



Investor Presentation

Q2- 2013

Summit **II** REIT

Summit Industrial Income REIT

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Overview

- Experienced and Proven Management**
 - Leadership has a combined 90+ years experience
 - Grew original Summit REIT into the largest industrial REIT in Canada
 - Compounded annual return of approx. 20% from 1996 – 2006
- Stable, Strong Portfolio**
 - Institutional quality portfolio 3.3 million sq. ft. of GLA
 - Current weighted average term to maturity of 5.9 years
 - Occupancy at 100%
- Growth Potential**
 - Utilize extensive network to acquire properties at attractive valuations
 - Scalable platform for growth
 - Industrial sector highly fragmented
 - Opportunity to consolidate industry
 - \$224 million in acquisitions to date in 2013



Overview

As at June 30, 2013	
Annualized Cash Distribution	\$0.49
Current Yield	~8.5%
FFO Payout Ratio	81.3%
Units Outstanding	18.1 M
Market Capitalization	\$105 M

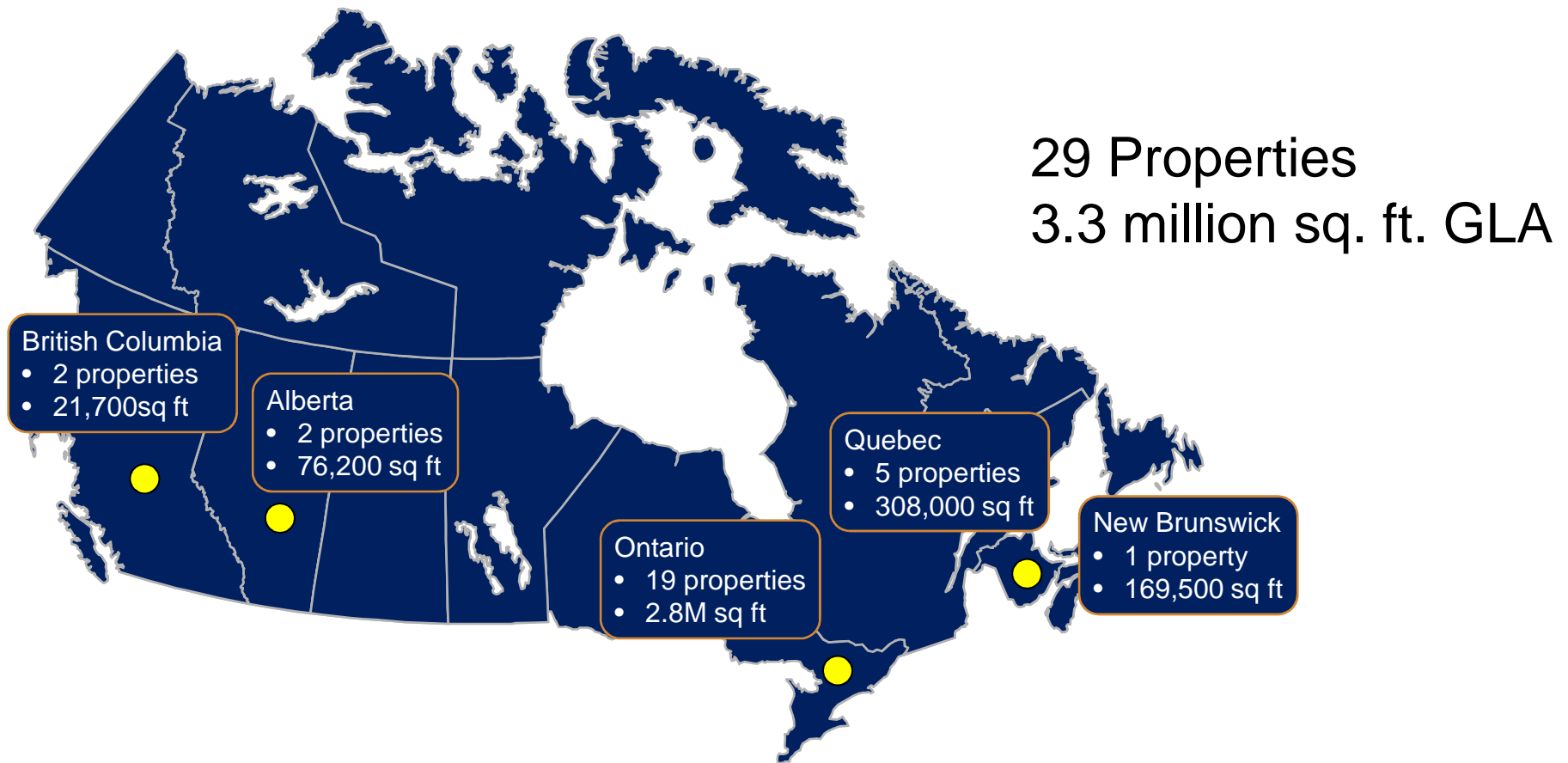
Experienced & Proven Manager

Expertise from Summit REIT and ING Real Estate Canada

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

Fully Aligned with All Unitholders – 10.2% Ownership Interest in REIT


Strong & Growing Portfolio*



* pro-forma properties under contract

Solid Industry Fundamentals

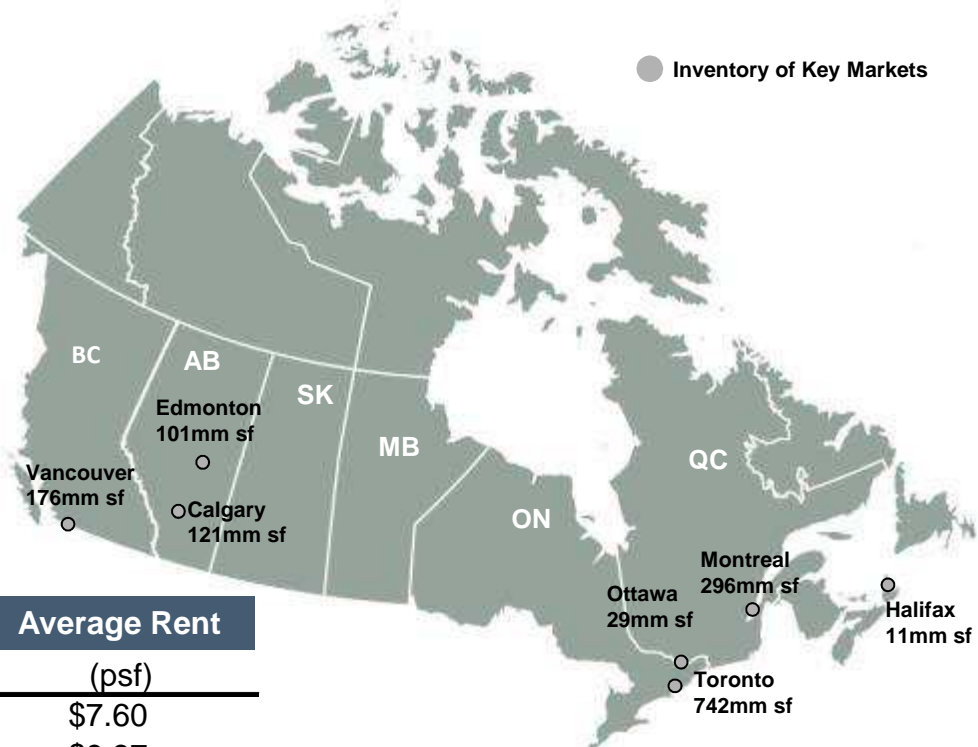
Characteristic		Benefit
Broad customer base	➔	Stable cash flow
Light industrial activities	➔	Low maintenance and capex
Domestic business focus	➔	Use of relationships
Fragmented ownership	➔	Consolidation opportunities
Short development timeline	➔	Prudent new supply of space
High levels of liquidity	➔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



A Fragmented Sector

Industrial Sector Metrics

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



City	Inventory (sf mm)	Availability Rate (%)	Average Rent (psf)
Vancouver	175.5	6.6%	\$7.60
Edmonton	101.1	4.6%	\$9.37
Calgary	120.6	4.9%	\$8.05
Toronto	741.9	3.5%	\$4.63
Ottawa	29.1	5.6%	\$8.51
Montreal	296.1	8.1%	\$5.04
Halifax	11.1	6.5%	\$7.44

Source: CBRE

Financial Review



Strong Growth in Q2 2013

(\$,000 except per Unit amounts)	June 30, 2013	Mar. 30, 2013	Dec. 31, 2012	Sept. 30, 2012
Revenue from Income properties	5,655	2,683	1,670	306
Net Operating Income (NOI)	4,419	2,109	1,237	311
Funds from Operations (FFO)	2,715	1,229	778	33
FFO per Unit	\$0.15	\$0.11	\$0.11	\$0.04
Adjusted Funds from Operations (AFFO)	2,502	1,161	720	33
AFFO per Unit	\$0.14	\$0.11	\$0.10	\$0.04
Weighted Average Units Outstanding	18,029	11,094	6,893	940
FFO Payout Ratio (%)	81.3%	-	-	-
AFFO Payout Ratio (%)	88.2%	-	-	-
Total Debt to Gross Book Value (%)	53.9%	54.6%	47.0%	40.7%
Debt Service Coverage (times)	2.04	2.48	2.39	2.64
Interest Coverage (times)	2.90	2.98	2.40	3.37

Solid Financial Position

	June 30, 2013	Dec. 31, 2012
Total Assets	\$ 253.4 M	\$ 81.6 M
Debt to Gross Book Value	53.9%	47.0%
Weighted Average Interest Rate	3.6%	3.9%
Debt Service Ratio	2.0 x	2.4 x
Interest Coverage Ratio	2.9x	2.4 x

Conservative Debt Profile

- Target leverage of ~55% of GBV
- Maximum leverage of 65% of GBV
- \$68 million revolving credit facility*
 - \$80 million acquisition capacity
- No mortgages maturing before 2017
- Current weighted average mortgage interest rate of 3.6%



* as at August 20, 2013

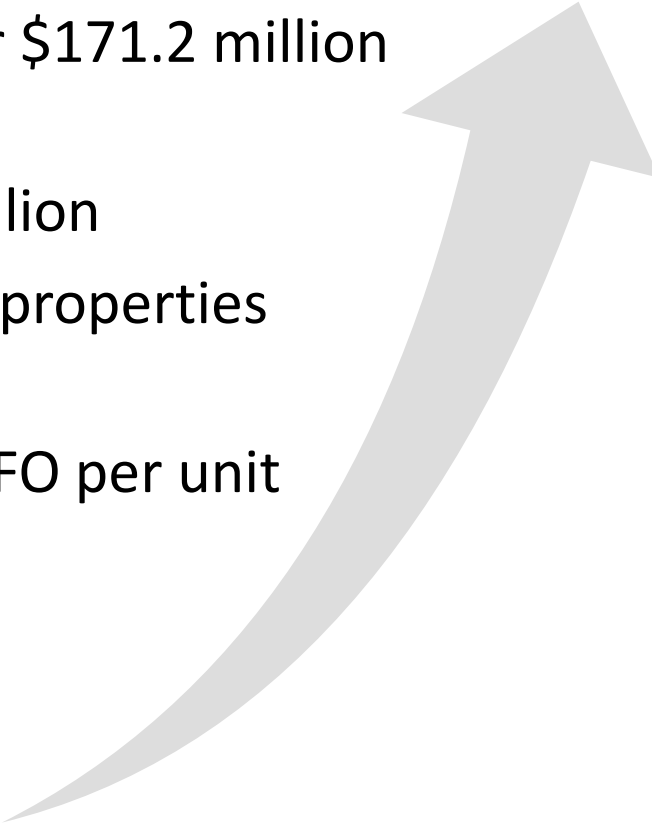
Progress on Head Leases

As at June 30, 2013	
Square feet under Head Lease	287,000 sq. ft.
Long-term leases secured	50,600 sq. ft.
Long-term leases under negotiation	197,000 sq. ft.

Recent Events



Significant Momentum

- \$75.1 million successful public offering in February 2013
 - Acquired 15 light industrial properties for \$171.2 million
 - average cap rate of 6.8%
 - Sold two non-core properties for \$5.4 million
 - Conditions waived on purchase of 7 new properties
 - Average cap rate of 7.2%
 - Acquisitions highly accretive to FFO & AFFO per unit
 - Monthly cash distributions launched
 - New DRIP introduced with 5% bonus
- 

Growth Strategies



1. External Growth

- Acquire high quality industrial properties
 - New, well maintained, low capex
 - Focus on multi-tenant properties
 - Priced below replacement cost
 - \$224 million to date in 2013
- All acquisitions must be accretive
 - Strong spread between cap rates & cost of debt



2. Internal Growth

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



3. Development Partnerships

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

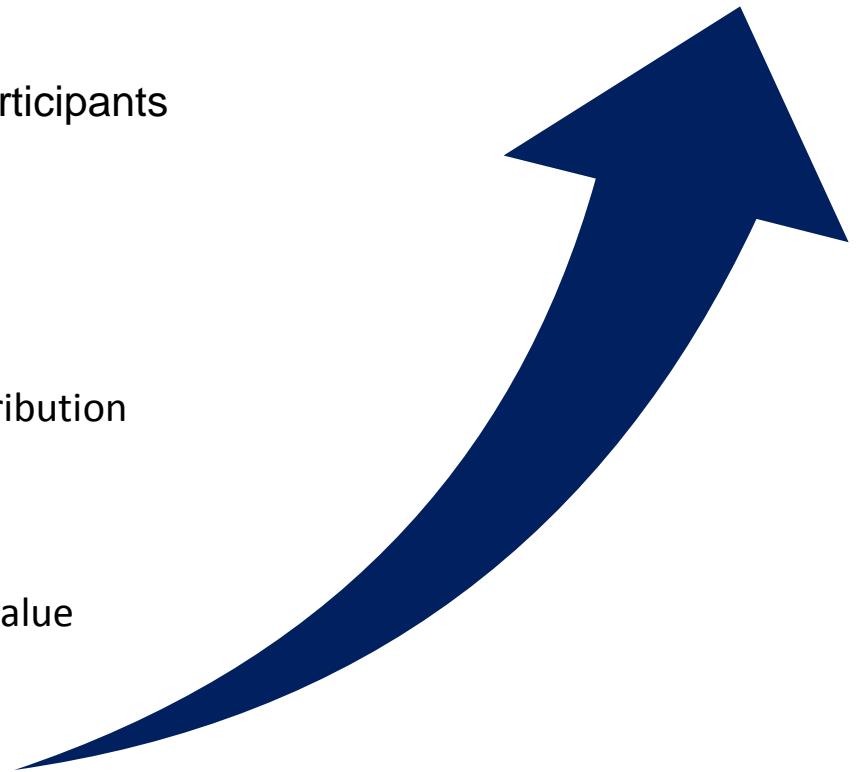


Summary



A Promising Future

- Industrial properties provide stable secure and growing cash flows
 - Solid sector fundamentals, strong track record of performance
- Highly fragmented asset class
 - Less than 5% owned by public market participants
- Strong portfolio growth this year
 - \$224 million in acquisitions to date
- Attractive current cash yield
 - Currently paying approx. 8.5% cash yield distribution
 - Conservative 81.3% FFO payout ratio
- Experienced, proven management team
 - The expertise and the relationships to build value
 - Fully aligned with all Unitholders





Appendices

Summit **II** REIT

Summit Industrial Income REIT

Management Team



Lou Maroun | Chairman, Sigma Asset Management Limited

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



Paul Dykeman | CEO, Sigma Asset Management Limited

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



Ross Drake | CFO, Sigma Asset Management Limited

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



Jonathan Robbins | VP of Acquisitions, Sigma Asset Management Limited

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



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

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

Fee Structure

Asset Management Fee	<ul style="list-style-type: none"> ● 0.25% of gross book value
Incentive Fee	<ul style="list-style-type: none"> ● Incentive fee 15% of the AFFO over the hurdle rate of \$0.48 per unit post consolidation ● Hurdle grows at 1.5% per year
Acquisition Fee	<ul style="list-style-type: none"> ● On each acquisition, (i) 1% on the first \$50 million; (ii) 0.75% on the next \$50 million; (iii) 0.50% on the balance greater than \$100 million ● Acquisition fee removed upon reaching a gross book value of \$1 billion
Initial Term	<ul style="list-style-type: none"> ● 10 years
Fully Aligned	<ul style="list-style-type: none"> ● Principles own 10.2% of Trust Units, will continue to invest going forward

Current Portfolio

Summit II REIT Portfolio by Property								
Address	City	Year Built / Renovated	Single vs.		GLA (sf)	Occupancy (%)	NOI (\$)	
			Multi- Tenant	No. of Tenants (#)				
British Columbia								
6708, 87A Avenue	Fort Saint John	2006	Single	1	13,500	100.0%	\$	276,001
2500 Cranbrook Street	Cranbrook	1970	Single	1	8,200	100.0%	\$	116,121
Alberta								
3703 98th Street	Edmonton	1978	Single	1	45,752	100.0%	\$	481,354
5880 56th Ave	Edmonton	1997/ 2004	Single	1	30,411	100.0%	\$	447,983
Ontario								
501 Palladium Drive	Ottawa	2007	Single	1	258,371	100.0%	\$	2,016,606
134 Bethridge Road	Bethridge	~1965	Single	1	142,386	100.0%	\$	766,629
710 Neal Drive	Peterborough	1973 / Ongoing	Single	1	101,601	100.0%	\$	413,149
200 Iber Road	Ottawa	2007	Multi	4	75,743	100.0%	\$	462,998
240 Laurier Boulevard	Brockville	2005 / 2010	Single	1	68,093	100.0%	\$	1,131,252
155-161 Orenda Road ⁽¹⁾	Brampton	1970	Multi	3	319,077	100.0%	\$	1,569,236
8705 Torboram Road ⁽¹⁾	Brampton	1980 / 2003	Multi	3	295,957	100.0%	\$	1,397,355
6 Shaftsbury Lane	Brampton	1975	Single	1	125,871	100.0%	\$	685,273
40 Summerlea Road	Brampton	1987	Single	1	121,138	100.0%	\$	653,246
296-300 Walker Drive	Brampton	1976	Multi	2	102,972	100.0%	\$	546,740
292-294 Walker Drive ⁽¹⁾	Brampton	1987	Multi	3	74,583	100.0%	\$	499,806
165 Orenda Road	Brampton	2003	Single	1	57,055	100.0%	\$	305,089
1075 Clark Boulevard	Brampton	1974	Single	1	35,842	100.0%	\$	293,557
200 Vandorf	Aurora	1985	Single	1	322,187	100.0%	\$	2,104,573
125 Nashdene	Scarborough	1992	Multi	2	163,402	100.0%	\$	862,454
40 Dynamic Drive	Scarborough	1988	Multi	4	86,681	100.0%	\$	394,108
50 Dynamic Drive	Scarborough	1986	Single	1	45,003	100.0%	\$	224,715
New Brunswick								
290 Frenette	Moncton	2012	Single	1	169,474	100.0%	\$	1,501,963
Total Current Portfolio				36	2,663,299 [✓]	100.0%	\$	17,150,208
Ontario								
110 Walker Drive	Brampton	1981 / 1987	Single	1	148,832	100.0%	\$	884,765
500 Veterans Drive	Barrie	2004	Single	1	216,460	100.0%	\$	1,162,076
Quebec								
175 Bellerose Boulevard	Laval	2007	Single	1	81,087	100.0%	\$	527,623
2580 Dollard	Lassalle	1973	Multi	4	89,000	100.0%	\$	483,899
2695 Dollard	Lassalle	1954 / 1980	Multi	1	62,279	75.0%	\$	179,063
300 Labrosse	Pointe-Claire	1974	Single	1	55,333	100.0%	\$	279,209
7290 Frederick Banting	St. Laurent	2001	Single	1	20,859	100.0%	\$	285,519
Total Acquired Portfolio (subsequent event purchases)				10	673,850 [✓]	97.7%	\$	3,802,154
Total Updated Portfolio				46	3,337,149 [✓]	99.5%	\$	20,952,362

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

Attractive Properties



501 Palladium Drive, Ottawa

- 258,371 square feet
- 5 years old
- Average lease term of 4.2 years
- 100% occupied



296-300 Walker Drive, Brampton

- 102,972 square feet
- 36 years old
- Average lease term of 6.1 years
- 100% occ. (Vendor lease begins in Nov.)



200 Vandorf Sideroad, Aurora

- 322,187 square feet
- 27 years old
- Average lease term of 9.7 years
- 100% occupied



165 Orenda Road, Brampton

- 57,055 square feet
- 9 years old
- Average lease term of 3.2 years
- 100% occupied



40 Dynamic Drive, Scarborough

- 86,681 square feet
- 24 years old
- Average lease term of 2.7 years
- 100% occupied



6 Shaftsbury Lane, Brampton

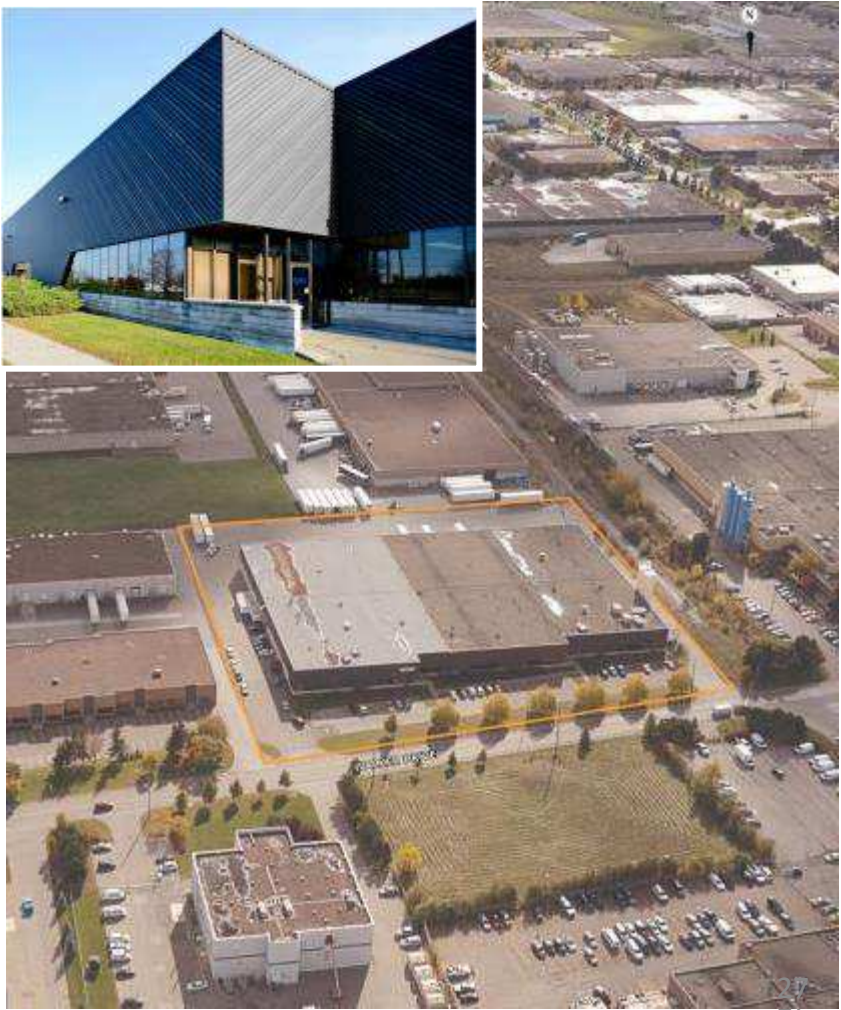
- 125,871 square feet
- 37 years old
- Average lease term of 13.3 years
- 100% occupied

New Brampton Properties

155 & 161 Orenda Road



296 – 300 Walker Drive

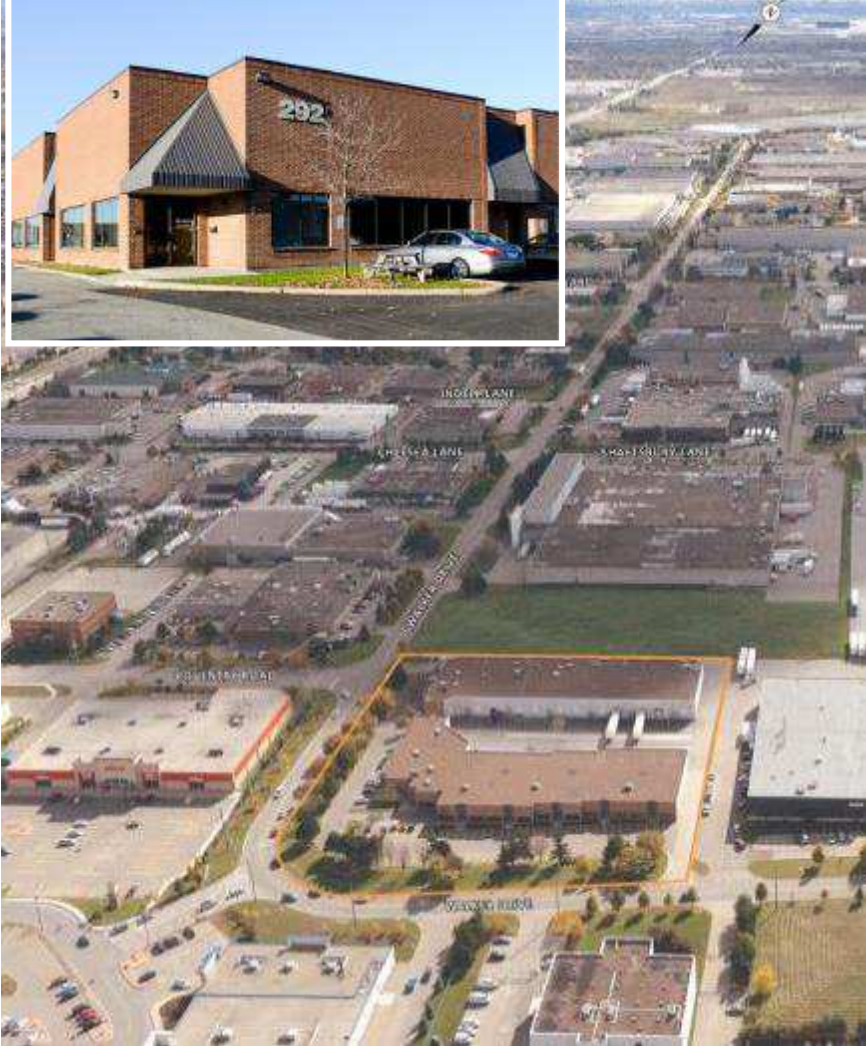


New Brampton Properties

8705 Torbram Rd



292 – 294 Walker Drive





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