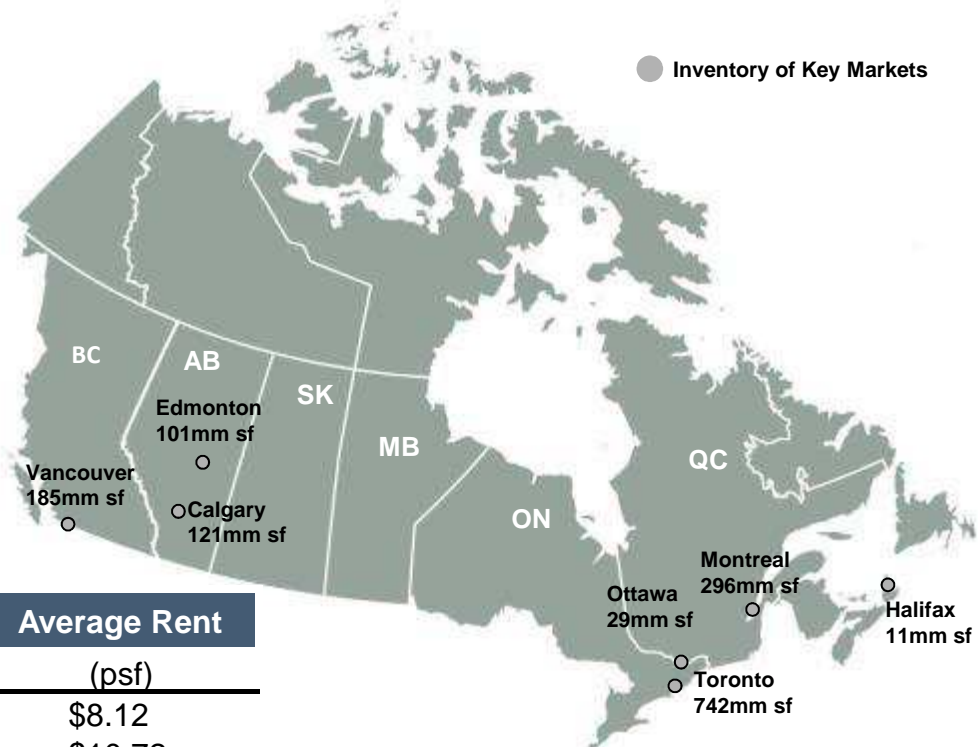
Characteristic	Benefit
Broad customer base	Stable cash flow
Light industrial activities	Low maintenance and capex
Domestic business focus	Use of relationships
Fragmented ownership	Consolidation opportunities
Short development timeline	Prudent new supply of space
High levels of liquidity	Strong deal flow
Stable & growing markets	High occupancy



A Fragmented Sector

Industrial Sector Metrics

- Ownership
 - Owner-occupied 47.0%
 - Investment 53.0%
- Availability 6.1%
- Vacancy 4.6%
- Primary uses
 - Manufacturing 55.0%
 - Warehousing 26.0%
 - Logistics 10.0%
 - Other 9.0%



City	Inventory (sf mm)	Availability Rate (%)	Average Rent (psf)
Vancouver	177.2	7.1%	\$8.12
Edmonton	104.7	4.7%	\$10.72
Calgary	122.2	6.2%	\$8.05
Toronto	745.0	4.6%	\$5.12
Ottawa	29.3	6.3%	\$8.74
Montreal	295.4	8.3%	\$5.12
Halifax	11.5	5.9%	\$7.45

Source: CBRE Q3 2013

Financial Review



Strong Growth in 2013

Quarter ended (\$,000 except per Unit amounts)	Dec .31, 2013	Sept. 30, 2013	June 30, 2013	Mar. 30, 2013
Revenue from Income properties	7,570	6,139	5,655	2,683
Net Operating Income (NOI)	5,330	4,634	4,419	2,109
Funds from Operations (FFO)	2,934	2,866	2,715	1,229
FFO per Unit ⁽¹⁾	\$0.16	\$0.16	\$0.15	\$0.11
Adjusted Funds from Operations (AFFO)	2,677	2,595	2,502	1,161
AFFO per Unit ⁽¹⁾	\$0.15	\$0.14	\$0.14	\$0.11
Weighted Average Units Outstanding	18,126	18,083	18,029	11,094
FFO Payout Ratio (%)	75.6%	77.2%	81.3%	-
AFFO Payout Ratio (%)	82.9%	85.3%	88.2%	-
As at	Dec .31, 2013	Sept. 30, 2013	June 30, 2013	Mar. 30, 2013
Total Debt to Gross Book Value (%)	60.9%	60.3%	53.9%	54.6%
Debt Service Coverage (times)	1.93	2.06	2.14	2.48
Interest Coverage (times)	2.74	2.88	2.89	2.98

⁽¹⁾ Includes additional one-time, non-recurring general and administrative costs of \$197,000, or \$0.011 FFO per unit and AFFO per unit, in the fourth quarter relating to the REIT's move from the TSXV to the TSX on November 11, 2013.

AFFO Payout Ratios Ahead of 95% Forecast

2013 – A Growth Year

Year ended	Dec. 31, 2013	Dec. 31, 2012
Revenue from Income Properties	\$22.0 M	\$2.5 M
Net Operating Income	\$16.5 M	\$2.0 M
Adjusted Funds from Operations	\$8.9 M	\$0.9 M
AFFO per Unit	\$0.55	\$0.40
AFFO Payout Ratio	74.7%	-

Solid Financial Position

As at	Dec. 31, 2013	Dec. 31, 2012
Total Assets	\$ 310.4 M	\$ 81.6 M
Debt to Gross Book Value	60.9%	47.0%
Weighted Average Effective Interest Rate	3.7%	3.9%
Debt Service Ratio	1.93 x	2.39 x
Interest Coverage Ratio	2.74x	2.40 x

Conservative Risk Profile

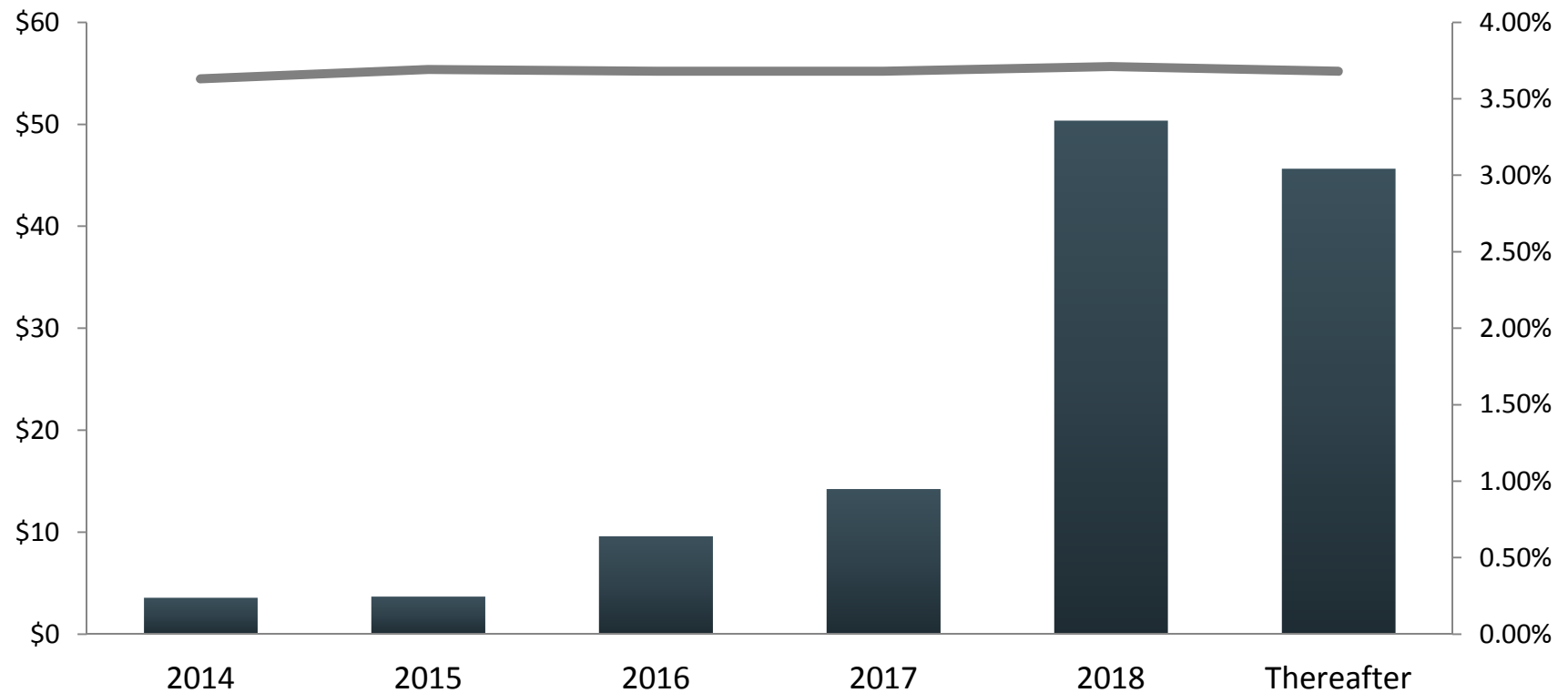
- Target leverage of ~55% of GBV
- Maximum leverage of 65% of GBV
- \$68 million revolving credit facility
 - \$37 million acquisition capacity
- No mortgages maturing before 2016
- Current weighted average effective mortgage interest rate of 3.68%
 - Weighted average term to maturity of 5.0 years
 - Completed \$50.1 million in mortgages at avg 3.67% maturing in 2018
 - Completed \$54.0 million in mortgages at avg 3.68% maturing in 2020



Well-Balanced Mortgage Portfolio

Principal Repayments
\$ millions

Wtd. Avg. Effective Interest Rate



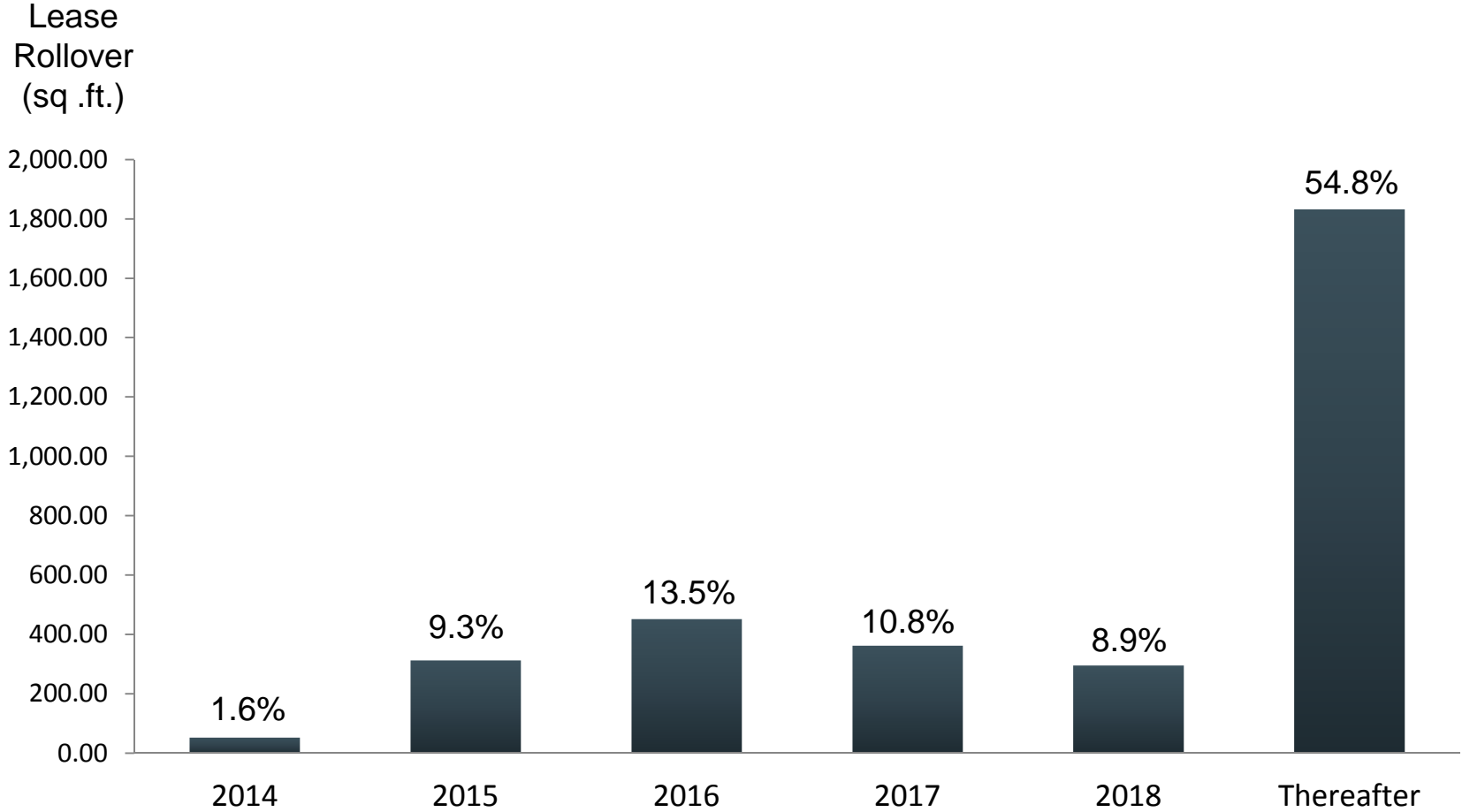
Successful Leasing Programs

Head Lease Space (as at January 31, 2014)	
Square feet under Head Lease	287,000 sq. ft.
Long-term leases secured	185,604 sq. ft.
Long-term leases under negotiation	77,243 sq. ft.

2014 Lease Expiries (as at January 31, 2014)	
Total 2014 Lease Expiries	168,255 sq. ft.
2014 Renewals Completed	123,252 sq. ft.

Only 45,003 sq ft (1.5% of portfolio) expiring in 2014

Well-Balanced Lease Portfolio



Creating Value

501 Palladium Drive, Ottawa

- Acquired 258,371 sq. ft. property in September 2012
 - Leased to Smart Technologies until April 2017
 - Tenant only occupied office portion of property
- Leased 64,660 sq. ft. to MobilShred
 - Ten-year lease commencing January 1, 2014
- Leased 106,000 sq. ft. to Lockheed Martin
 - Ten-year lease commencing January 1, 2015
 - Commitment to lease another 46,800 starting May 2017
- Remaining 40,911 sq. ft. – both tenants have rights to lease
- \$4.5 M payment from Smart Tech contributes to vacancy & re-leasing costs
- Significant value creation
 - Acquired at 8.56% cap rate
 - Current value approx. 6.25% cap rate



Top-Ten Tenants

Tenant	Location	GLA	% of Total Base Rent
Van-Rob Inc.	Aurora, ON	322,187	10.1%
SMART Technologies*	Ottawa ON	193,711	7.3%
McKesson Canada	Moncton NB	169,474	6.9%
Canplas Industries	Barrie ON	216,460	5.5%
Giant Tiger Stores	Brockville ON	68,093	4.9%
Integrated Merchandising	Brampton ON	196,496	4.4%
Converter Core	Brampton ON	163,200	4.3%
Renin Corp	Brampton ON	148,832	4.2%
Associated Brands	Etobicoke ON	142,386	3.6%
Faurecia Emmissions Control	Brampton ON	<u>121,138</u>	<u>3.0%</u>
Total		1,741,977	54.3%

* Majority of GLA released to MobilShred effective Jan 1, 2014 and Lockheed Martin effective Jan 1, 2015

Recent Events



Significant Momentum

- \$75.1 million successful public offering in February 2013
- Acquired 22 properties in 2013 for \$223.8 million
 - average cap rate of 6.9%
 - Highly accretive financing arranged
- Acquisitions highly accretive to FFO & AFFO per unit
- Conservative AFFO payout ratio – 74.7% in 2013
- Units moved to TSX effective Nov 11, 2013
- Three recent research reports



Growth Strategies



1. External Growth

- Acquire high quality industrial properties
 - New, well maintained, low capex
 - Focus on multi-tenant properties
 - Priced below replacement cost
 - Main focus on GTA market
- All acquisitions must be accretive
 - Strong spread between cap rates & cost of debt



2. Internal Growth

- Strong industry fundamentals
- Industry-leading operating company
 - Standard leases with built-in rent escalators
 - Ensure tenants in appropriate properties
 - Sound tenant covenants
- Economies of scale and operating synergies



3. Development Partnerships

- Establish partnerships for property development / re-development
- Underperforming assets vended in when stabilized
- Capitalize on expertise in asset management and leasing
- Long-standing relationships with local development expertise

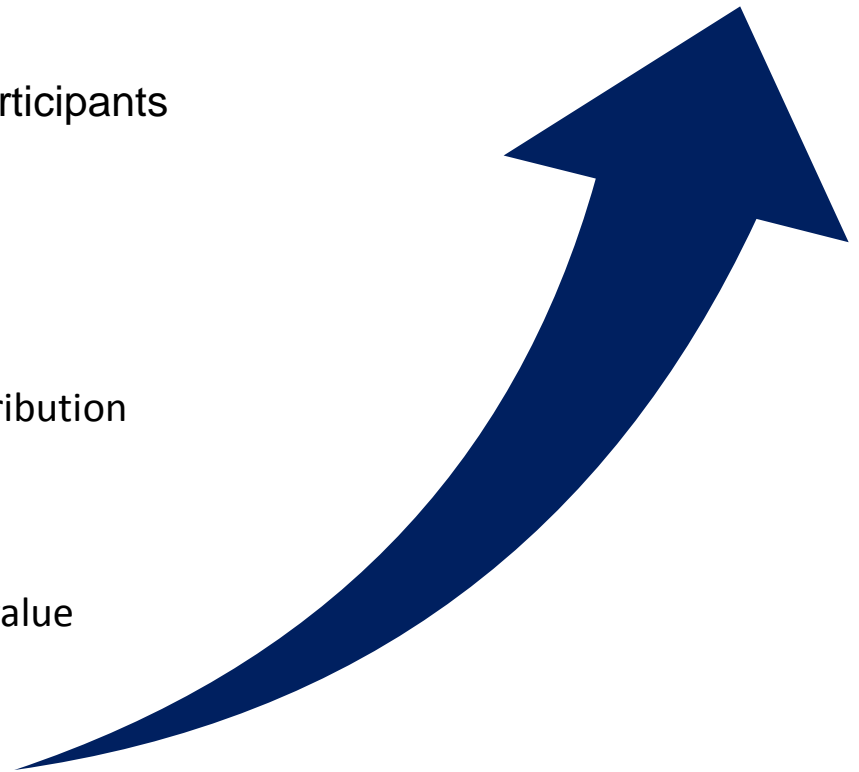


Summary



A Promising Future

- Industrial properties provide stable secure and growing cash flows
 - Solid sector fundamentals, strong track record of performance
- Highly fragmented asset class
 - Less than 5% owned by public market participants
- Strong portfolio growth this year
 - \$224 million in accretive acquisitions in 2013
- Attractive current cash yield
 - Currently paying approx. 8.0% cash yield distribution
 - Conservative AFFO payout ratio
- Experienced, proven management team
 - The expertise and the relationships to build value
 - Fully aligned with all Unitholders
 - Ownership over 12%





Appendices

Summit **II** REIT

Summit Industrial Income REIT

Management Team



Lou Maroun | Chairman, Sigma Asset Management Limited

- 30 years experience in the commercial real estate industry
- Previously the CEO of Summit REIT, the largest industrial pure-play REIT in Canada, and the Executive Chairman of ING Real Estate Canada



Paul Dykeman | CEO, Sigma Asset Management Limited

- 22 years experience in the commercial real estate industry
- Previously the CFO of Summit REIT, the largest industrial pure-play REIT in Canada, and the CEO of ING Real Estate Canada



Ross Drake | CFO, Sigma Asset Management Limited

- 20 years experience in the commercial real estate industry
- Previously the Senior Vice President of Research & Analysis at ING Real Estate Canada, and is a Chartered Accountant



Jonathan Robbins | VP of Acquisitions, Sigma Asset Management Limited

- 21 years experience in the commercial real estate industry
- Previously the Vice President of Investments at Summit REIT



Kimberley Hill | VP of Asset Management, Sigma Asset Management Limited

- 21 years experience in the commercial real estate industry
- Previously the Senior Vice President of Asset Management at ING Real Estate Canada

Fee Structure

Asset Management Fee	<ul style="list-style-type: none"> • 0.25% of gross book value
Incentive Fee	<ul style="list-style-type: none"> • Incentive fee 15% of the AFFO over the hurdle rate of \$0.48 per unit post consolidation • Hurdle grows at 1.5% per year
Acquisition Fee	<ul style="list-style-type: none"> • On each acquisition, (i) 1% on the first \$50 million; (ii) 0.75% on the next \$50 million; (iii) 0.50% on the balance greater than \$100 million • Acquisition fee removed upon reaching a gross book value of \$1 billion
Initial Term	<ul style="list-style-type: none"> • 10 years
Fully Aligned	<ul style="list-style-type: none"> • Manager / Principles own 12% of Trust Units, will continue to invest going forward

Current Portfolio

Summit II REIT Portfolio by Property						
Address	City	Year Built / Renovated	Single vs.	No. of Tenants	GLA	Occupancy
			Multi-Tenant			
				(#)	(sf)	(%)
British Columbia						
6708, 87A Avenue	Fort Saint John	2006	Single	1	13,500	100.0%
2500 Cranbrook Street	Cranbrook	1970	Single	1	8,200	100.0%
Alberta						
3703 98th Street	Edmonton	1978	Single	1	45,752	100.0%
5880 56th Ave	Edmonton	1997/ 2004	Single	1	30,411	100.0%
6882 & 6884, 52nd Avenue	Red Deer	1970	Single	1	8,000	100.0%
Ontario						
501 Palladium Drive	Ottawa	2007	Multi	2	258,371	100.0%
134 Bethridge Road	Bethridge	~1965	Single	1	142,386	100.0%
710 Neal Drive	Peterborough	1973 / Ongoing	Single	1	101,601	100.0%
200 Iber Road	Ottawa	2007	Multi	4	75,743	100.0%
240 Laurier Boulevard	Brockville	2005 / 2010	Single	1	68,093	100.0%
155-161 Orenda Road ⁽¹⁾	Brampton	1970	Multi	3	319,077	100.0%
8705 Torboram Road ⁽¹⁾	Brampton	1980 / 2003	Multi	3	295,957	100.0%
6 Shaftsbury Lane	Brampton	1975	Single	1	125,871	100.0%
40 Summerlea Road	Brampton	1987	Single	1	121,138	100.0%
296-300 Walker Drive	Brampton	1976	Multi	2	102,972	100.0%
292-294 Walker Drive ⁽¹⁾	Brampton	1987	Multi	6	74,583	100.0%
165 Orenda Road	Brampton	2003	Single	1	57,055	100.0%
1075 Clark Boulevard	Brampton	1974	Single	1	35,842	100.0%
200 Vandorf	Aurora	1985	Single	1	322,187	100.0%
125 Nashdene	Scarborough	1992	Multi	2	163,402	100.0%
40 Dynamic Drive	Scarborough	1988	Multi	3	86,681	75.3%
50 Dynamic Drive	Scarborough	1986	Single	1	45,003	100.0%
110 Walker Drive	Brampton	1981 / 1987	Single	1	148,832	100.0%
500 Veterans Drive	Barrie	2004	Single	1	216,460	100.0%
New Brunswick						
290 Frenette	Moncton	2012	Single	1	169,474	100.0%
Quebec						
175 Bellerose Boulevard	Laval	2007	Single	1	81,087	100.0%
2580 Dollard	Lassalle	1973	Multi	4	89,000	100.0%
2695 Dollard	Lassalle	1954 / 1980	Multi	1	62,279	75.5%
300 Labrosse	Pointe-Claire	1974	Single	1	55,333	100.0%
7290 Frederick Banting	St. Laurent	2001	Single	1	20,859	100.0%
Total Portfolio				50	3,345,149	98.9%

⁽¹⁾ Expected occupancy over the course of the period with vendor leases in place.



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