



Summit **II** REIT

Summit Industrial Income REIT

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and nine month periods ended September 30, 2019 and 2018

SUMMIT INDUSTRIAL INCOME REIT

For the three and nine month periods ended September 30, 2019 and 2018

Table of contents

Unaudited Condensed Consolidated Interim Balance Sheets.....	1
Unaudited Condensed Consolidated Interim Statements of Income	2
Unaudited Condensed Consolidated Interim Statements of Comprehensive Income	3
Unaudited Condensed Consolidated Interim Statements of Changes in Unitholders' Equity.....	4
Unaudited Condensed Consolidated Interim Statements of Cash Flows	5
Notes to the Unaudited Condensed Consolidated Interim Financial Statements	6-24

SUMMIT INDUSTRIAL INCOME REIT

Unaudited Condensed Consolidated Interim Balance Sheets

As at September 30, 2019 and December 31, 2018

(In thousands of Canadian dollars)

	Note	September 30, 2019	December 31, 2018
Assets			
Non-current			
Investment properties	4,5,6	\$ 1,863,901	\$ 1,700,078
Loans receivable	7	25,039	59,197
		1,888,940	1,759,275
Current			
Accounts receivable	8	5,644	3,301
Prepaid expenses, deposits, other assets and deferred financing costs	8	43,430	7,703
Cash		8,994	4,325
		58,068	15,329
Total assets		\$ 1,947,008	\$ 1,774,604
Liabilities			
Current			
Loans and borrowings	9	\$ 89,378	\$ 265,808
Trade and other accrued liabilities		43,390	28,723
Distributions payable	11	13,643	4,142
		146,411	298,673
Non-current			
Loans and borrowings	9	635,283	568,368
Lease liability	4,15	10,469	-
Security deposits		6,825	6,734
		652,577	575,102
Class B exchangeable units	10	13,206	41,088
Total liabilities		812,194	914,863
Unitholders' equity		1,134,814	859,741
Total liabilities and equity		\$ 1,947,008	\$ 1,774,604

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

Approved by the Board of Trustees on November 13, 2019.

“Lou Maroun”
Trustee

“Jim Tadeson”
Trustee

SUMMIT INDUSTRIAL INCOME REIT

Unaudited Condensed Consolidated Interim Statements of Income

For the three and nine month periods ended September 30, 2019 and 2018

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

	Note	Three month period ended September 30, 2019	Three month period ended September 30, 2018	Nine month period ended September 30, 2019	Nine month period ended September 30, 2018
Revenue from investment properties		\$ 33,103	\$ 23,081	\$ 100,964	\$ 65,360
Property operating expenses		8,440	6,207	27,609	19,223
Net rental income		24,663	16,874	73,355	46,137
Other income					
Finance income		1,346	991	4,137	2,317
Gain (loss) on sale of investment properties		439	(5)	439	466
		1,785	986	4,576	2,783
Other expenses					
General and administrative		1,489	915	4,756	4,212
Internalization costs	12	(11)	-	96,549	-
Finance costs	13	8,276	5,801	26,185	15,448
		9,754	6,716	127,490	19,660
Income (loss) before fair value adjustments		16,694	11,144	(49,559)	29,260
Fair value adjustments to Class B exchangeable units	10	(252)	(1,056)	(10,998)	(2,044)
Fair value adjustments to investment properties	5	92,007	3,832	141,806	93,871
Net income		\$ 108,449	\$ 13,920	\$ 81,249	\$ 121,087
Net income per Unit					
Basic	11	\$ 0.907	\$ 0.164	\$ 0.745	\$ 1.635
Diluted	11	\$ 0.906	\$ 0.164	\$ 0.745	\$ 1.634

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

SUMMIT INDUSTRIAL INCOME REIT

Unaudited Condensed Consolidated Interim Statements of Comprehensive Income

For the three and nine month periods ended September 30, 2019 and 2018

(In thousands of Canadian dollars)

	Note	Three month period ended September 30, 2019	Three month period ended September 30, 2018	Nine month period ended September 30, 2019	Nine month period ended September 30, 2018
Net income		\$ 108,449	\$ 13,920	\$ 81,249	\$ 121,087
Other comprehensive (loss) income					
<i>Items that may be reclassified subsequently to net income:</i>					
Net change in fair value of hedging derivative financial instruments		(3,944)	576	(25,509)	(3,251)
Net change in fair value of hedging derivative financial instruments reclassified to finance costs		3,492	1,759	9,377	4,238
Other comprehensive (loss) income		(452)	2,335	(16,132)	987
Comprehensive income		\$ 107,997	\$ 16,255	\$ 65,117	\$ 122,074

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 three and nine month periods ended September 30, 2019 and 2018

(In thousands of Units and Canadian dollars)

	Fund Units	Note	Unit equity	Surplus	Accumulated other comprehensive income (loss)	Unitholders' equity
Beginning balance, January 1, 2018	67,084		\$ 429,584	\$ 41,021	\$ 1,282	\$ 471,887
Net income and other comprehensive income	-		-	121,087	987	122,074
Distributions	-	11	-	(29,573)	-	(29,573)
Units issued through DRIP	449	11	3,621	-	-	3,621
Management compensation units	117	11,12	1,024	-	-	1,024
Issuance of Units, net of costs	13,300	11	110,025	-	-	110,025
Unitholders' equity, September 30, 2018	80,950		\$ 544,254	\$ 132,535	\$ 2,269	\$ 679,058
Beginning balance, January 1, 2019	96,324		\$ 681,045	\$ 180,743	\$ (2,047)	\$ 859,741
Net income and other comprehensive loss	-		-	81,249	(16,132)	65,117
Distributions	-	11	-	(51,174)	-	(51,174)
Units issued through DRIP	366	11	4,140	-	-	4,140
Management compensation units	25	11,12	277	-	-	277
Class B units exchanged	3,292	10	38,880	-	-	38,880
Issuance of Units relating to internalization, net of costs	6,667	11,12	74,840	-	-	74,840
Issuance of Units, net of costs	11,960	11	142,993	-	-	142,993
Unitholders' equity, September 30, 2019	118,634		\$ 942,175	\$ 210,818	\$ (18,179)	\$ 1,134,814

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, 2019 and 2018

(In thousands of Canadian dollars)

	Note	2019	2018
Operating activities			
Net income		\$ 81,249	\$ 121,087
Add (deduct):			
Finance costs	13	26,185	15,448
Internalization costs	11,12	74,840	-
Gain on sale of investment properties		(439)	(466)
Straight-line rent adjustment		(1,492)	(1,405)
Fair value adjustments to Class B exchangeable Units	10	10,998	2,044
Fair value adjustments to investment properties	5	(141,806)	(93,871)
Change in non-cash working capital items		(3,400)	7,009
Interest and finance fees paid		(25,990)	(15,846)
Cash inflows from operating activities		20,145	34,000
Financing activities			
Repayment of loans and borrowings		(300,989)	(121,896)
Repayment of lease liabilities		(35)	-
Increase in loans and borrowings		190,678	183,018
Distributions paid (includes Class B exchangeable Units)	10,11	(38,357)	(25,356)
Net proceeds from Units issued	11	142,993	110,025
Cash (outflows) inflows from financing activities		(5,710)	145,791
Investing activities			
Additions to investment properties		(7,131)	(4,530)
Additions to properties under development	5	(6,930)	(24,124)
Proceeds from sale of investment properties	5,6	107,500	46,431
Acquisition of investment properties and properties under development	5	(101,027)	(167,746)
Loans receivable advanced	7	(30,461)	(29,577)
Receipt of loans receivable	7	59,197	3,818
Additions to other assets	8	(164)	-
Increase in deposits on future acquisitions of investment properties	8	(30,750)	(2,500)
Cash outflows from investing activities		(9,766)	(178,228)
Increase in cash		4,669	1,563
Cash, beginning of period		4,325	856
Cash, end of period		\$ 8,994	\$ 2,419

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

SUMMIT INDUSTRIAL INCOME REIT

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended September 30, 2019 and 2018

1. Reporting entity

Summit Industrial Income REIT (“Summit II” or the “Trust”) 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 75 Summerlea Road, Brampton, Ontario, L6T 4V2. The Trust is primarily involved in the commercial leasing of real estate property with 67 properties in Ontario, 28 properties in Quebec, 14 properties across Western Canada, and 1 property in Atlantic Canada. The Trust’s Units are listed on the TSX and trade under the symbol “SMU.UN”.

2. Basis of preparation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34, “Interim Financial Reporting”. The condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements prepared for the year ended December 31, 2018.

The Board of Trustees authorized the issue of these condensed consolidated interim financial statements on November 13, 2019.

(b) Basis of measurement

The condensed consolidated interim financial statements have been prepared on a historical cost basis except for investment properties and certain financial instruments which are recorded at fair value in accordance with the Trust’s accounting policies set forth in Note 3 and the adoption of the new accounting standard described in Note 4.

The condensed consolidated interim financial statements are presented in thousands of Canadian dollars, unless otherwise noted, which is the functional currency of the Trust and its subsidiaries.

3. Significant accounting policies

The accounting policies set out below are consistent with those of the annual consolidated financial statements prepared as at and for the year ended December 31, 2018, as described in Note 3 of those consolidated financial statements, except as noted below in Note 3(b) and Note 4.

(a) Principles of consolidation

These condensed consolidated interim financial statements include the accounts of the Trust and its wholly-owned subsidiaries, Summit Industrial Income Operating Limited Partnership and Summit II Data Centres Limited Partnership and their respective general partners, Summit Industrial Income Holdings GP Ltd., Summit Industrial Income Corp., Summit II Data Centres GP Inc. and Summit Industrial Income Management Corp. Subsidiaries are entities that the Trust controls. Control is achieved when the Trust has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

SUMMIT INDUSTRIAL INCOME REIT

Notes to the Unaudited Condensed Consolidated Interim Financial Statements
For the three and nine month periods ended September 30, 2019 and 2018

3. Significant accounting policies (continued)

The Trust reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Trust obtains control over the subsidiary and ceases when the Trust loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income and comprehensive income from the date the Trust gains control until the date when the Trust ceases to control the subsidiary.

All intercompany transactions, balances, income and expenses are eliminated in full upon consolidation.

(b) Business combination

The Trust assesses whether an acquisition transaction is an asset acquisition or a business combination.

The Trust accounts for an acquisition as a business combination if the assets acquired and liabilities assumed constitute a business and the Trust obtains control of the business. When the cost of a business combination exceeds the fair value of the identifiable assets acquired or liabilities assumed, such excess is recognized as goodwill. Transaction-related costs are expensed as incurred.

If the acquisition does not meet the definition of a business combination, the Trust accounts for the acquisition as an asset acquisition, whereby the asset acquired is initially measured at the purchase price, including directly attributable costs.

(c) Judgements and estimates

In the application of the Trust's accounting policies, management is required to make judgements, estimates and assumptions that affect the application of accounting policies and the amounts reported in these condensed consolidated interim financial statements and related notes to the condensed consolidated interim financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are accounted for prospectively.

Judgements are made in the selection and assessment of the Trust's accounting policies. Estimates are used mainly in determining the measurement of recognized transactions and balances. Estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Judgement and estimates are often interrelated. Judgements and estimates are continually re-evaluated to ensure they remain appropriate. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

Details of the accounting policies subject to judgments and estimates the Trust believes could have the most significant impact on the amounts recognized in these condensed consolidated interim financial statements are described in Note 5 to the annual consolidated financial statements prepared as at and for the year ended December 31, 2018, except as noted below.

SUMMIT INDUSTRIAL INCOME REIT

Notes to the Unaudited Condensed Consolidated Interim Financial Statements
For the three and nine month periods ended September 30, 2019 and 2018

3. Significant accounting policies (continued)

(i) Management internalization

As part of the management internalization (Note 12), the Trust applied judgement as to whether or not the transaction should be accounted for as an asset acquisition or business combination. As part of the accounting assessment, the Trust evaluated whether it was acquiring inputs (such as employees and assets), processes, and outputs. The Trust has accounted for the acquisition as a business combination.

4. Accounting policy changes

Adoption of new and revised standards:

IFRS 16 – Leases (“IFRS 16”)

In January 2016, the International Accounting Standards Board (“IASB”) issued IFRS 16 – Leases (“IFRS 16”) which replaces IAS 17, “Leases” and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice.

The Trust adopted IFRS 16 in its unaudited condensed consolidated interim financial statements for the annual period beginning January 1, 2019, on a modified retrospective basis using the available transitional provisions. As a landlord, lessor accounting is substantially unchanged between IAS 17 and IFRS 16 and therefore, leases with users are to be accounted for as operating leases in a consistent manner with the current accounting treatment. The Trust has identified one land lease contract in which it is a lessee; no other significant leases were identified.

The following practical expedients were used when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Applied IFRS 16 only to contracts that were previously identified as leases;
- Excluded initial direct costs from measuring right-of-use assets; and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

As at January 1, 2019, on adoption of IFRS 16, Summit recognized a lease liability for the ground lease assumed in July 2018 which had been previously classified as an “operating lease” under the principles of IAS 17. On January 1, 2019, the liability was measured at the present value of the remaining lease payments, discounted using the Trust’s incremental borrowing rate as of January 1, 2019 on the ground lease with a remaining lease term of 54 years for a value of \$10.5 million.

The Trust has classified the right-of-use-asset in respect of this land lease as investment property at fair value. Lease related expense previously recorded in property expenses will now be recorded as fair value adjustments on investment properties and net interest and other financing charges as a finance cost on the condensed consolidated interim statements of income.

SUMMIT INDUSTRIAL INCOME REIT

Notes to the Unaudited Condensed Consolidated Interim Financial Statements
For the three and nine month periods ended September 30, 2019 and 2018

5. Investment properties

The following table presents the changes in investment properties:

(In \$ thousands)	Note	September 30,	December 31,
		2019	2018
		Total	Total
Balance, beginning of period		\$ 1,700,078	\$ 966,566
Transition adjustment (IFRS 16), net of fair value adjustments of (\$35)	4	10,469	-
Additions:			
Acquisition of investment properties		82,281	595,506
Acquisition of properties under development		20,627	-
Additions to investment properties		9,078	15,662
Additions to properties under development/expansion		6,930	24,409
Dispositions	6	(107,368)	(45,874)
Fair value gains		141,806	143,809
Balance, end of period		\$ 1,863,901	\$ 1,700,078

As indicated in the table above, the Trust acquired \$82.3 million in investment properties and \$20.6 million of properties under development during the nine-month period ended September 30, 2019. The properties under development that were acquired during the period represents the Trust's 50% interest (Note 6). The acquisitions were financed with net proceeds from the \$149.5 million equity raised during the June 2019 public offering (Note 11(b)), the sale of its 50% interest in the data centre property and assumed construction financing of \$1.2 million. In addition, approximately \$0.2 million in security deposits were assumed on these acquisitions.

In addition, on September 11, 2019, the Trust sold its interest in the data centre property located in Richmond Hill, Ontario for a sale price of \$107.5 million (Note 6).

Approximately \$1.8 billion (December 31, 2018 - \$1.7 billion) of investment properties are used for security under loans and borrowings (Note 9).

Additions to investment properties for the nine months ended September 30, 2019 and 2018 were \$9.1 million and \$5.8 million, respectively (December 31, 2018 - \$15.7 million), and relate to capital outlays, tenant leasing costs, capitalization of free rent receivable and net straight-line rent receivables arising from the recognition of rental revenues on a straight-line basis over the lease term. At September 30, 2019, the straight-line rent receivable balance was \$8.2 million (December 31, 2018 - \$6.7 million).

For the nine months ended September 30, 2019, additions to properties under development/expansion of \$6.6 million relates to a property in Kitchener undergoing an expansion and the remaining \$0.3 million relates to other development projects in progress. Additions to properties under development/expansion of \$24.3 million during the nine months ended September 30, 2018 related to the data centre property (December 31, 2018 -\$24.4 million).

Approximately \$113.6 million of the \$1.9 billion or 6% of the properties were appraised by third party valuation professionals during the nine months ended September 30, 2019 (year ended December 31, 2018 -

SUMMIT INDUSTRIAL INCOME REIT

Notes to the Unaudited Condensed Consolidated Interim Financial Statements
For the three and nine month periods ended September 30, 2019 and 2018

5. Investment properties (continued)

\$395.2 million or 36%). The fair value of the remaining properties was determined internally by the Trust using similar assumptions and valuation principals as used by the external appraisers. On an annual basis, approximately 33% of the portfolio is expected to be appraised by an external third party, which over three years will represent 100% of the portfolio having been externally appraised.

The Trust values investment properties using Level 3 inputs. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets. Level 2 inputs are inputs other than quoted prices that are observable for the asset either directly or indirectly. Valuations that require the significant use of unobservable inputs are considered Level 3. There have been no transfers during the period between levels.

Investment properties were valued using a combination of the discounted cash flow method, the direct capitalization method, and the direct comparison method. In applying the discounted cash flow method, the expected future cash flows are discounted, generally over a term of 10 years, including a terminal value based on the application of a capitalization rate to the estimated year 11 net operating income. In applying the direct capitalization method, the stabilized net operating income is capitalized at the requisite overall capitalization rate. In applying the direct comparison method (price per square foot), the properties are compared to recent transactions considered to be similar in terms of location, condition, size, and tenancy.

These methods require certain key assumptions, including rental income, market rents, operating expenses, vacancies, inflation rates, discount rates, and capitalization rates to be made. The discount rate and capitalization rate are determined for each property based on available market information related to the sale of similar buildings within the same geographic locations. Taking into consideration the results of the various valuation methods noted above, the fair value gains for the three and nine months ended September 30, 2019 were \$92.0 million and \$141.8 million respectively (three and nine months ended September 30, 2018 - gains of \$3.8 million and \$93.9 million, respectively) (year ended December 31, 2018 - \$143.8 million).

Significant assumptions made to determine the fair value of the industrial investment properties are set out as follows:

	September 30, 2019			December 31, 2018		
	Capitalization rate	Discount rate	Price per square foot	Capitalization rate	Discount rate	Price per square foot
Weighted average	5.04%	6.12%	\$ 139.70	5.46%	6.20%	\$ 126.41

Fair values are most sensitive to change in capitalization rates. A 0.50% increase in the weighted average capitalization rate for investment properties would decrease fair value by \$171.3 million (December 31, 2018 - \$144.2 million) and a 0.50% decrease would increase fair value by \$209.9 million (December 31, 2018 - \$173.7 million).

SUMMIT INDUSTRIAL INCOME REIT

Notes to the Unaudited Condensed Consolidated Interim Financial Statements
For the three and nine month periods ended September 30, 2019 and 2018

6. Co-owned property interests

On September 11, 2019, the Trust sold its 50% interest in the data centre property located at 80 Via Renzo Drive, Richmond Hill for a sale price of \$107.5 million and its existing working capital and mezzanine loans receivable were repaid (Note 7) generating an overall gain of \$0.4 million. The proceeds of the sale were used to payout the mortgage on the property, fund the special distribution described under Note 11 and fund the September 30, 2019 acquisitions (Note 5).

On September 30, 2019, the Trust acquired a 50% interest in 49 acres of development land in an industrial park in Guelph Ontario, in partnership with Cooper Construction Limited (“Cooper”). The acquisition cost was \$20.6 million and was financed with proceeds from the June 2019 offering (Note 11(b)), the sale of its 50% interest in the data centre property and assumed construction financing of \$1.2 million. There are currently two buildings under construction on the development land which, when completed, will total 386,929 square feet. The Trust has the option to acquire, at fair market value, the remaining 50% interest in these two buildings and own 100% once completed and leased. The Trust also has the option to acquire, at fair market value, 100% of additional buildings being developed over time under the joint venture arrangement as they are completed and leased.

7. Loans receivable

On September 11, 2019, in conjunction with the Trust’s sale of its 50% interest in the data centre property (Note 5), Urbacon Montreal Limited Partnership (“Urbacon”) repaid their related working capital and mezzanine loans including accrued interest. The following summarizes the balances repaid at September 11, 2019:

- \$21.2 million with respect to the mezzanine loan to develop a new planned 95,000 square foot data centre property (“DC2”) located in the Greater Toronto Area (“GTA”).
- \$24.7 million with respect to the non-revolving working capital loan.
- \$23.7 million with respect to the mezzanine loan related to the data centre located in downtown Montreal, Quebec.

The Trust also announced on September 11, 2019, that it will continue to be involved in the development of the DC2 data centre in the GTA and the data centre in downtown Montreal, Quebec, by extending new mezzanine loans to Urbacon. During the three month period ended September 30, 2019, the Trust advanced \$4.6 million and \$20.3 million, respectively toward these loans. Including accrued interest, the total loan receivable balance at September 30, 2019 is \$4.6 million and \$20.4 million, respectively.

For the three and nine month periods ended September 30, 2019, interest income of \$1.3 million and \$4.1 million, respectively, (three and nine months ended September 30, 2018 - \$0.9 million and \$2.3 million, respectively) on the loans receivable have been reported in finance income on the condensed consolidated interim statements of income, including interest income related to the previously issued mezzanine loans.

SUMMIT INDUSTRIAL INCOME REIT

Notes to the Unaudited Condensed Consolidated Interim Financial Statements
For the three and nine month periods ended September 30, 2019 and 2018

8. Accounts receivable, prepaid expenses, deposits, other assets and deferred financing costs

(In \$ thousands)	September 30, 2019	December 31, 2018
Tenant receivables	\$ 795	\$ 589
Other receivables	4,849	2,712
Total accounts receivable	\$ 5,644	\$ 3,301
Prepaid expenses and deposits	\$ 42,780	\$ 7,442
Other assets - furniture and fixtures, computer equipment and leaseholds	164	-
Deferred financing costs	486	261
Total prepaid expenses, deposits, other assets and deferred financing costs	\$ 43,430	\$ 7,703

At September 30, 2019, approximately \$7.7 million and \$30.8 million of the balance in prepaid expenses, and deposits, represents payments toward the October 2, 2019 special distribution (Note 11(c)) and deposits on future property acquisitions (Note 16 (b)), respectively.

9. Loans and borrowings

(In \$ thousands)	September 30, 2019	December 31, 2018
Term mortgages	\$ 717,979	\$ 612,096
Revolving and non-revolving operating facility and demand loans	6,682	222,080
Total	724,661	834,176
Less: Current loans and borrowings	89,378	265,808
Non-current loans and borrowings	\$ 635,283	\$ 568,368

(a) Term mortgages

The following table summarizes the financing activities for the nine months ended September 30, 2019:

Property	Lender	Term	Amount	Interest Rate	Completed
New financing					
Portfolio of five Quebec properties	BMO	10 years	\$ 91,000	3.93%	Mar-19
Portfolio of four Alberta properties	CIBC	10 years	62,000	3.86%	Mar-19
500 Veterans Drive, Barrie, ON	BMO	5 years	13,500	3.68%	Apr-19
Portfolio of four Quebec properties	Otera	5 years	12,000	3.26%	May-19
225 Pinebush Road, Cambridge, ON	Otera	10 years	15,500	3.39%	Jul-19
1601-1635 Tricont Avenue, Whitby, ON	Otera	10 years	15,000	3.39%	Jul-19
			\$ 209,000	3.78%	

In July 2019, the Trust re-financed maturing debt and obtained \$30.5 million in mortgage financing at an interest rate of 3.39% with a term to maturity of ten years. Proceeds were applied to \$18.6 million of maturing debt on these loans.

SUMMIT INDUSTRIAL INCOME REIT

Notes to the Unaudited Condensed Consolidated Interim Financial Statements
For the three and nine month periods ended September 30, 2019 and 2018

9. Loans and borrowings (continued)

At September 30, 2019, the aggregate fair value of the interest rate swaps amounted to an \$18.2 million financial liability (December 31, 2018 - \$2.0 million financial liability).

At September 30, 2019, total term mortgages bear interest at a weighted average effective interest rate of 3.69% (December 31, 2018 - 3.72%) and a weighted average stated interest rate of 3.72% (December 31, 2018 - 3.77%). The term mortgages are secured by first registered mortgages over specific properties and first general assignments of leases, insurance and registered chattel mortgages.

Included in loans and borrowings is \$1.3 million (December 31, 2018 - \$1.3 million) of unamortized mark-to-market premiums related to mortgages assumed on acquisition, and \$1.3 million (December 31, 2018 - \$0.9 million) of unamortized deferred financing charges.

Principal repayment requirements for term mortgages are as follows:

(In \$ thousands)

2019 (remainder)	\$ 25,257
2020	62,182
2021	51,334
2022	101,327
2023	97,612
2024	57,845
Thereafter	322,430
Principal amount	717,987
Unamortized premium on debt	1,274
Unamortized deferred financing charges	(1,282)
Total term mortgages	\$ 717,979

(b) Revolving operating facility

During the second quarter of 2019, the revolving operating facility was increased to \$150.0 million, subject to requisite borrowing base security. There is currently registered security in place to draw up to \$124.9 million. As at September 30, 2019, there was \$nil (December 31, 2018 - \$63.6 million), of an available \$124.9 million (December 31, 2018 - \$71.5 million), drawn from the revolving operating facility.

The revolving operating facility matures September 25, 2020 and is interest bearing at a variable interest rate based on bank prime plus 1% for prime rate loans or banker's acceptance rates plus 2% for banker's acceptances.

The revolving operating facility is secured by first charges over specific investment properties, with a fair value of \$361.7 million (December 31, 2018 - \$146.0 million), and first general assignment of leases and insurance.

SUMMIT INDUSTRIAL INCOME REIT

Notes to the Unaudited Condensed Consolidated Interim Financial Statements
For the three and nine month periods ended September 30, 2019 and 2018

10. Class B exchangeable units

As partial consideration for asset acquisitions completed during 2018, and as indicated in the table below, 3,292,091 and 1,005,780 Class B exchangeable units were issued with a fair value of \$27.9 million (June 18, 2018) and \$8.7 million (August 15, 2018), respectively.

The Class B exchangeable units are exchangeable into Units of the Trust on a one-for-one basis at the option of the holder. The Class B exchangeable units have the same voting rights as the Trust's Units and entitle the holder of the exchangeable units to such number of votes at meetings of the Trust's Unitholders as is equal to the number of Units of the Trust such exchangeable units are exchangeable for. These Class B exchangeable units are entitled to distributions per unit in an amount equal to the distributions per unit declared in respect of the Trust Units.

On April 12, 2019, 3,292,091 Class B exchangeable units were exchanged, at the option of the holder, into Units of the Trust on a one-for-one basis. Upon exchange, approximately \$38.9 million of the Class B exchangeable unit liability was transferred to equity.

The remaining Class B exchangeable units were valued at the Trust Units' closing price per the TSX as at September 30, 2019, which was \$13.13. The following table shows the change in carrying value and number of Class B exchangeable units outstanding for the periods presented:

(In thousands)	Units	Value
Class B exchangeable units issued June 18, 2018	3,292	\$ 27,851
Class B exchangeable units issued August 15, 2018	1,006	8,700
Fair value adjustments 2018	-	4,537
Balance December 31, 2018	4,298	\$ 41,088
Fair value adjustments 2019	-	10,998
Class B exchangeable units exchanged April 12, 2019	(3,292)	(38,880)
Balance September 30, 2019	1,006	\$ 13,206

The distributions on Class B exchangeable units included in finance costs for the three and nine month periods ended September 30, 2019 is \$0.1 million and \$0.8 million, respectively (three and nine months ended September 30, 2018 \$0.5 million and \$0.7 million, respectively). On May 7, 2019, distributions on Class B exchangeable units increased from \$0.0430 per Class B exchangeable unit to \$0.0450 applicable to unitholders of record on May 31, 2019. Total distributions payable on Class B exchangeable units as at September 30, 2019 were \$45,000 (December 31, 2018 - \$185,000).

11. Unitholders' equity

(a) Authorized

The Trust is authorized to issue an unlimited number of Units. Each Unit, which has no par value, represents a single vote at any meeting of Unitholders and entitles the Unitholder to receive a pro rata share of all distributions. Each Unitholder shall be entitled to require the Trust to redeem at any time or from

SUMMIT INDUSTRIAL INCOME REIT

Notes to the Unaudited Condensed Consolidated Interim Financial Statements
For the three and nine month periods ended September 30, 2019 and 2018

11. Unitholders' equity (continued)

time to time at the demand of the Unitholder all or any part of the Units registered in the name of the Unitholder at the prices determined and payable in accordance with the conditions hereinafter provided.

A maximum amount of \$25,000 may be redeemed in cash in any one month unless otherwise waived by the Board of Trustees. Any redemption in excess of \$25,000 will be settled by way of the issuance by the Trust a promissory note in a principal amount equal to the redemption price determined in accordance with the Declaration of Trust.

(b) Issued and outstanding

The following is a continuity of the Trust's issued and outstanding Units:

(In thousands)	Number of Units	Carrying amount
Balance January 1, 2018	67,084	\$ 429,584
Issuance of Units on June 15, 2018	13,300	110,025
Issuance of manager compensation Units (Note 12)	117	1,024
Units issued under the DRIP	449	3,621
Balance September 30, 2018	80,950	\$ 544,254

(In thousands)	Number of Units	Carrying amount
Balance January 1, 2019	96,324	\$ 681,045
Exchange of Class B exchangeable units April 12, 2019 (Note 10)	3,292	38,880
Issuance of Units on May 17, 2019 - internalization (Note 12)	6,667	74,840
Issuance of Units on June 12, 2019	11,960	142,993
Issuance of manager compensation Units (Note 12)	25	277
Units issued under the DRIP	366	4,140
Balance September 30, 2019	118,634	\$ 942,175

On May 17, 2019, as part of the internalization transaction (Note 12), the Trust issued 6,666,666 Units at a price of \$11.25 per Unit for a total of \$75.0 million and incurred issue costs of \$160,000.

On June 12, 2019, the Trust completed a public offering of 11,960,000 Units at a price of \$12.50 per Unit for gross proceeds of \$149.5 million. The offering incurred issue costs of \$6.5 million for net proceeds of \$143.0 million.

The Trust has 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 month period ended September 30, 2019, there were 366,358 Units (nine month period ended September 30, 2018 – 449,280) issued under

SUMMIT INDUSTRIAL INCOME REIT

Notes to the Unaudited Condensed Consolidated Interim Financial Statements
For the three and nine month periods ended September 30, 2019 and 2018

11. Unitholders' equity (continued)

this plan for total proceeds of \$4.1 million (nine month period ended September 30, 2018 - \$3.6 million), representing 9.9% (nine month period ended September 30, 2018 - 12.5%) of the related distributions.

(c) Distributions

The Trust recorded the following activities relating to distributions during the nine month periods ended September 30:

(In \$ thousands)	2019	2018
Paid in cash	\$ 37,533	\$ 25,356
Reinvested by Unitholders under the DRIP	4,140	3,621
\$0.0430 per Unit payable at December 31 (paid January)	(4,142)	(2,885)
\$0.0700 per Unit special distribution payable at September 30 (paid October 2)	8,304	-
\$0.0450 per Unit regular distribution payable at September 30 (2018 - \$0.0430 per Unit)	5,339	3,481
Distributions recorded in equity	\$ 51,174	\$ 29,573

On May 7, 2019, the Board of Trustees approved a cash distribution increase to \$0.045 per Unit per month or \$0.54 per Unit on an annualized basis, which represents a 4.7% annualized increase over the previous distribution. This increase applied to Unitholders of record beginning on May 31, 2019.

The Board of Trustees adopted a policy, in May 2015, to pay a special distribution to Unitholders of up to 20% of any realized gain on the sale of a property. During the three months ended September 30, 2019, the Trust sold its 50% interest in the data centre property (Note 5). As a result, a special distribution of \$0.070 per Unit was declared and paid on October 2, 2019 to Unitholders of record on September 19, 2019. The total amount of this special distribution was \$8.3 million or \$7.7 million net of DRIP participation, which was funded by the net proceeds from the sale of the property.

SUMMIT INDUSTRIAL INCOME REIT

Notes to the Unaudited Condensed Consolidated Interim Financial Statements
For the three and nine month periods ended September 30, 2019 and 2018

11. Unitholders' equity (continued)

(d) Per Unit amounts

The weighted average number of Units for the three and nine month periods ended September 30 are as follows:

(In thousands of Units)	3 months 2019	3 months 2018	9 months 2019	9 months 2018
Issued Units, January 1	96,324	67,084	96,324	67,084
Issuance of Units June 15, 2018	-	13,300	-	5,261
Issuance of Units April 13, 2019 - Class B exchanged	3,292	-	3,292	-
Issuance of Units May 17, 2019	6,667	-	3,346	-
Issuance of Units June 12, 2019	11,960	-	4,863	-
Issuance of management compensation Units	25	101	19	36
Issuance of Units under the DRIP	320	375	199	224
Total weighted average number of Trust Units outstanding	118,588	80,860	108,043	72,605
Impact of Class B exchangeable Units, January 1	4,298	3,806	4,298	1,439
Exchange of Class B units for Trust Units	(3,292)	-	(3,292)	-
Weighted average number of Units outstanding (basic)	119,594	84,666	109,049	74,044
Granted Units, January 1	53	23	53	23
Impact of Trustee deferred Units	29	22	20	15
Weighted average number of Units outstanding (diluted)	119,676	84,711	109,122	74,082

(e) Trustee Deferred Unit Plan

Effective May 10, 2017, the Trust's Board of Trustees authorized a Deferred Unit Plan (the "Plan") that provides for the granting of Deferred Units to Trustees in lieu of cash for up to 100% of their Trustee Fees (the "Elected Amount"). Under the Plan, the Trust will match the Elected Amount of each participant by issuing additional Deferred Units up to a maximum value of \$10,000 (the "Match Incentive"). The maximum value of the aggregate number of Units that may be subject to grants of Deferred Units to any one Trustee during any financial year of the Trust will be no greater than \$150,000.

Deferred Units granted under the Elected Amount will vest on the day that is 12 months following the date of the grant. Additional Deferred Units issued pursuant to the Match Incentive will vest in accordance with the following schedule: a) 50% on the third anniversary of the grant; b) 25% on the fourth anniversary of the grant; and c) 25% on the fifth anniversary of the grant. Vested Deferred Units may be redeemed in whole or in part for Units issued from treasury or cash as elected by the participant.

SUMMIT INDUSTRIAL INCOME REIT

Notes to the Unaudited Condensed Consolidated Interim Financial Statements
For the three and nine month periods ended September 30, 2019 and 2018

11. Unitholders' equity (continued)

The maximum number of Units reserved for issuance is 425,420. One Deferred Unit is economically equivalent to one Unit and fractional Deferred Units are permitted. A summary of Deferred Units granted under the Plan as at September 30, 2019 is:

Number of Units	2019	2018
Balance January 1	53,146	23,210
Deferred Units granted for services rendered including match incentive	29,888	22,536
Deferred Units granted through distributions	2,471	1,933
Balance September 30	85,505	47,679

The fair value of a Unit, for the purpose of the Deferred Unit Plan, is calculated as the volume weighted average price of all Units traded on the TSX for the five trading days immediately preceding the grant date. The liability related to the Plan is measured at fair value and is remeasured to fair value at each reporting date and at the date of settlement. The fair value changes are recorded within general and administrative expense in the condensed consolidated interim statements of income. The total fair value of Deferred Units granted and recognized as compensation expense within general and administrative expense for the three and nine months ended September 30, 2019 was \$156,000 and \$500,000, respectively (three and nine months ended September 30, 2018 - \$68,000 and \$245,000, respectively).

Included in internalization costs is \$147,000 in Deferred Units related to a special committee put in place to negotiate the terms of the internalization. The fair value adjustments relating to the Deferred Units, including those issued to the special committee for the three and nine months ended September 30, 2019 was \$14,000 and \$228,000, respectively (three and nine months ended September 30, 2018 - \$15,000 and \$68,000, respectively).

Approximately 88% of Trustee compensation is currently being taken in the form of Deferred Units.

12. Related party transactions

(a) Management internalization

On May 17, 2019, the Trust acquired all of the issued and outstanding shares of the external manager, Sigma Asset Management Limited ("Sigma" or the "Manager"), for total consideration of \$95.0 million. \$20.0 million of the consideration was satisfied with cash from the Trust's revolving operating facility, and \$75.0 million of the consideration was satisfied with 6,666,666 Units of the Trust, based on the 30-day volume weighted average trading price of the Trust's Units on all exchanges on which there was trading, up to and including March 20, 2019 of \$11.25 per unit. The purpose of the acquisition was to internalize the Trust's asset and property management functions. As a result of the internalization, the annual asset management fee, property management fee, acquisition fee, incentive fee and other fees payable by the Trust were eliminated subsequent to May 17, 2019. The terms of the internalization were negotiated and unanimously recommended for approval by a committee composed of all of the independent Trustees of the Trust. At the Trust's annual general and special meeting of Unitholders held on May 8, 2019, unitholders voted in favour of the internalization, with the internalization receiving approval by over 99.8% of votes cast by eligible Unitholders.

SUMMIT INDUSTRIAL INCOME REIT

Notes to the Unaudited Condensed Consolidated Interim Financial Statements
For the three and nine month periods ended September 30, 2019 and 2018

12. Related party transactions (continued)

In the three and nine month periods ended September 30, 2019, approximately \$96.5 million was recorded in internalization costs on the condensed consolidated interim statements of income, which includes approximately \$1.5 million in transaction-related costs. On internalization, the fees payable by the Trust to the Manager (as outlined in Note 12(b)) were eliminated.

(b) Management agreement

Pursuant to the terms of the Management Agreement with Sigma, which ended May 17, 2019, following internalization (Note 12(a)), Sigma provided the Trust with the services necessary to manage its day-to-day operations. The Management Agreement, dated September 25, 2012, had an initial term of ten years, subject to earlier termination in certain circumstances, and was automatically renewed for successive five-year terms. Sigma was related to the Trust by virtue of having some officers and Trustees in common.

Under the terms of the previous Management Agreement with Sigma, up to May 17, 2019, the Trust has incurred the following fees for the three and nine month periods ended September 30. For further details on the fees and calculations under the previous Management Agreement with Sigma, refer to the annual consolidated financial statements for the year ended December 31, 2018.

(In \$ thousands)	3 months 2019	3 months 2018	9 months 2019	9 months 2018
Acquisition fees (capitalized to investment properties)	\$ -	\$ 833	\$ 294	\$ 2,408
Asset management fees	-	722	1,503	1,925
Incentive fee (payable upon approval of year end financial statements)	-	(84)	264	1,267
Leasing fees (capitalized to investment properties)	-	376	1,108	537
Capital expenditures management fee (capitalized to investment properties)	-	-	114	-
Development fee (capitalized to investment properties)	-	-	-	131
Property management services	-	701	1,648	1,945
	\$ -	\$ 2,548	\$ 4,931	\$ 8,213

The following Management Compensation Units were issued in consideration of certain above noted fees.

(In \$ thousands)	Elected % of fee	Units	VWAP	Amount
Acquisition fees (capitalized to investment properties)	50%	10	\$ 11.27	\$ 115
Asset management fees	10%	15	10.83	162
		25	\$ 11.08	\$ 277

Included in trade and other accrued liabilities at September 30, 2019 is an amount of \$0.3 million (2018 - \$2.4 million) due to Sigma.

SUMMIT INDUSTRIAL INCOME REIT

Notes to the Unaudited Condensed Consolidated Interim Financial Statements
For the three and nine month periods ended September 30, 2019 and 2018

12. Related party transactions (continued)

(c) Trustee Fees

Trustee related fees of \$156,000 and \$500,000 (three and nine-month period ended September 30, 2018 - \$69,000 and \$251,000) are included in general and administrative expenses for the three and nine-month period ended September 30, 2019. Special committee trustee fees of \$147,000 are included in internalization costs for the three and nine months ended September 30, 2019. The 2019 fees include the fair value adjustments of Deferred Units for the three and nine months of \$14,000 and \$228,000 (three and nine months ended September 30, 2018 - \$15,000 and \$68,000, respectively) as described in Note 11.

13. Finance costs

Finance costs incurred and charged to the condensed consolidated interim statements of income for the three and nine month periods ended September 30 are as follows:

(In \$ thousands)	3 months 2019	3 months 2018	9 months 2019	9 months 2018
Interest on mortgages and bank indebtedness	\$ 7,370	\$ 5,327	\$ 24,000	\$ 14,717
Capitalized interest on developments	-	(147)	-	(176)
Interest on lease liabilities	93	-	278	-
Class B exchangeable Units issuance costs	-	25	-	90
Amortization of financing costs	590	177	1,138	448
Amortization of premium on debt	87	(92)	(55)	(284)
Distributions on Class B exchangeable Units (Note 10)	136	511	824	653
	8,276	5,801	26,185	15,448

14. Segmented information

In determining the Trust's segment structure, the Company considered the basis on which management, including the Chief Executive Officer (chief operating decision maker), reviews the financial and operational performance of the Trust, and whether any of the Trust's investment properties share similar economic or operational characteristics.

The Trust has determined that it has two reportable segments: Industrial and Data Centres. Performance is measured and evaluated based on net rental income, which is presented by reportable segment in the table below. On September 11, 2019, the Trust sold its 50% interest in the data centre property (Note 5).

SUMMIT INDUSTRIAL INCOME REIT

Notes to the Unaudited Condensed Consolidated Interim Financial Statements
For the three and nine month periods ended September 30, 2019 and 2018

14. Segmented information (continued)

Three months ended September 30, 2019				
(In \$ thousands)	Industrial	Data Centres	Corporate	Total
Revenue from investment properties	\$ 31,026	\$ 2,077	\$ -	\$ 33,103
Property operating expenses	(7,924)	(516)	-	(8,440)
Net rental income	\$ 23,102	\$ 1,561	\$ -	\$ 24,663
Finance income	-	-	1,346	1,346
Gain on sale of investment properties	-	439	-	439
General and administrative	-	-	(1,489)	(1,489)
Finance costs	-	-	(8,276)	(8,276)
Internalization costs	-	-	11	11
Fair value adjustments to Class B exchangeable Units	-	-	(252)	(252)
Fair value adjustments to investment properties	92,007	-	-	92,007
Net income	\$ 115,109	\$ 2,000	\$ (8,660)	\$ 108,449

Three months ended September 30, 2018				
(In \$ thousands)	Industrial	Data Centres	Corporate	Total
Revenue from investment properties	\$ 21,719	\$ 1,362	\$ -	\$ 23,081
Property operating expenses	(5,922)	(285)	-	(6,207)
Net rental income	\$ 15,797	\$ 1,077	\$ -	\$ 16,874
Finance income	-	-	991	991
Gain (loss) on sale of investment properties	(5)	-	-	(5)
General and administrative	-	-	(915)	(915)
Finance costs	-	-	(5,801)	(5,801)
Fair value adjustments to Class B exchangeable Units	-	-	(1,056)	(1,056)
Fair value adjustments to investment properties	4,434	602	-	3,832
Net income	\$ 20,226	\$ 475	\$ (6,781)	\$ 13,920

SUMMIT INDUSTRIAL INCOME REIT

Notes to the Unaudited Condensed Consolidated Interim Financial Statements
For the three and nine month periods ended September 30, 2019 and 2018

14. Segmented information (continued)

Nine months ended September 30, 2019

(In \$ thousands)	Industrial	Data Centres	Corporate	Total
Revenue from investment properties	\$ 93,413	\$ 7,551	\$ -	\$ 100,964
Property operating expenses	(25,968)	(1,641)	-	(27,609)
Net rental income	\$ 67,445	\$ 5,910	\$ -	\$ 73,355
Finance income	-	-	4,137	4,137
Gain on sale of investment properties	-	439	-	439
General and administrative	-	-	(4,756)	(4,756)
Finance costs	-	-	(26,185)	(26,185)
Internalization costs	-	-	(96,549)	(96,549)
Fair value adjustments to Class B exchangeable Units	-	-	(10,998)	(10,998)
Fair value adjustments to investment properties	142,307	(501)	-	141,806
Net income	\$ 209,752	\$ 5,848	\$ (134,351)	\$ 81,249

Nine months ended September 30, 2018

(In \$ thousands)	Industrial	Data Centres	Corporate	Total
Revenue from investment properties	\$ 61,331	\$ 4,029	\$ -	\$ 65,360
Property operating expenses	(17,809)	(1,414)	-	(19,223)
Net rental income	\$ 43,522	\$ 2,615	\$ -	\$ 46,137
Finance income	-	-	2,317	2,317
Gain on sale of investment properties	466	-	-	466
General and administrative	-	-	(4,212)	(4,212)
Finance costs	-	-	(15,448)	(15,448)
Fair value adjustments to Class B exchangeable Units	-	-	(2,044)	(2,044)
Fair value adjustments to investment properties	52,374	41,497	-	93,871
Net income	\$ 96,362	\$ 44,112	\$ (19,387)	\$ 121,087

As at September 30, 2019

(In \$ thousands)	Industrial	Data Centres	Total
Investment properties	\$ 1,863,901	\$ -	\$ 1,863,901

As at December 31, 2018

(In \$ thousands)	Industrial	Data Centres	Total
Investment properties	\$ 1,592,491	\$ 107,587	\$ 1,700,078

SUMMIT INDUSTRIAL INCOME REIT

Notes to the Unaudited Condensed Consolidated Interim Financial Statements
For the three and nine month periods ended September 30, 2019 and 2018

15. Lease liability

On acquisition of two properties in Calgary, Alberta, in July 2018, the Trust assumed a ground lease with a remaining term of 54 years for which a lease liability has been recorded in accordance with IFRS 16, *Leases* (Note 4). The future minimum undiscounted ground lease payments are as follows:

(In \$ thousands)

Less than one year	105
Between one and five years	1,715
More than five years	27,623
Total	\$ 29,443

16. Subsequent events

(a) Distributions

On October 15, 2019, a distribution in the amount of \$0.045 per Unit for Unitholders of record on October 31, 2019, was declared and will be paid on November 15, 2019. Holders of units of a subsidiary of the Trust that are exchangeable into Trust Units will receive a distribution equal to \$0.045 per Unit as well.

(b) Acquisitions

On September 9, 2019, the Trust announced it will acquire 100% of a brand new light industrial property in Alberta totaling 121,456 square feet of GLA for a purchase price of \$15.9 million utilizing funds from the revolving operating facility. Closing is anticipated on December 2, 2019.

On October 7, 2019, the Trust announced it entered into a binding purchase and sale agreement to acquire 100% of a portfolio of 37 light industrial properties in Alberta totaling over 3.3 million square feet of GLA (the "Acquisitions"). Of the 37 properties acquired, 22 properties (1.8 million square feet of GLA) are in Edmonton, 14 properties (1.4 million square feet of GLA) are in Calgary, and one property is in Grand Prairie. The purchase also includes one parcel of land in Edmonton, which is currently leased.

The Trust paid approximately \$588 million for the portfolio, and financed the Acquisitions through a combination of \$230.1 million of gross proceeds raised from a public offering (Note 16(c)), \$332.2 million from a new bridge credit facility established in connection with the Acquisitions and the balance from proceeds generated by the recent sale of its data centre property (Note 5). The closing of the Acquisitions occurred on November 1, 2019.

On October 31, 2019, the Trust announced it will acquire 100% of a Class A light industrial property in Vaughan, Ontario, totalling 128,235 square feet of GLA for a purchase price of \$25.5 million and funded by the assumption of a \$10.6 million mortgage and cash from its revolving operating facility. The closing of this acquisition is anticipated on or before the end of November 2019.

SUMMIT INDUSTRIAL INCOME REIT

Notes to the Unaudited Condensed Consolidated Interim Financial Statements
For the three and nine month periods ended September 30, 2019 and 2018

16. Subsequent events (continued)

(c) Offering

On October 17, 2019, the Trust announced it completed a public offering of 17,836,500 Units at a price of \$12.90 per Unit for total gross proceeds of approximately \$230.1 million. The offering incurred issue costs of \$9.8 million for net proceeds of \$220.3 million. The net proceeds from the offering were used to fund the above-noted Acquisitions.

(d) Class B exchangeable units

On October 28, 2019, 357,408 Class B exchangeable units were exchanged, at the option of the holder, into Units of the Trust on a one-for-one basis. The liability in an amount equal to the fair value of units at the time of exchange will be transferred to unit value in equity.