SUMMIT INDUSTRIAL INCOME REIT

Unaudited Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended September 30, 2013 and 2012

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SUMMIT INDUSTRIAL INCOME REIT

Unaudited Condensed Consolidated Interim Balance Sheets

As at September 30, 2013 and December 31, 2012

(In thousands of Canadian dollars)

	Note		September 30, 2013		December 31, 2012
Assets					
Non-current					
Investment properties	4	**$**	**289,427**	$	75,674
			289,427		75,674
Current					
Investment property held for sale	4		**-**		3,700
Accounts receivable	5		**816**		207
Prepaid expenses, deposits, and deferred financing costs			**6,738**		1,175
Cash			**1,502**		815
			9,056		5,897
Total assets		**$**	**298,483**	$	81,571
Liabilities					
Non-current					
Loans and borrowings	6	**$**	**113,985**	$	32,817
			113,985		32,817
Current					
Loans and borrowings	6		**65,862**		1,614
Loans and borrowings held for sale			**-**		2,743
Trade and other accrued liabilities			**3,141**		736
Other liabilities			**-**		1,097
Security deposits			**1,837**		375
Distribution payable	8		**739**		-
Preferred units payable	7		**-**		1,125
			71,579		7,690
Total liabilities			**185,564**		40,507
Unitholders' equity					
Unitholders' equity	8		**112,919**		41,064
			112,919		41,064
Total liabilities and equity		**$**	**298,483**	$	81,571

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Approved by the Board of Trustees on November 13, 2013

"Lou Maroun"
Trustee

"Jim Tadeson"
Trustee

SUMMIT INDUSTRIAL INCOME REIT

Unaudited Condensed Consolidated Interim Statements of Income and Comprehensive Income

For the three and nine month periods ended September 30, 2013 and 2012

(In thousands of Canadian dollars, except per unit amounts)

	Note	**Three month period ended Sep 30, 2013**	Three month period ended Sep 30, 2012	**Nine month period ended Sep 30, 2013**	Nine month period ended Sep 30, 2012
Revenue from investment properties	10	**$ 6,139**	$ 306	**$ 14,477**	$ 827
Property operating expenses		**1,505**	(5)	**3,315**	84
Net rental income		**4,634**	311	**11,162**	743
Other income					
Other income		**-**	-	**-**	14
Finance income		**3**	-	**12**	-
(Loss) gain on sale of investment properties		**(1)**	-	**60**	-
		2	-	**72**	14
Other expenses					
General and administrative		**310**	80	**1,001**	200
Finance costs		**1,460**	115	**3,423**	346
		1,770	195	**4,424**	546
Income before income taxes and fair value adjustments to investment properties		**2,866**	116	**6,810**	211
Income taxes - current		**-**	83	**-**	83
Income before fair value adjustments to investment properties		**2,866**	33	**6,810**	128
Fair value adjustments to investment properties		**162**	735	**172**	735
Net income and comprehensive income		**$ 3,028**	$ 768	**$ 6,982**	$ 863
Net income per unit					
Basic	8	**$ 0.167**	$ 0.817	**$ 0.443**	$ 1.150
Diluted	8	**$ 0.167**	$ 0.817	**$ 0.443**	$ 1.150

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

SUMMIT INDUSTRIAL INCOME REIT

Unaudited Condensed Consolidated Interim Statements of Changes in Unitholders' Equity

For the nine month periods ended September 30, 2013 and 2012

(In thousands of Canadian dollars)

	Note	Fund units	Deficit	Unitholders equity
Beginning balance, January 1, 2012		$ 21,645	$ (6,487)	$ 15,158
Net income and comprehensive income		-	863	863
Distributions	8	-	(13,346)	(13,346)
Issuance of units, net of costs	8	30,753	-	30,753
Unitholders' equity, September 30, 2012		$ 52,398	$ (18,970)	$ 33,428
Beginning balance, January 1, 2013		**$ 52,331**	**$ (11,267)**	**$ 41,064**
Net income and comprehensive income		**-**	**6,982**	**6,982**
Distributions	8	**-**	**(5,157)**	**(5,157)**
Units issued through DRIP	8	**533**	**-**	**533**
Issuance of units, net of costs	8	**69,497**	**-**	**69,497**
Unitholders' equity, September 30, 2013		**$ 122,361**	**$ (9,442)**	**$ 112,919**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

SUMMIT INDUSTRIAL INCOME REIT

Unaudited Condensed Consolidated Interim Statements of Cash Flows

For the nine month periods ended September 30, 2013 and 2012

(In thousands of Canadian dollars)

	Note	**Nine month period ended Sep 30, 2013**	Nine month period ended Sep 30, 2012
Operating activities			
Net income and comprehensive income		**$ 6,982**	$ 863
Add (deduct): Items not affecting cash			
Finance costs		**3,423**	346
Gain on sale of investment properties		**(60)**	-
Straight-line rent adjustment		**(369)**	-
Fair value adjustments to investment properties		**(172)**	(735)
Change in non-cash working capital items		**379**	357
Interest and finance fees paid		**(4,429)**	(346)
		5,754	485
Financing activities			
Repayment of loans and borrowings		**(5,514)**	(277)
Repayment of other liabilities	6	**(1,097)**	-
Repayment of preferred units payable	7	**(1,125)**	-
Increase in loans and borrowings		**130,631**	17,322
Distributions paid	8	**(3,885)**	(13,346)
Net proceeds from units issued	8	**69,497**	30,753
		188,507	34,452
Investing activities			
Additions to investment properties		**(211)**	-
Proceeds from sale of investment properties		**5,406**	13,766
Acquisition of investment properties		**(194,189)**	(46,344)
Deposits on future acquisitions of investment properties		**(4,580)**	-
		(193,574)	(32,578)
Increase in cash		**687**	2,359
Cash, beginning of period		**815**	360
Cash, end of period		**$ 1,502**	$ 2,719

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

1. Reporting entity

Effective October 3, 2012, Proventure Income Fund changed its name to Summit Industrial Income REIT ("Summit II" or the "REIT" or the "Trust"). Summit II is a mutual fund trust established under the laws of the Province of Ontario and is domiciled in Canada. The registered office of the Trust is situated at 294 Walker Drive, Brampton, Ontario, L6T 4Z2. The Trust is primarily involved in the commercial leasing of real estate property with 19 property locations in Ontario, 5 properties across Western Canada, 1 property in Montreal, and 1 property in Atlantic Canada. The Trust's units are listed on the TSX Venture Exchange and trade under the symbol "SMU.UN". Effective November 11, 2013, the Trust transitioned from the TSX Venture Exchange to the TSX under the same trading symbol.

2. Basis of preparation

(a) Statement of compliance

These condensed consolidated interim financial statements are presented in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB"). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements prepared for the year ended December 31, 2012.

The Trustees authorized the issue of these condensed consolidated interim financial statements on November 13, 2013.

(b) Basis of measurement

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for investment properties which are recorded at fair value in accordance with the REIT's accounting policies set forth in Note 3 to the consolidated financial statements of the Trust as at and for the year ended December 31, 2012 and in Note 3 below.

The condensed consolidated interim financial statements are presented in thousands of Canadian dollars which is the functional currency of the REIT and its subsidiaries.

(c) Estimates and judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the REIT's accounting policies and the key sources of estimation uncertainty were the same as those that applied in Note 2 to the consolidated financial statements as at and for the year ended December 31, 2012.

2. Basis of preparation (continued)

(c) Estimates and judgements (continued)

In addition, the Trusts' accounting policies relating to business combinations are described in Note 3(f) of the consolidated financial statements as at and for the year ended December 31, 2012. In applying this policy, judgment is applied in determining whether an acquisition meets the definition of a business combination or an asset acquisition by considering the nature of the assets acquired and the processes applied to those assets, or if the integrated set of assets and activities is capable of being conducted and managed for the purpose of providing a return to investors or other owners. The determination of whether an acquisition meets the definition of a business results in measurement differences on initial recognition of the acquired net assets. If the acquisition is determined to be a business combination these differences include the nature of deferred tax assets and liabilities that may be recorded and the requirement to recognize goodwill or negative goodwill, as applicable, for differences between the consideration provided and the fair value of the net assets acquired. Additionally, transaction costs incurred to effect a business combination are required to be expensed where for an asset acquisition transaction costs would be capitalized to the initial carrying amount of the acquired asset.

3. Significant accounting policies

The accounting policies applied are consistent with those of the annual financial statements prepared as at and for the year ended December 31, 2012 as described in Note 3 of those financial statements.

Changes in accounting policies

The Trust has adopted the following new standards, as issued by the IASB, effective January 1, 2013. These changes were made in accordance with the applicable transitional provisions.

IFRS 10 Consolidated Financial Statements

IFRS 10 *Consolidated Financial Statements* ("IFRS 10") replaces the consolidation guidance in IAS 27 *Consolidated and Separate Financial Statements* ("IAS 27") 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 power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the returns. The Trust conducted a review of the new standard and determined that the adoption of IFRS 10 did not result in any change to the interim financial statements.

IFRS 11 Joint Arrangements

IFRS 11 *Joint Arrangements* ("IFRS 11") introduces new accounting requirements for joint arrangements, replacing IAS 31 *Interests in Joint Ventures*. IFRS 11 removes the option to apply the proportional consolidation method when accounting for jointly controlled entities and eliminates the concept of jointly controlled assets. IFRS 11 now only differentiates 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 Trust conducted a review of the new standard and determined that the adoption of IFRS 11 did not result in any change to the interim financial statements.

3. Significant accounting policies (continued)

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 *Disclosure of Interests in Other Entities* ("IFRS 12") requires enhanced disclosures about both consolidated entities and unconsolidated entities in which an entity has involvement. The objective of IFRS 12 is to provide financial statement users with information to evaluate the basis of control, any restrictions on consolidated assets and liabilities, risk exposures arising from involvement with unconsolidated structured entities and non-controlling interest holders' involvement in the activities of consolidated entities. The Trust conducted a review of the new standard and determined that the adoption of IFRS 12 did not result in any change to the interim financial statements.

IFRS 13 Fair Value Measurement

IFRS 13 *Fair Value Measurement* ("IFRS 13") replaces existing IFRS guidance on fair value with a single standard. IFRS 13 defines fair value, provides guidance on how to determine fair value and outlines required disclosures about fair value measurements. IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. The Trust conducted a review of the new standard and determined that the adoption of IFRS 13 did not result in any change to the interim financial statements.

New accounting standards issued but not yet effective

IFRS 9 Financial Instruments

IFRS 9 *Financial Instruments* ("IFRS 9") introduces new requirements for the classification, measurement and derecognition of financial assets and financial liabilities. Specifically, IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 *Financial Instruments*: *Recognition and Measurement* to be subsequently measured at amortized cost or fair value. The IASB has issued an amendment to IFRS 9 *Financial Instruments* ("IFRS 9"), which changes the effective date of IFRS 9 (2009) and IFRS 9 (2011), so that IFRS 9 is required to be applied for annual periods beginning on or after January 1, 2015, with early application permitted. This amendment was released in connection with IFRS 7 *Financial Instruments: Disclosures – Transition Disclosures* ("IFRS 7") which outlines that, with the amendments to IFRS 9, entities applying IFRS 9 do not need to restate prior periods but are required to apply modified disclosures. The Trust is currently assessing the impact of applying the amendments of IFRS 9 and IFRS 7 on the consolidated financial statements.

4. Investment properties

The following table presents investment properties as at September 30, 2013 and December 31, 2012.

			2013			2012
(In $ thousands)	**Investment properties**	**Investment property held for sale**	**Total**	Investment properties	Investment property held for sale	Total
Balance at beginning of period	**$ 75,674**	**$ 3,700**	**$ 79,374**	$ 11,956	$ 26,327	$ 38,283
Additions:						
Acquisition of investment properties	**215,016**	**-**	**215,016**	61,620	-	61,620
Additions to investment properties	**211**	**-**	**211**	-	-	-
Transfer from investment properties to investment property held for sale	**-**	**-**	**-**	(3,700)	3,700	-
Dispositions	**(1,646)**	**(3,700)**	**(5,346)**	(1,863)	(26,327)	(28,190)
Fair value gains	**172**	**-**	**172**	7,661	-	7,661
Balance at end of period	**$ 289,427**	**$ -**	**$ 289,427**	$ 75,674	$ 3,700	$ 79,374

During the three month period ended September 30, 2013, the REIT acquired a portfolio of three light industrial properties located in Brampton and Barrie, Ontario and Laval, Quebec for a purchase price of $37.4 million. The acquisition was financed by the assumption of an existing $5.4 million mortgage, new mortgages of $16.4 million and the balance in cash from the revolving operating facility. Investment properties acquired for the nine month period ended September 30, 2013, total $215.0 million, financed by the assumption of existing mortgages of $18.4 million, new mortgages of $93.9 million and the balance in cash from the revolving operating facility.

On the above noted acquisitions, approximately $0.4 million in security deposits were assumed for the three month period ending September 30, 2013 for a total of $1.5 million in security deposits assumed for the nine month period ending September 30, 2013.

The investment properties were valued internally by the Trust using a combination of the discounted cash flow method, the direct capitalization method, and the direct comparison method. These methods require certain key assumptions, including rental income, market rents, operating expenses, vacancies, inflation rates, discount rates, and capitalization rates to be made with respect to the Trust’s investment properties. The discount rate and capitalization rate is determined for each property based on available market information related to the sale of similar buildings within the same geographic locations. Fair value adjustments for the three and nine month period ending September 30, 2013, were $162,000 (2012 - $735,000) and $172,000 (2012 - $735,000) respectively.

4. Investment properties (continued)

The following properties were disposed during the nine month period ended September 30, 2013.

Property	Property type	Ownership interest	Date disposed	Sale price (in $ thousands)
4010 & 3930 Thatcher Avenue, Saskatoon, SK	Industrial	100%	26-Apr-13	$ 3,775
Hwy 1 & 8 North, 109 Hwy 8, Moosomin, SK	Industrial	100%	30-Apr-13	1,646
Investment properties disposed				$ 5,421

The Trust's investment property in Saskatoon, SK was classified as held for sale at December 31, 2012. It was subsequently sold on April 26, 2013.

Proceeds on the above noted dispositions were used to repay $4.2 million in term mortgages and $1.1 million in other liabilities. A net gain of $60,000 was realized after deducting costs relating to the disposition.

5. Accounts receivable

The components of accounts receivable are as follows:

(In $ thousands)	**September 30, 2013**	December 31, 2012
Tenant receivables	**$ 343**	$ 88
Other receivables	**473**	119
	$ 816	$ 207

6. Loans and borrowings

(In $ thousands)	**September 30, 2013**	December 31, 2012
Term mortgages	**$ 117,077**	$ 11,095
Revolving operating facility	**62,770**	26,079
Preferred units payable	**-**	1,125
Total	**179,847**	38,299
Less: Current debt	**65,862**	5,482
Non-Current debt	**$ 113,985**	$ 32,817

6. Loans and borrowings (continued)

(a) Term mortgages

As indicated under Note 4, during the three month period ended September 30, 2013, an additional $21.8 million in new mortgage financing was obtained on acquisitions at a weighted average interest rate of 3.85%.

During the nine month period ended September 30, 2013, approximately $112.3 million in new mortgage financing was obtained on acquisitions at a weighted average interest rate of 3.67%.

Included in mortgages payable is $151,000 of mark-to-market premiums related to a mortgage assumed upon acquisition. Also, during the three month period ended September 30, 2013, a mortgage in the amount of $1.3 million was renewed for a three-year term at a rate of 4.02%.

Term mortgages bear interest at a weighted average interest rate of 3.68%. The term mortgages are secured by first registered mortgages over specific properties and first general assignments of leases, insurance and registered chattel mortgages.

Principal repayment requirements for term mortgages are as follows:

(In $ thousands)	
2013 (remainder)	$ 808
2014	3,307
2015	3,432
2016	9,346
2017	13,966
2018	41,403
Thereafter	45,672
Principal amount	117,934
Premium on debt	151
Deferred financing charges	(1,008)
Total term mortgages	$ 117,077

(b) Revolving operating facility

During the nine month period ended September 30, 2013, approximately $36.7 million was drawn from the revolving operating facility, resulting in a balance of $62.8 million at September 30, 2013.

The revolving operating facility is interest bearing at a variable interest rate based on bank prime plus 1% or banker’s acceptance rates plus 2%. Amounts drawn in excess of $55 million bear a variable interest rate based on bank prime plus 2.25% or banker’s acceptance rates plus 3.25%.

The revolving operating facility is secured by first charges over specific investment properties and first general assignment of leases and insurance and expires on September 27, 2014.

On February 20, 2013, the credit facility was increased to $38 million, on March 11, 2013 it was increased to $55 million, and on August 15, 2013, it was increased to $68 million.

7. Preferred units payable

On May 31, 2013 the Trust repurchased and cancelled the Class C preferred units, which had an interest rate of 8%, using funds drawn from the revolving operating facility. During the nine month period ended September 30, 2013 the Trust recorded $38,000 (2012 - $68,000) of interest expense related to the Class C preferred units.

8. Unitholders' equity

(a) Authorized

The Trust is authorized to issue an unlimited number of units. Each unit represents a single vote at any meeting of unitholders and entitles the unitholder to receive a pro rata share of all distributions.

(b) Issued and outstanding

In January 2013, the REIT consolidated all of its issued and outstanding units on the basis of one post consolidation unit for every twelve pre-consolidations unit (the "Consolidation") held as of the record date for the Consolidation. Following the Consolidation, the number of outstanding units was reduced from 82,717,645 to 6,888,915 units, including 4,222 units that were cancelled. The following is a continuity of the Trust's issued and outstanding units:

(In thousands)	Number of units	Carrying amount
Balance January 1, 2012	654	$ 21,645
Units issued September 25, 2012	683	2,337
Units issued September 27, 2012	5,556	28,349
Balance September 30, 2012	6,893	$ 52,331

(In thousands)	Number of units	Carrying amount
Balance January 1, 2013 (after Consolidation)	6,889	$ 52,331
Issuance of units on February 26, 2013	11,120	69,497
Units issued under the DRIP	92	533
Balance September 30, 2013	18,101	$ 122,361

On February 26, 2013 the Trust completed a public offering of 11,120,000 units at a price of $6.75 per unit for gross proceeds of $75.1 million. The offering incurred issue costs of $5.6 million for net proceeds of $69.5 million.

The Trust announced on March 15, 2013 that it has implemented a Distribution Reinvestment Plan ("DRIP") whereby registered or beneficial holders of the Trust's units who are residents in Canada can acquire additional Trust units by reinvesting all or a portion of their monthly cash distributions without paying brokerage commissions. In addition, unitholders who elect to participate in the DRIP receive a further distribution of Trust units equal to 5% of each distribution that was reinvested by them. During the nine months ended September 30, 2013, there were 92,434 units issued under this plan for total proceeds of $533,000, representing 12.1% of the related distributions.

8. Unitholders' equity (continued)

(c) Distributions

The Trust declared the following distributions during the nine month periods ended September 30, 2013 and 2012:

(In $ thousands, except per unit amounts)	2013	2012
Paid in cash	**$ 3,885**	$ -
Reinvested by unitholders under the DRIP	**533**	-
$0.0408 per unit payable at September 30, 2013	**739**	-
$1.70 per unit in January 2012	**-**	13,346
Distributions recorded in equity	**$ 5,157**	$ 13,346

(d) Per unit amounts

The weighted average number of units for the three and nine month periods ended are as follows:

(In thousands of units)	**3 months 2013(1)**	3 months 2012(1)	**9 months 2013(1)**	9 months 2012(1)
Issued units, beginning of period ((1) after "Consolidation")	**6,889**	654	**6,889**	654
Issuance of units September 25, 2012	**-**	45	**-**	15
Issuance of units September 27, 2012	**-**	241	**-**	81
Issuance of units February 26, 2013	**11,120**	-	**8,839**	-
Issuance of units under the DRIP	**74**	-	**31**	-
Total weighted average number of units outstanding	**18,083**	940	**15,759**	750

As at September 30, 2013 and 2012, the Trust has no units or instruments outstanding that would have a dilutive effect on net income per unit.

9. Related party transactions

Under the terms of the management agreement with Sigma Asset Management Limited ("Sigma" or the "Manager"), the Trust has incurred the following fees for the three and nine month periods ended September 30, 2013 and 2012:

(In $ thousands)	**3 months 2013**	3 months 2012	**9 months 2013**	9 months 2012
Acquisition fees (capitalized to investment properties)	**$ 374**	$ 449	**$ 1,989**	$ 449
Asset management fees	**165**	-	**392**	-
Leasing fees	**62**	-	**62**	-
Property management services	**354**	-	**603**	-
	$ 955	$ 449	**$ 3,046**	$ 449

Included in trade and other accrued liabilities at September 30, 2013 is an amount of $ 304,000 (2012 - $ nil) due to Sigma.

9. Related party transactions (continued)

During the nine month period ended September 30, 2013, the Manager used $1.6 million of the acquisition fee proceeds to acquire 240,444 Trust units from the offering of 11,120,000 units, as described in Note 8, at the market price of $6.75 per unit.

During the nine month period ended September 30, 2013, certain informed persons of the Manager, as defined in National Instrument 51-102 - Continuous Disclosure Obligations, acquired 239,235 units from the offering of 11,120,000 units, as described in Note 8, at the market price of $6.75 per unit.

10. Revenue from investment properties

The Trust leases commercial properties under operating leases with lease terms of between one and ten years.

As at September 30, 2013 the Trust is entitled under its non-cancellable tenant operating leases to the following minimum future receipts:

(In $ thousands)	Within 12 months	2 to 5 years	Beyond 5 years
Operating lease revenue	$ 18,479	$ 58,010	$ 38,364

11. Capital management

The Trust's objective when managing its capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide adequate returns for unitholders and to ensure access to sufficient funds for acquisitions. The Trust manages its capital structure and makes adjustments to it in light of changes in economic conditions and the financial requirements of the underlying real estate assets. In order to maintain or adjust the capital structure, the Trust may issue trust units to facilitate business combinations and/or retire financings or may adjust the amount of distributions paid to the unitholders.

The revolving operating facility agreement requires the Trust to maintain a debt to aggregate assets ratio no greater than 65%; debt service coverage ratio not less than 1.20 times and minimum adjusted unitholders' equity not less than (i) $20 million plus (ii) 75% of the net proceeds from each offering of equity interests subsequent to September 27, 2012. The debt to aggregate assets ratio is limited to a maximum of 65.0% as per the Declaration of Trust.

These covenants are required to be calculated based on Canadian generally accepted accounting principles ("GAAP"), which is IFRS. As at September 30, 2013, the Trust is in compliance with its financial covenants.

12. Income tax

The Trust is taxed as a mutual fund trust for Canadian income tax purposes. The Trust expects to distribute all of its taxable income to its unitholders, which enables it to deduct such distributions for income tax purposes. As the income tax obligations relating to the distributions are those of the individual unitholder, no provision for income taxes has been recorded.

12. Income tax (continued)

The Canadian Income Tax Act contains rules (the “SIFT Rules”) applicable to specified investment flow-through (“SIFT”) trusts, which generally tax the SIFT trust on its income from business carried on in Canada and on income (other than taxable dividends) or capital gains from non-portfolio properties (as defined in the Canadian Income Tax Act) and the distribution of such income to unitholders is generally treated as dividends received from a taxable Canadian corporation. If the income is not distributed, the Trust will be taxed on its income. In general, distributions paid as returns of capital will not be subject to this tax.

Income taxes have not been recorded during the period. The SIFT Rules are not applicable to real estate investment trusts (“REITs”) that meet certain specified criteria relating to the nature of its revenue and investments (the “REIT Exemption”). The Trust qualifies as a REIT for 2013 and expects to continue to distribute its taxable income and to qualify as a REIT for the foreseeable future. As such, deferred taxes have not been recorded in the condensed consolidated interim financial statements.

13. Subsequent events

(a) Property acquisitions

On October 1, 2013, Summit II acquired a portfolio of three light industrial properties and one fully occupied office building located in Pointe Claire, Lasalle and St. Laurent in the Greater Montreal Region. The three industrial properties total 206,612 square feet of gross leaseable area with the office property adding 20,859 square feet. The REIT paid approximately $15.3 million for the portfolio, financed by a new $10.1 million mortgage at a rate of 3.84% with the balance in cash from the REIT’s revolving credit facility.

(b) Distribution

On October 15, 2013, a distribution in the amount of $0.0408 per unit for unitholders of record on October 31, 2013, was declared and will be paid on November 15, 2013.