



Investor Presentation
First Quarter 2014

Summit **II**REIT
Summit Industrial Income REIT

Forward Looking Information



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Profile

Strong Fundamentals

Proven, experienced management team:

- Combined 90+ years experience
- Grew original Summit REIT into Canada's largest industrial REIT
 - 20% compounded annual return from 1996 – 2006
- Fully aligned with 12.9% ownership interest

Strong and growing property portfolio:

- Institutional quality portfolio 3.3 million sq. ft. of GLA
- Weighted average lease term to maturity of 5.8 years
- Occupancy remains stable at 98.7%

Significant growth potential:

- Extensive network to acquire properties at attractive valuations
- Scalable platform for growth
- Industrial sector highly fragmented – consolidation opportunity

Stable Cash Distributions



As at March 31, 2014

Annualized Cash Distribution	\$0.49
Current Yield	~8.5%
AFFO Payout Ratio	79.1%
Units Outstanding	18.2 M
Market Capitalization	\$105 M
Listed Toronto Stock Exchange	SMU.UN

Enhancing Unitholder Value

Summit **IREIT**
Summit Industrial Income REIT

3%

**DISTRIBUTION
INCREASE
June 2014**

**\$0.504
per Unit
Annualized**

Experienced Manager

Proven track record of growth:

- Accretively acquired over 33 million square feet of industrial assets
- Assembled Canada's largest industrial portfolio

Best-in-class asset managers:

- Built a national operating platform
- Steady, stable occupancies and tenant retention

Industry leaders:

- Innovative leasing, cost savings and operating programs
- Proven track record in raising growth capital

Value-add expertise:

- Assembled 900 acre land portfolio
- Developed / re-developed over 4 million square feet

National relationships:

- Well-connected, respected management team
- Successfully created partnerships to enhance value

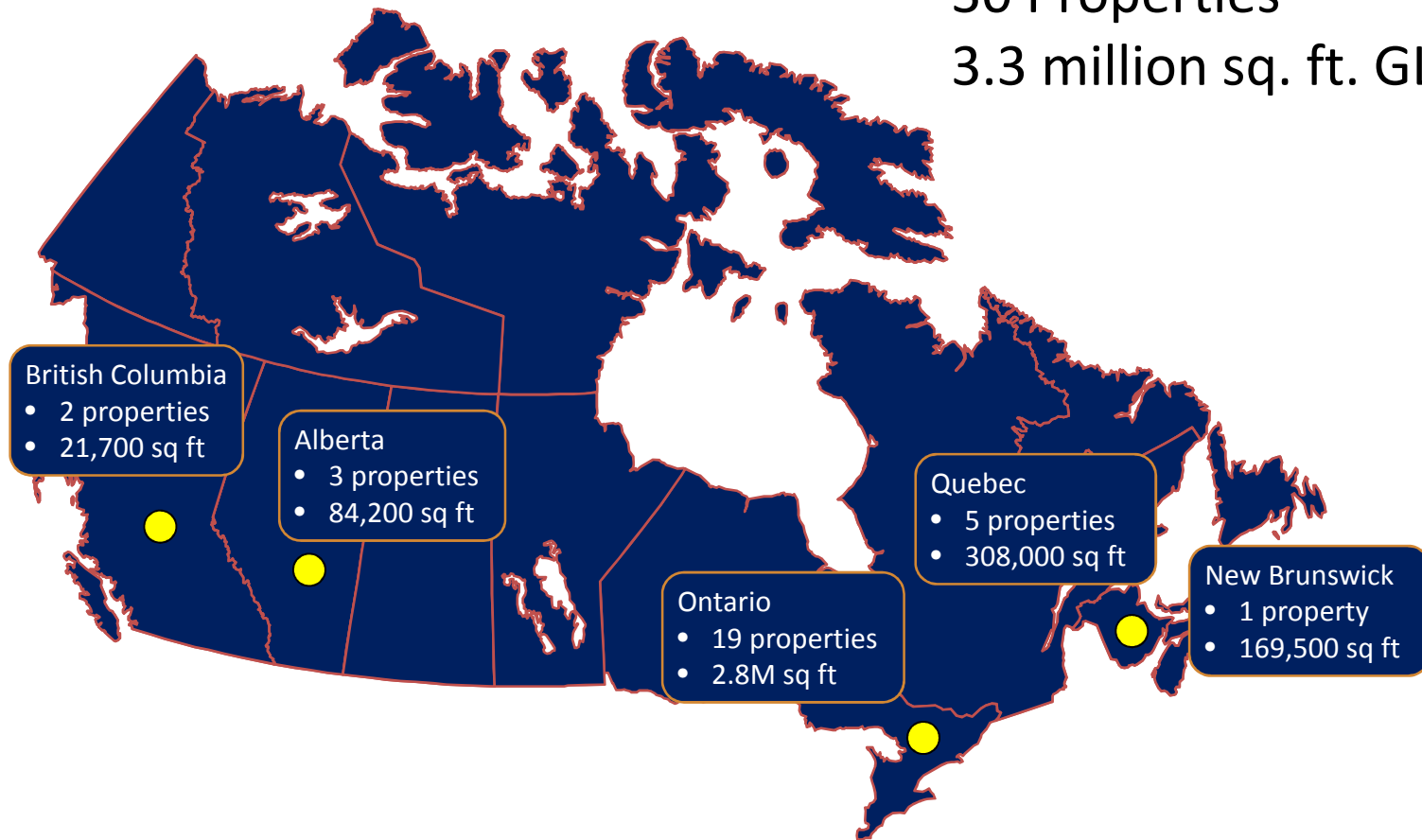
Strong Growth in 2013

- Acquired 22 properties for \$223.8 million
 - Edmonton, Toronto, Montreal, Moncton
- Highly accretive financing
 - Cash from February 2013 equity offering
 - \$104 million in new mortgages
 - Assumption of \$18.4 million in existing mortgages
- Strong 6.9% average capitalization rate



Quality Portfolio

30 Properties
3.3 million sq. ft. GLA



High Quality Properties

- Solid, credit-worthy tenants
- Well-located in strong urban markets
- Close to major transportation infrastructure
- High quality
 - High ceiling heights
 - Ample loading docks
 - Extensive parking facilities



Credit-Worthy 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 Emissions 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



Strong Real Estate Sector

Solid 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



Highly Fragmented Sector

Canadian industrial sector ownership:

- 47% owner-occupied / 53% investor owned
- 4.6% vacancy / 6.1% availability

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

Targeting the GTA Market

Stable and growing market:

- Low availability & vacancy rates
- Absorption outpacing new supply

Supply constrained market:

- Rising development charges
- Increased construction costs
- Growing land preservation initiatives



**Increasing
Monthly
Rents**

Perfect Time to Expand GTA Portfolio



Financial Review

Continued Strong Growth



Quarter ended (\$,000 except per Unit amounts)	Mar 31, 2014	Dec 31, 2013	Sept 30, 2013	June 30, 2013	Mar 31, 2013
Revenue from Income properties	7,068	7,570	6,139	5,655	2,683
Property Operating Expenses	1,700	2,240	1,505	1,236	574
Net Operating Income (NOI)	5,368	5,330	4,634	4,419	2,109
Funds from Operations (FFO)	3,080	2,934	2,866	2,715	1,229
FFO per Unit	\$0.17	\$0.16	\$0.16	\$0.15	\$0.11
Adjusted Funds from Operations (AFFO)	2,816	2,677	2,595	2,502	1,161
AFFO per Unit	\$0.16	\$0.15	\$0.14	\$0.14	\$0.11
Weighted Average Units Outstanding	18,201	18,126	18,083	18,029	11,090
FFO Payout Ratio (%)	72.3%	75.6%	77.2%	81.3%	-
AFFO Payout Ratio (%)	79.1%	82.9%	85.3%	88.2%	-

2013 Results Exceeded February Forecast

Q1 2014 Results

Three Months ended March 31, (\$,000 except per Unit amounts)	2014	2013
Revenue from Income properties	7,068	2,683
Net Operating Income	5,368	2,109
Funds from Operations (FFO)	3,080	1,229
FFO per Unit	\$0.17	\$0.11
Adjusted Funds from Operations (AFFO)	2,816	1,161
AFFO per Unit	\$0.16	\$0.11
Weighted Avg. Units Outstanding	18,201	11,090

Strong Growth Continues in 2014

Improving Payout Ratio

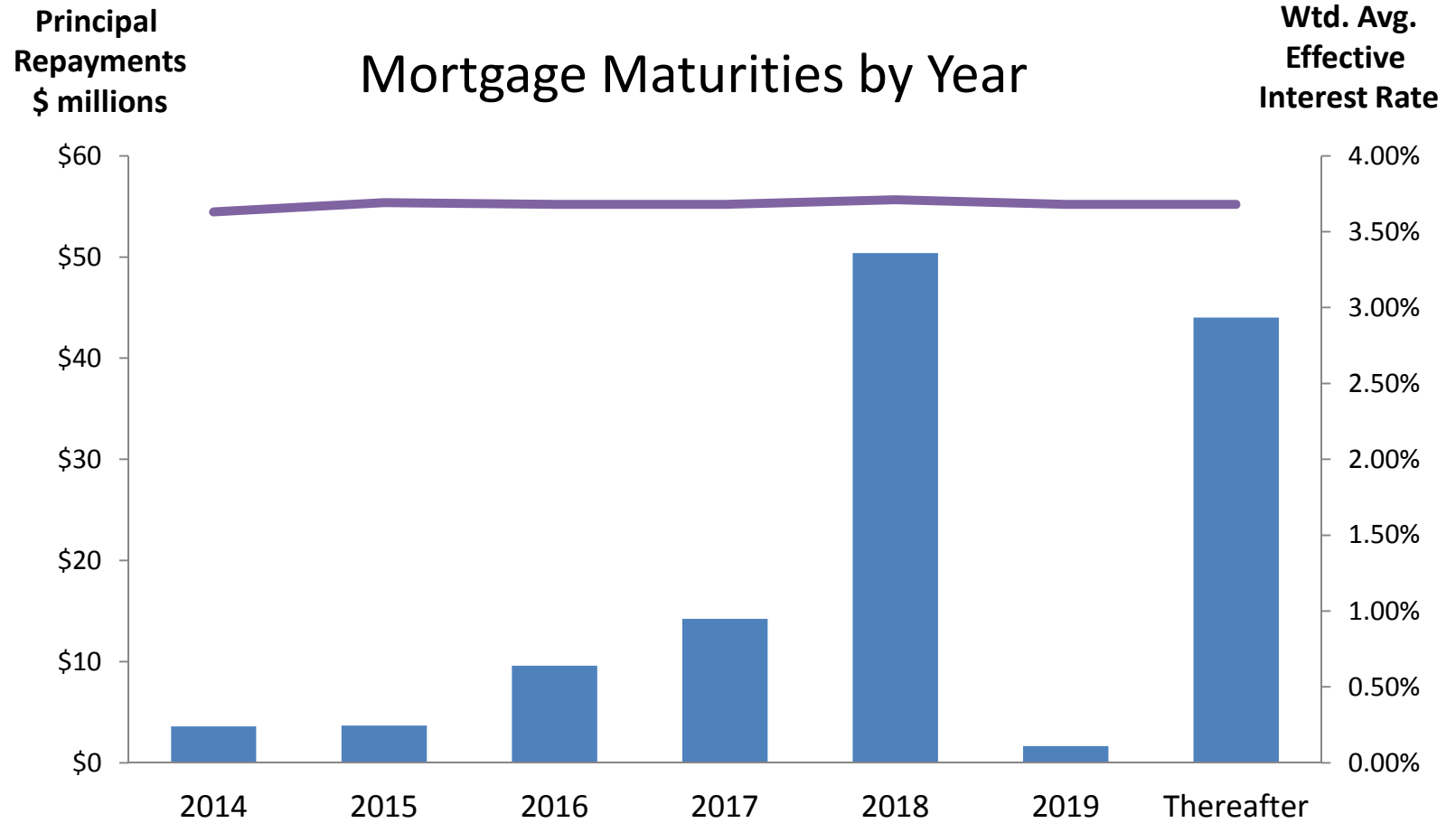
	Q1 2014	Q4 2013	Q3 2013	Q2 2013
AFFO Payout Ratio	79.1%	82.9%	85.3%	88.2%

Stable Secure Monthly Cash Distributions

Solid Financial Position

As at	March 31, 2014	March 31, 2013
Total Assets	\$ 312.0 M	\$ 257.5 M
Debt to Gross Book Value	60.8%	54.6%
Weighted Average Effective Interest Rate	3.68%	3.70%
Debt Service Ratio	1.73 x	2.39 x
Interest Coverage Ratio	2.54 x	2.87 x

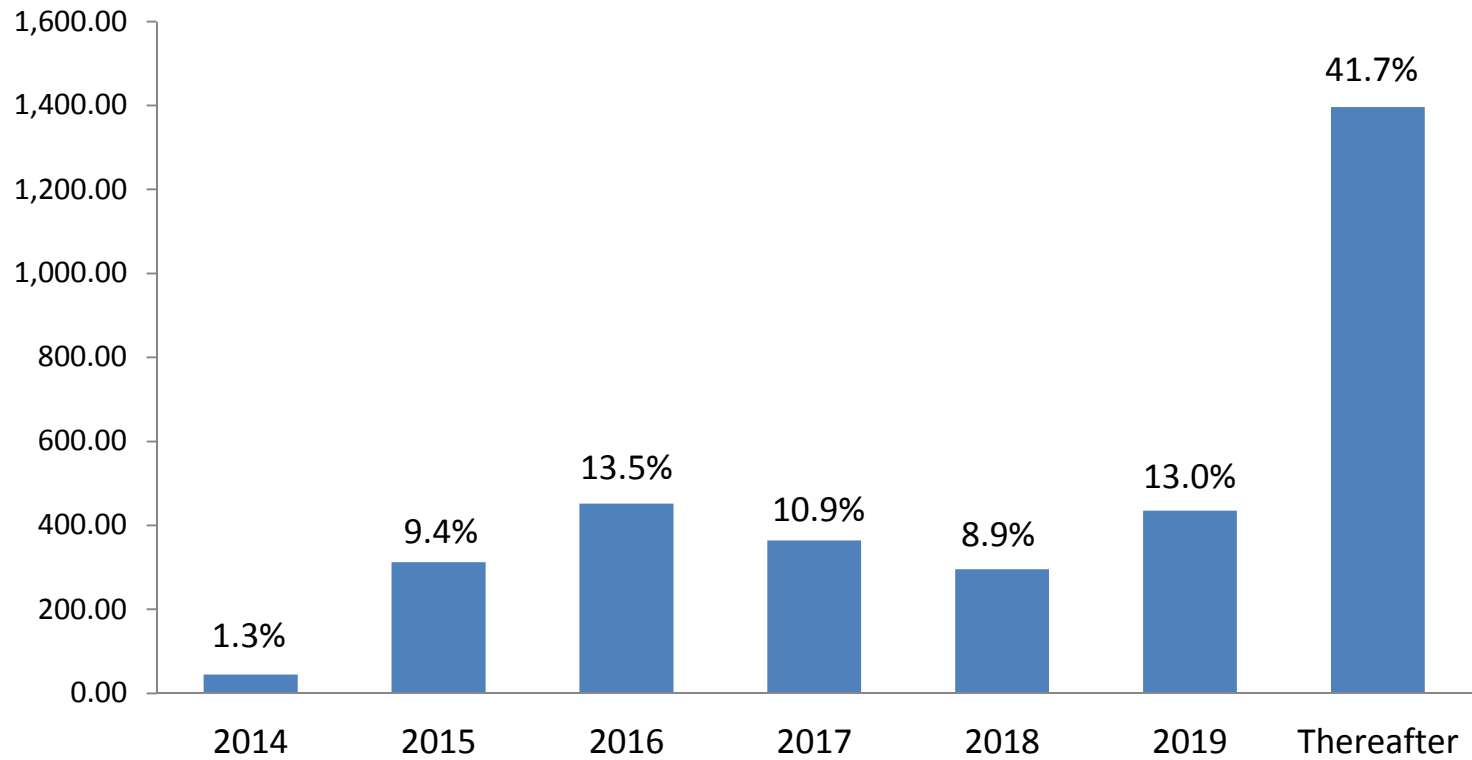
Well-Balanced Mortgages



Stable Cash Flow

Lease
Rollover
(sq .ft.)

Lease Maturities by Year



Successful Leasing Program



Head Lease Space (as at March 31, 2014)

Square feet under Head Lease	287,000 sq. ft.
Long-term leases secured	207,453 sq. ft.
Long-term leases under negotiation	79,547 sq. ft.

2014 Lease Expiries (as at March 31, 2014)

Total 2014 Lease Expiries	168,255 sq. ft.
2014 Renewals Completed	123,252 sq. ft.

Only 1.3% of portfolio remains to be renewed in 2014



Growth Strategies

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

**Enhanced
Portfolio
Value**



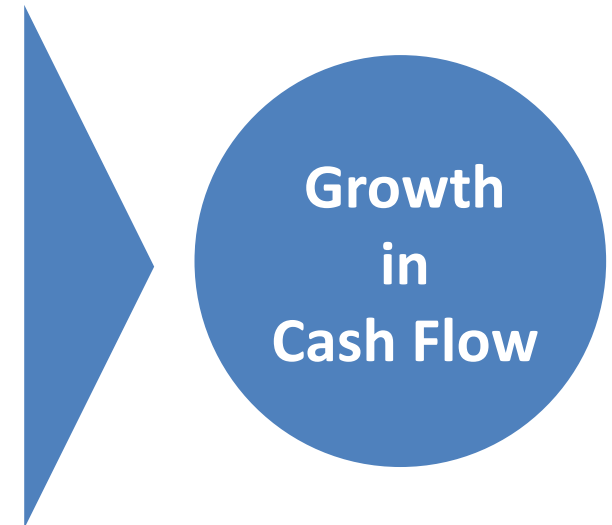
Organic Growth

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



Enhancing Value

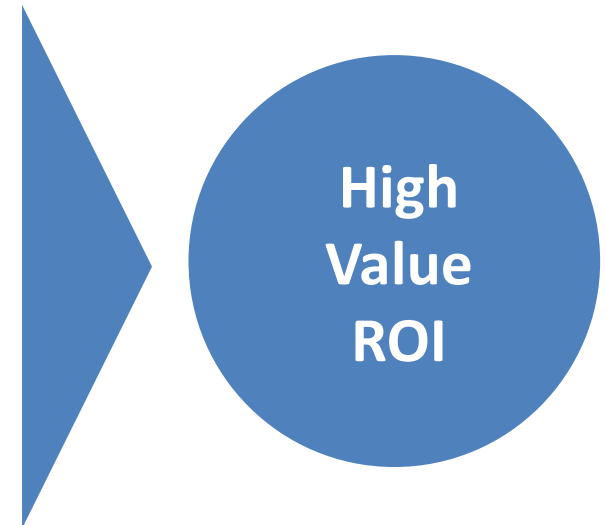
501 Palladium Drive, Ottawa

- Acquired property in September 2012
 - Single tenant occupied only office portion of property
- Replaced underperforming tenant in February 2014
 - Two new credit-worth tenants leased majority of space
 - Option for remaining space
- \$4.5 M payment for vacancy & re-leasing costs
- Sold 75% to major Canadian institution in April 2014
 - \$25.3 M in new growth capital
 - \$4.9 M realized gain on sale



Partnerships

- Partnerships for co-ownerships, development & re-development
- Proven expertise in asset management / leasing
- Strong relationships with local developers





An Exciting Future

Investment Highlights

- 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 in 2013
 - \$224 million in accretive acquisitions
- Attractive current cash yield
 - Currently paying approx. 8.4% 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 interests of 12.9%





Appendices

Management Team



Lou Maroun | Chairman, Sigma Asset Management Limited

- 32 years experience in the commercial real estate industry
- Previously CEO of Summit REIT, Canada's largest industrial REIT



Paul Dykeman | CEO, Sigma Asset Management Limited

- 24 years experience in the commercial real estate industry
- Previously CFO of Summit REIT, Canada's largest industrial REIT



Ross Drake | CFO, Sigma Asset Management Limited

- 22 years experience in the commercial real estate industry
- Previously Senior Vice President of Research & Analysis at ING Real Estate Canada



Jonathan Robbins | VP of Acquisitions, Sigma Asset Management Limited

- 23 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

- 23 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
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 12.9% of Trust Units, will continue to invest going forward

Summit II REIT Portfolio by Property						
Address	City	Year Built / Renovated	Single vs.	No. of Tenants (#)	GLA (sf)	Occupancy (%)
			Multi- Tenant			
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	0.0%
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	98.7%

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



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