



# Summit **II** REIT

Summit Industrial Income REIT

## **UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the three and nine month periods ended September 30, 2015 and 2014

**SUMMIT INDUSTRIAL INCOME REIT**

For the three and nine month periods ended September 30, 2015 and 2014

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# SUMMIT INDUSTRIAL INCOME REIT

## Unaudited Condensed Consolidated Interim Balance Sheets

As at September 30, 2015 and December 31, 2014

(In thousands of Canadian dollars)

	Note	September 30, 2015	December 31, 2014
<b>Assets</b>			
<b>Non-current</b>			
Investment properties	4	\$ 399,189	\$ 335,842
<b>Current</b>			
Accounts receivable	5	2,413	2,479
Prepaid expenses, deposits, and deferred financing costs	5	1,446	3,325
Cash		645	-
		4,504	5,804
<b>Total assets</b>		<b>\$ 403,693</b>	<b>\$ 341,646</b>
<b>Liabilities</b>			
<b>Non-current</b>			
Loans and borrowings	6	\$ 174,936	\$ 148,324
Security deposits		2,522	1,770
		177,458	150,094
<b>Current</b>			
Loans and borrowings	6	43,600	40,353
Trade and other accrued liabilities		5,460	6,084
Distributions payable	7	1,210	983
		50,270	47,420
<b>Total liabilities</b>		<b>227,728</b>	<b>197,514</b>
<b>Unitholders' equity</b>		<b>175,965</b>	<b>144,132</b>
<b>Total liabilities and equity</b>		<b>\$ 403,693</b>	<b>\$ 341,646</b>

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

Approved by the Board of Trustees on November 10, 2015

\_\_\_\_\_  
"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, 2015 and 2014

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

	Note	Three month period ended September 30, 2015	Three month period ended September 30, 2014	Nine month period ended September 30, 2015	Nine month period ended September 30, 2014
Revenue from investment properties		\$ 9,903	\$ 6,987	\$ 28,669	\$ 21,208
Property operating expenses		3,107	1,736	8,899	5,453
<b>Net rental income</b>		<b>6,796</b>	<b>5,251</b>	<b>19,770</b>	<b>15,755</b>
<b>Other income</b>					
Other income		-	-	180	-
Finance income		3	2	9	5
Gain (loss) on sale of investment properties	4	(540)	-	1,433	-
		(537)	2	1,622	5
<b>Other expenses</b>					
General and administrative		336	344	1,625	1,940
Finance costs		2,079	1,684	6,092	5,393
		2,415	2,028	7,717	7,333
<b>Income before fair value adjustments to investment properties</b>		<b>3,844</b>	<b>3,225</b>	<b>13,675</b>	<b>8,427</b>
Fair value adjustments to investment properties	4	(515)	(68)	(696)	(109)
<b>Net income and comprehensive income</b>		<b>\$ 3,329</b>	<b>\$ 3,157</b>	<b>\$ 12,979</b>	<b>\$ 8,318</b>
<b>Net income per Unit</b>					
Basic	7	\$ 0.116	\$ 0.135	\$ 0.455	\$ 0.407
Diluted	7	\$ 0.116	\$ 0.135	\$ 0.455	\$ 0.407

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, 2015 and 2014

(In thousands of Units and Canadian dollars)

	Fund Units	Note	Unit equity	Deficit	Unitholders' equity
<b>Beginning balance, January 1, 2014</b>	18,157		\$ 122,657	\$ (8,361)	\$ 114,296
Net income and comprehensive income	-		-	8,318	8,318
Distributions	-	7	-	(7,658)	(7,658)
Units issued through DRIP	214	7	1,224	-	1,224
Issuance of Units, net of costs	4,968	7	27,408	-	27,408
<b>Unitholders' equity, September 30, 2014</b>	<b>23,339</b>		<b>\$ 151,289</b>	<b>\$ (7,701)</b>	<b>\$ 143,588</b>
<b>Beginning balance, January 1, 2015</b>	<b>23,397</b>		<b>\$ 151,621</b>	<b>\$ (7,489)</b>	<b>\$ 144,132</b>
Net income and comprehensive income	-		-	12,979	12,979
Distributions	-	7	-	(11,298)	(11,298)
Units issued through DRIP	281	7	1,611	-	1,611
Issuance of Units, net of costs	5,130	7	28,541	-	28,541
<b>Unitholders' equity, September 30, 2015</b>	<b>28,808</b>		<b>\$ 181,773</b>	<b>\$ (5,808)</b>	<b>\$ 175,965</b>

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, 2015 and 2014

(In thousands of Canadian dollars)

	Note	2015	2014
<b>Operating activities</b>			
Net income and comprehensive income		\$ 12,979	\$ 8,318
Add (deduct):			
Finance costs		6,092	5,393
Gain on sale of investment properties		(1,433)	-
Straight-line rent adjustment		(731)	(558)
Fair value adjustments to investment properties		696	109
Change in non-cash working capital items		(2,798)	3,006
Interest and finance fees paid		(5,953)	(5,740)
		<b>8,852</b>	<b>10,528</b>
<b>Financing activities</b>			
Repayment of loans and borrowings		(9,941)	(56,032)
Increase in loans and borrowings		28,000	29,200
Distributions paid	7	(9,460)	(6,195)
Net proceeds from Units issued	7	28,541	27,408
		<b>37,140</b>	<b>(5,619)</b>
<b>Investing activities</b>			
Additions to investment properties		(4,059)	(5,681)
Proceeds from sale of investment properties		16,489	25,294
Acquisition of investment properties		(57,777)	(25,517)
		<b>(45,347)</b>	<b>(5,904)</b>
Increase in cash		645	(995)
Cash, beginning of period		-	1,047
<b>Cash, end of period</b>		<b>\$ 645</b>	<b>\$ 52</b>

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, 2015 and 2014

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### **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 294 Walker Drive, Brampton, Ontario, L6T 4Z2. The Trust is primarily involved in the commercial leasing of real estate property with 29 property locations in Ontario, 4 properties across Western Canada, 11 properties in Montreal, 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, 2014.

The Board of Trustees authorized the issue of these condensed consolidated interim financial statements on November 10, 2015.

#### **(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 Trust’s accounting policies set forth in Note 3.

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

### **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, 2014 as described in Note 4 of those financial statements.

#### **(a) Principles of consolidation**

These consolidated financial statements include the accounts of the Trust and its wholly-owned subsidiaries, Summit Industrial Income Holdings Limited Partnership and Summit Industrial Income Operating Limited Partnership and their respective general partners, Summit Industrial Income Holdings GP Ltd. and Summit Industrial Income Corp. Subsidiaries are all entities in which 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.

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

## SUMMIT INDUSTRIAL INCOME REIT

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended September 30, 2015 and 2014

### 3. Significant accounting policies (continued)

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) Joint arrangements

Under IFRS 11 – *Joint Arrangements*, a joint arrangement is an arrangement in which two or more parties have joint control. Joint control is the contractually agreed sharing of control whereby decisions about relevant activities require unanimous consent of the parties sharing control.

A joint arrangement is classified as a joint operation when the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities related to the arrangement. A joint arrangement is classified as a joint venture when the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

A party to a joint operation records its share of the assets, liabilities, revenue and expenses of the joint operation. As at September 30, 2015, the Trust had an interest in a joint arrangement that was classified as a joint operation.

### 4. Investment properties

The following table presents the changes in investment properties for the nine months ended September 30, 2015 and the year ended December 31, 2014:

(In \$ thousands)	2015			2014		
	Investment properties	Investment property held for sale	Total	Investment properties	Investment property held for sale	Total
Balance, beginning of period	\$ 335,842	\$ -	\$ 335,842	\$ 307,651	\$ 750	\$ 308,401
Additions:						
Acquisition of investment properties	81,884	-	81,884	49,040	-	49,040
Additions to investment properties	5,128	-	5,128	4,166	85	4,251
Dispositions	(22,969)	-	(22,969)	(25,294)	(710)	(26,004)
Fair value (losses) gains	(696)	-	(696)	279	(125)	154
Balance, end of period	\$ 399,189	\$ -	\$ 399,189	\$ 335,842	\$ -	\$ 335,842



## SUMMIT INDUSTRIAL INCOME REIT

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended September 30, 2015 and 2014

### 4. Investment properties (continued)

Acquisitions of income properties completed during the nine month period ended September 30, 2015 are as follows:

(in \$ thousands)

Property	Property type	Ownership interest	Date acquired	Cash and other <sup>(1)</sup>	Mortgage financing	Acquisition cost <sup>(2)</sup>
5545 Ernest-Cormier, Laval, QC	Industrial	50%	05-Feb-15	\$ 1,637	\$ 2,353	\$ 3,990
185 Bellerose Blvd, Laval, QC	Industrial	50%	05-Feb-15	2,387	1,562	3,949
1970 John-Yule, Chambly, QC	Industrial	50%	05-Feb-15	1,750	1,067	2,817
3720 Ave des Grandes Tourelles, Broisbriand, QC	Industrial	50%	11-Feb-15	6,625	12,850	19,475
1177-1185 55e Ave., Dorval, QC	Industrial	50%	11-Feb-15	2,783	4,459	7,242
5757 Thimens Blvd., St. Laurent, QC	Industrial	50%	11-Feb-15	2,175	982	3,157
78 Walker Drive, Brampton, ON	Industrial	100%	23-Feb-15	4,761	6,626	11,387
1600 Clark Boulevard, Brampton, ON	Industrial	100%	23-Feb-15	2,498	3,494	5,992
65 Riveria Drive, Markham, ON	Industrial	100%	23-Feb-15	1,619	2,259	3,878
5485 Tomken Road, Mississauga, ON	Industrial	100%	23-Feb-15	1,983	2,771	4,754
2333 North Sheridan Way, Mississauga, ON	Industrial	100%	11-Jun-15	6,377	8,866	15,243
				\$34,595	\$ 47,289	\$ 81,884

(1) Cash and other includes cash, cash drawn from the bank credit facility, banker's acceptances loans, and assumption of security deposits.

(2) Acquisition costs includes acquisition-related expenses.

The Trust did not acquire any investment properties during the three month period ended September 30, 2015.

During the third quarter of 2015, a \$540,000 loss on the sale of investment properties was recorded attributed to changes to return of escrow receivable assumptions associated with the May 2014, sale of interest in an Ottawa property.

A total of \$395.4 million of investment properties are used for security under loans and borrowings.

Additions to investment properties of \$5.1 million, 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 in accordance with IAS 17, "Leases" and Standing Interpretations Committee ("SIC") 15, "Operating Leases - Incentives". The total straight-line rent receivable is \$2.1 million (December 31, 2014 - \$1.4 million).

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

## SUMMIT INDUSTRIAL INCOME REIT

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended September 30, 2015 and 2014

### 4. Investment properties (continued)

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 is determined for each property based on available market information related to the sale of similar buildings within the same geographic locations. Fair value losses for the nine months ended September, 2015 were \$696,000 (2014 - loss of \$109,000).

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

	2015			2014		
	Capitalization rate	Discount rate	Price per square foot	Capitalization rate	Discount rate	Price per square foot
Maximum	10.00%	10.00%	\$ 220.00	10.00%	10.00%	\$ 220.00
Minimum	6.00%	6.50%	\$ 50.00	6.00%	6.50%	\$ 50.00
Weighted average	6.65%	7.42%	\$ 97.36	6.74%	7.40%	\$ 98.12

Fair values are most sensitive to change in capitalization rates. A 0.50% increase in the weighted average capitalization rate for income properties would decrease fair value by \$28.9 million and a 0.50% decrease would increase fair value by \$33.9 million.

### 5. Accounts receivable, prepaid expenses, deposits and deferred financing costs

(In \$ thousands)	September 30, 2015	December 31, 2014
Tenant receivables	\$ 446	\$ 200
Other receivables (including funds in escrow)	1,967	2,279
	<b>\$ 2,413</b>	<b>\$ 2,479</b>
Prepaid expense and deposits	\$ 1,438	\$ 3,027
Deferred financing costs	8	298
	<b>\$ 1,446</b>	<b>\$ 3,325</b>

## SUMMIT INDUSTRIAL INCOME REIT

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended September 30, 2015 and 2014

### 6. Loans and borrowings

(In \$ thousands)	September 30, 2015	December 31, 2014
Term mortgages	\$ 186,715	\$ 151,865
Vendor take back mortgage payable	-	650
Variable rate debt	31,821	36,162
Total	218,536	188,677
Less: Current debt	43,600	40,353
Non-Current debt	\$ 174,936	\$ 148,324

During the three month period ended September 30, 2015, the revolving credit facility maturity date was extended to January 1, 2016.

Total term mortgages bear interest at a weighted average effective interest rate of 3.52% (2014- 3.68%) and stated interest rate of 3.65% (2014 - 3.73%). 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 mortgages payable is \$641,000 (2014 - \$66,000) of unamortized mark-to-market premiums related to a mortgage assumed on acquisition, and \$1.2 million (2014 - \$1.2 million) of unamortized deferred financing charges.

Included in variable rate debt, as of September 30, 2015, is \$30.9 million (2014 - \$36.2 million) drawn on the revolving credit facility of a total available of \$36.8 million.

Principal repayment requirements for term mortgages are as follows:

(In \$ thousands)	
2015 (remainder)	\$ 1,403
2016	11,882
2017	8,242
2018	56,541
2019	11,989
2020	45,981
Thereafter	51,267
Principal amount	187,305
Premium on debt	641
Deferred financing charges	(1,231)
Total term mortgages	\$ 186,715

## SUMMIT INDUSTRIAL INCOME REIT

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended September 30, 2015 and 2014

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### 7. 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 from 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, 2014	18,157	\$ 122,657
Issuance of Units on June 5, 2014	4,968	27,408
Units issued under the DRIP	214	1,224
<b>Balance September 30, 2014</b>	<b>23,339</b>	<b>\$ 151,289</b>
<b>Balance January 1, 2015</b>	<b>23,397</b>	<b>\$ 151,621</b>
Issuance of Units on January 7, 2015	5,130	28,541
Units issued under the DRIP	281	1,611
<b>Balance September 30, 2015</b>	<b>28,808</b>	<b>\$ 181,773</b>

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 months ended September 30, 2015, there were 281,108 (2014 - 213,482) Units issued under this plan for total proceeds of \$1.6 million (2014 - \$1.2 million), representing 14.6% (2014 - 16.5%) of the related distributions.

## SUMMIT INDUSTRIAL INCOME REIT

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended September 30, 2015 and 2014

### 7. Unitholders' equity (continued)

#### (c) Distributions

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

(In \$ thousands)	2015	2014
Paid in cash	\$ 9,460	\$ 6,195
Reinvested by Unitholders under the DRIP	1,611	1,224
\$0.0408 per Unit payable at December 31 (paid January)	(983)	(741)
\$0.0420 per Unit payable at September 30	1,210	980
Distributions recorded in equity	\$ 11,298	\$ 7,658

The Board of Trustees has adopted a policy to pay a special distribution to Unitholders of up to 20% of any realized gain on the sale of a property. During three months ended June 30, 2015, the Trust sold a 75% interest in two properties. As a result, a special distribution of \$0.016 per Unit was declared and paid on June 15, 2015 to Unitholders of record May 31, 2015. The total amount of this special distribution was \$459,000 or \$392,000 net of DRIP participation. The capital required for this distribution came directly from the net proceeds on the sale of the properties.

#### (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 2015	3 months 2014	9 months 2015	9 months 2014
Issued Units, beginning of period	23,397	18,157	23,397	18,157
Issuance of Units January 7, 2015	5,130	-	5,017	-
Issuance of Units June 5, 2014	-	4,968	-	2,147
Issuance of Units under the DRIP	234	183	136	117
Total weighted average number of Units outstanding	28,761	23,308	28,550	20,421

As at September 30, 2015 and 2014, the Trust has no Units or instruments outstanding that would have a dilutive effect on earnings per Unit.

## SUMMIT INDUSTRIAL INCOME REIT

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended September 30, 2015 and 2014

### 8. Related party transactions

Management agreement

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:

(In \$ thousands)	3 months 2015	3 months 2014	9 months 2015	9 months 2014
Acquisition fees (capitalized to investment properties)	\$ -	\$ 70	\$ 790	\$ 252
Asset management fees	249	189	724	562
Incentive fee	(63)	19	305	778
Leasing fees (capitalized to investment properties)	150	-	150	-
Property management services	360	306	1,054	934
	\$ 696	\$ 584	\$ 3,023	\$ 2,526

Included in trade and other accrued liabilities at September 30, 2015 is an amount of \$509,000 (2014 - \$1.0 million) due to Sigma.

During the nine month period ended September 30, 2015, Sigma paid \$25,000 to the Trust (2014 - \$25,000) for office space located at 294 Walker Drive, Brampton, Ontario, under a five year lease commencing June 1, 2013. As noted in the February 13, 2013 short form prospectus, Sigma agreed to backstop space under vendor lease from January 1, 2015 to December 31, 2016 or until the applicable vendor lease has been satisfied. In September, 2015, Sigma contributed an additional \$26,000 toward leasing costs for space under vendor lease as agreed upon with the Independent Trustees, for a total contribution of \$149,000 year to date September 30, 2015 (2014 – nil). As at September 30, 2015, \$74,000 (2014 – nil) was paid to the Trust for the vendor lease space.

Trustee related fees of \$134,000 (2014 - \$88,000) are included in general and administrative expenses for the nine month period ended September 30, 2015.

### 9. 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.

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.

## **SUMMIT INDUSTRIAL INCOME REIT**

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three and nine month periods ended September 30, 2015 and 2014

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### **10. Income tax (continued)**

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 qualified as a REIT for 2014 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 consolidated financial statements.

### **11. Subsequent events**

#### Distribution

On October 15, 2015, a distribution in the amount of \$0.042 per Unit for Unitholders of record October 31, 2015, was declared and will be paid on November 13, 2015.