

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus supplement (the “Prospectus Supplement”) together with the short form base shelf prospectus dated May 28, 2019 to which it relates, as amended or supplemented (the “Base Shelf Prospectus”), and each document incorporated by reference into this Prospectus Supplement and the Base Shelf Prospectus for the purpose of the distribution of the securities to which this Prospectus Supplement pertains (collectively, the “Prospectus”) constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

Information has been incorporated by reference in the Prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Secretary of the REIT at 75 Summerlea Road, Unit B, Brampton, Ontario, L6T 4V2, telephone (905) 791-1181 and are also available electronically at [www.sedar.com](http://www.sedar.com).

The securities offered herein have not been and will not be registered under the United States Securities Act of 1933, as amended and, subject to certain exceptions, may not be offered or sold within the United States. See “Plan of Distribution”.

**PROSPECTUS SUPPLEMENT  
(TO THE SHORT FORM BASE SHELF PROSPECTUS DATED MAY 28, 2019)**

New Issue

June 5, 2019

# Summit **II** REIT

Summit Industrial Income REIT

**\$130,000,000**  
**10,400,000 Units**

This Prospectus Supplement, together with the accompanying Base Shelf Prospectus, qualifies the distribution (the “Offering”) of 10,400,000 units (the “Units”) of Summit Industrial Income REIT (the “REIT”) at a price of \$12.50 per Unit (the “Offering Price”) pursuant to an underwriting agreement (the “Underwriting Agreement”) dated June 5, 2019 among the REIT and BMO Nesbitt Burns Inc. (“BMO Nesbitt Burns”), CIBC World Markets Inc. (“CIBC”), RBC Dominion Securities Inc., National Bank Financial Inc., TD Securities Inc., Desjardins Securities Inc., Industrial Alliance Securities Inc., Scotia Capital Inc. and Canaccord Genuity Corp. (collectively, the “Underwriters”). The Offering Price of the Units was determined by negotiation between the REIT and the Underwriters.

The REIT is an unincorporated, open-ended real estate investment trust governed by the provisions of its Declaration of Trust (as defined herein) and the laws of the Province of Ontario. The currently outstanding Units are listed and posted for trading on the Toronto Stock Exchange (the “TSX”) under the trading symbol “SMU.UN”. The closing price of the Units on the TSX on June 3, 2019, the last trading day prior to the announcement of the Offering, was \$12.82. The closing price of the Units on the TSX on June 4, 2019 the last trading day prior to the filing of this Prospectus Supplement, was \$12.53.

**There are risks associated with an investment in the Units. See “Risk Factors” for a discussion of factors that should be considered by prospective investors and their advisors in assessing the appropriateness of an investment in the Units.**

Price \$12.50 per Unit

|                            | Price to the<br>Public | Underwriters’<br>Fee <sup>(1)</sup> | Net Proceeds<br>to the REIT <sup>(2)</sup> |
|----------------------------|------------------------|-------------------------------------|--|
| Per Unit .....             | \$ 12.50               | \$ 0.50                             | \$ 12.00                                   |
| Total <sup>(3)</sup> ..... | \$ 130,000,000         | \$ 5,200,000                        | \$ 124,800,000                             |

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**Notes:**

- (1) Pursuant to the terms of the Underwriting Agreement, the Underwriters will receive a fee equal to \$0.50 per Unit, or 4.0% of the gross proceeds of the Offering (the “**Underwriters’ Fee**”). See “*Plan of Distribution*”.
- (2) After deducting the Underwriters’ Fee but before deducting the expenses of the Offering, which are estimated to be \$350,000.
- (3) The REIT has granted to the Underwriters an option (the “**Over-Allotment Option**”) to purchase up to an additional 1,560,000 Units at a price of \$12.50 per Unit on the same terms and conditions as the Offering, exercisable in whole or in part from time to time up to 30 days following the closing of the Offering (the “**Closing**”) for the purpose of covering the Underwriters’ over-allocation position, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total “Price to the Public”, “Underwriters’ Fee” and “Net Proceeds to the REIT” (before deducting expenses of the Offering) will be \$149,500,000, \$5,980,000 and \$143,520,000, respectively. The Prospectus also qualifies for distribution the grant of the Over-Allotment Option and the issuance of Units pursuant to the exercise of the Over-Allotment Option. See “*Plan of Distribution*” and the table below. A purchaser who acquires Units forming part of the Underwriters’ over-allocation position acquires those securities under the Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

The following table sets out the securities issuable to the Underwriters in connection with the Offering:

| <b>Underwriters’ Position</b> | <b>Maximum Number of Securities Available</b> | <b>Exercise Period</b>                                    | <b>Exercise Price</b> |
|-------------------------------|---|---|-----------------------|
| Over-Allotment Option         | Option to acquire up to 1,560,000 Units       | Exercisable for a period of 30 days following the Closing | \$12.50 per Unit      |

The Underwriters, as principals, conditionally offer the Units qualified under the Prospectus, subject to prior sale, if, as and when issued by the REIT and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “*Plan of Distribution*”, and subject to the approval of certain legal matters relating to the Offering on behalf of the REIT by McCarthy Tétrault LLP, and on behalf of the Underwriters by Stikeman Elliott LLP.

**Each of BMO Nesbitt Burns and CIBC is a wholly-owned subsidiary of a Canadian chartered bank which has extended indebtedness to the REIT under the Revolving Credit Facility (as defined herein). In addition, a portion of the net proceeds of the Offering will be used by the REIT to repay the indebtedness owing under the Revolving Credit Facility. Consequently, the REIT may be considered a “connected issuer” of BMO Nesbitt Burns and CIBC within the meaning of applicable Canadian securities legislation. See “*Plan of Distribution*” and “*Indebtedness*”.**

Subscriptions for Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that Closing will occur on June 12, 2019 or such other date not later than June 19, 2019 as the REIT and the Underwriters may agree. The Units will be represented by uncertificated interests in the name of CDS Clearing and Depository Services Inc. (“**CDS**”) or its nominee under the book-based system administered by CDS. No certificates evidencing the Units will be issued to subscribers except in certain limited circumstances, and registration will be made in the depository service of CDS. Subscribers for Units will receive only a customer confirmation from the Underwriters or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Units is purchased.

The REIT has applied to the TSX for approval of the listing of the Units to be distributed under this Prospectus Supplement. Listing will be subject to the REIT fulfilling all of the listing requirements of the TSX.

Subject to applicable laws, the Underwriters may, in connection with the Offering, over-allot or effect transactions which stabilize or maintain the market price of the Units at levels other than those which might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. The Underwriters propose to offer the Units initially at the Offering Price. **After the Underwriters have made reasonable efforts to sell all of the Units at the Offering Price, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any of the Units remaining unsold. Any such reduction will not affect the proceeds received by the REIT. See “*Plan of Distribution*”.**

Although the REIT intends to continue to make monthly distributions of a portion of its available cash to holders of the Units (the “**Unitholders**”), as further described under “*Distributions*” in the Annual Information Form (as defined herein) and in the Base Shelf Prospectus under “*Recent Developments – Distribution Increase*”, these cash distributions are not assured. A return on an investment in the REIT is not comparable to the return on an investment in a fixed-income security. The ability of the

REIT to continue to make cash distributions and the actual amount distributed will be dependent upon, among other things, the financial performance of the REIT, interest rates, occupancy rates, its debt covenants and obligations, its working capital requirements and its future capital requirements. An investment in the Units is subject to a number of risks and investment considerations that should be considered by a prospective purchaser. See “*Risk Factors*”.

**The REIT is not a trust company and is not registered under applicable legislation governing trust companies and it does not carry on or intend to carry on the business of a trust company. The Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of that act or any other legislation.**

Investors should be aware that the acquisition, holding or disposition of the securities described in this Prospectus Supplement may have tax consequences in Canada or elsewhere depending on each particular investor’s specific circumstances. Investors should consult their own tax advisors with respect to such tax considerations. The after-tax return from an investment in Units to Unitholders subject to Canadian income tax will depend, in part, on the composition for tax purposes of distributions paid by the REIT on Units, which may be fully or partially taxable or tax deferred. That composition may change over time, thus affecting a Unitholder’s after-tax return. See “*Certain Canadian Federal Income Tax Considerations*” and “*Risk Factors*”.

**Investors who are not residents of Canada for tax purposes should consult their own tax advisors concerning the tax consequences to them of the Offering.**

**There are limits on ownership of Units by non-residents of Canada, as described in the REIT’s fifth amended and restated declaration of trust made as of December 19, 2017 (the “Declaration of Trust”). See “*Description of Capital Structure – Limitations on Non-Resident Ownership*” in the Annual Information Form.**

The head office of the REIT is located at 75 Summerlea Road, Unit B, Brampton, Ontario, L6T 4V2, telephone (905) 791-1181.

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## NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus Supplement contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words “expect”, “anticipate”, “continue”, “estimate”, “objective”, “ongoing”, “may”, “will”, “project”, “should”, “believe”, “plans”, “intends”, “goal” and similar expressions are intended to identify forward-looking information or statements. More particularly and without limitation, this Prospectus Supplement contains forward looking statements and information concerning: the tax treatment of the REIT’s distributions to Unitholders; the ability of the REIT to qualify for the REIT Exception (as defined herein); the intention of the REIT to continue distributions to Unitholders and the amount of such distributions; the completion of the Offering on the terms and conditions described herein; the use of proceeds of the Offering; and the date on which the closing of the Offering is expected to occur. Although the REIT believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information because the REIT can give no assurance that they will prove to be correct. The material factors or assumptions upon which the forward-looking statements are based include the various assumptions set forth in this Prospectus Supplement, including, but not limited to: the REIT’s future growth potential, results of operations, future prospects and opportunities; legislative or regulatory matters; future levels of indebtedness; tax laws as currently in effect; the continual availability of capital and current economic conditions. By its nature, such forward-looking information is subject to various risks and uncertainties, which could cause the actual results and expectations to differ materially from the anticipated results or expectations expressed, including, but not limited to, those factors discussed under “Risk Factors” in this Prospectus. Readers are cautioned not to place undue reliance on this forward-looking information, which is given as of the date hereof, and to not use such forward-looking information for anything other than its intended purpose. The REIT undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law. All forward-looking statements and forward-looking information in this Prospectus Supplement, including the documents incorporated herein by reference, are qualified by these cautionary statements.

Certain statements included in this Prospectus may be considered a “financial outlook” for purposes of applicable Canadian securities laws, and as such, the financial outlook may not be appropriate for purposes other than this Prospectus.

## ELIGIBILITY FOR INVESTMENT

In the opinion of McCarthy Tétrault LLP, counsel to the REIT, and Stikeman Elliott LLP, counsel to the Underwriters, provided the REIT qualifies as a “mutual fund trust” for purposes of the *Income Tax Act* (Canada) (the “**Tax Act**”) and the regulations thereunder or the Units are listed on a designated stock exchange (which currently includes the TSX), the Units, if issued on the date hereof, will be qualified investments for trusts governed by registered retirement savings plans (“**RRSPs**”), registered retirement income funds (“**RRIFs**”), registered disability savings plans (“**RDSPs**”), deferred profit sharing plans, registered education savings plans (“**RESPs**”) and tax-free savings accounts (“**TFSA**s”), each as defined in the Tax Act (collectively, “**Registered Plans**”).

Notwithstanding that Units may be qualified investments for a trust governed by a TFSA, RRSP, RESP, RDSP or RRIF, the holder, annuitant, or subscriber thereof will be subject to a penalty tax on the Units if such Units are a “prohibited investment” for such a Registered Plan. Units will generally be a “prohibited investment” if the holder, annuitant, or subscriber of such a Registered Plan (i) does not deal at arm’s length with the REIT for purposes of the Tax Act or (ii) has a “significant interest” (within the meaning of the Tax Act) in the REIT. In addition the Units will generally not be a “prohibited investment” if the Units are “excluded property” (within the meaning of the Tax Act). Prospective purchasers who intend to hold Units in a TFSA, RRSP, RRIF, RDSP or RESP should consult their own tax advisors as to whether the Units will be a “prohibited investment” in their particular circumstances.

## GENERAL MATTERS

In this Prospectus Supplement, “we”, “us” and “our” refer to the REIT unless the context otherwise requires. Unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and all information is presented as at the date of this Prospectus Supplement.

You should rely only on the information contained in this Prospectus Supplement, the accompanying Base Shelf Prospectus and in the documents incorporated by reference herein. We have not authorized anyone to provide you with information different from that contained in the Prospectus. We are offering the Units only in jurisdictions where, and to persons to whom, such offering is lawfully permitted. The information contained in the Prospectus is accurate only as of the date of this Prospectus Supplement, regardless of the time of delivery of this Prospectus Supplement or of any sale of the Units.

## DOCUMENTS INCORPORATED BY REFERENCE

**This Prospectus Supplement is deemed to be incorporated by reference into the Base Shelf Prospectus solely for the purpose of the Offering.**

**Information has been incorporated by reference in the Prospectus from documents filed with securities commissions or similar authorities in Canada.** Copies of documents incorporated herein by reference may be obtained on request without charge from the Secretary of the REIT at 75 Summerlea Road, Unit B, Brampton, Ontario, L6T 4V2, telephone (905) 791-1181, and are also available electronically at [www.sedar.com](http://www.sedar.com). The following documents, as filed with the various securities commissions or similar authorities in each of the provinces and territories of Canada are specifically incorporated by reference into, and form an integral part of, the Prospectus:

- (a) the unaudited condensed consolidated interim financial statements of the REIT for the three month periods ended March 31, 2019 and 2018;
- (b) the management's discussion and analysis of financial condition and results of operations for the REIT for the three months ended March 31, 2019;
- (c) the audited consolidated financial statements of the REIT for the years ended December 31, 2018 and 2017, together with the notes thereto and the independent auditor's report thereon;
- (d) the management's discussion and analysis of financial condition and results of operations for the REIT for the year ended December 31, 2018;
- (e) the material change report dated May 17, 2019 in respect of the closing of the Internalization (as defined herein);
- (f) the material change report dated April 3, 2019 in respect of the Internalization;
- (g) the annual information form of the REIT for the year ended December 31, 2018 dated March 29, 2019 (the "**Annual Information Form**");
- (h) the management information circular of the REIT dated March 29, 2019 in connection with the annual and special meeting of Unitholders held on May 8, 2019 (the "**Circular**"), provided, however, that the following sections or subsections of the Circular are hereby excluded from this Prospectus Supplement in accordance with Item 11.1(3) of Form 44-101F1 – *Short Form Prospectus Distributions* as the Internalization has been completed:
  - A) the references to Scotia Capital Inc. and the opinion of Scotia Capital Inc. in the Letter to the Unitholders of Summit Industrial Income REIT;
  - B) the references to Scotia Capital Inc. and the opinion of Scotia Capital Inc. under the headings "Questions and Answers Relating to the Internalization and Meeting – What were the Special Committee's reasons for recommending the Internalization?" at page 4 of the Circular, "Questions and Answers Relating to the Internalization and Meeting – Was there a fairness opinion relating to the Internalization prepared for the Special Committee?" at page 5 of the Circular; "Particulars of Matters to be Acted Upon – Internalization – Background of the Internalization" at pages 32 - 33 of the Circular; "Particulars of Matters to be Acted Upon – Internalization – Reasons for the Recommendation – Fairness Opinion from Scotia Capital" at page 35 of the Circular; and

“Particulars of Matters to be Acted Upon – Internalization – Fairness Opinion” at pages 42 - 43 of the Circular;

C) “Consent of Scotia Capital” at page 48 of the Circular;

D) Schedule A – Fairness Opinion; and

E) any other references to Scotia Capital Inc. and the opinion of Scotia Capital Inc. contained in the Circular.

(i) the material change report dated June 4, 2019 in respect of the Offering; and

(j) the template version of the term sheet dated June 3, 2019 filed on SEDAR in connection with the Offering (the “**Term Sheet**”).

Any documents of the types referred to above, any material change reports (but excluding confidential material change reports) and business acquisition reports and any other documents referred to in section 11.1 of Form 44-101F1 of National Instrument 44-101 filed by the REIT with any securities regulatory authorities after the date of this Prospectus Supplement and prior to the termination of the distribution pursuant to the Offering will be deemed to be incorporated by reference into this Prospectus Supplement and the Base Shelf Prospectus for purposes of the Offering.

**Notwithstanding anything herein to the contrary, any statement contained in this Prospectus Supplement, or in a document incorporated or deemed to be incorporated by reference in the Base Shelf Prospectus will be deemed to be modified or superseded, for purposes of the Offering, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein or in the Base Shelf Prospectus or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not, except as so modified or superseded, be deemed to constitute a part of the Prospectus.**

## MARKETING MATERIALS

Any “template version” of “marketing materials” (as such terms are defined in National Instrument 41-101 – *General Prospectus Requirements*), including the Term Sheet, will be incorporated by reference in the Prospectus. However, such “template version” of “marketing materials” will not form part of the Prospectus to the extent that the contents of the “template version” of “marketing materials” are modified or superseded by a statement contained in the Prospectus. Any “template version” of “marketing materials” filed on SEDAR after the date hereof but prior to the termination of the distribution of the Units offered under this Prospectus Supplement (including any amendments to, or an amended version of, the Term Sheet) will be deemed to be incorporated into the Prospectus.

## DESCRIPTION OF THE BUSINESS

The REIT is an unincorporated open-ended real estate investment trust established by the Declaration of Trust and governed by the laws of the Province of Ontario.

As at March 31, 2019, the REIT’s property portfolio was comprised of 108 industrial properties and one data centre facility for a total of 109 income producing properties across Ontario, Western Canada, Quebec and Atlantic Canada, with a net book value of approximately \$1.7 billion.

The REIT is primarily focused on the light industrial segment of the Canadian real estate industry. Light industrial properties are generally one or two storey properties located in or near major cities in Canada. The properties house such activities as warehousing and storage, light assembly and shipping, call centers and technical support,

professional services and a number of other similar uses. The REIT has augmented its primary investments in the light industrial sector with investments in data centre properties.

The REIT competes for suitable real property investments with individuals, corporations, other real estate investment trusts and institutions (both Canadian and foreign) which are presently seeking or which may seek in the future, real property investments similar to those desired by the REIT.

Sigma Asset Management Limited (the “**Manager**”) was engaged by the REIT on September 25, 2012 to provide the services necessary to manage the REIT’s day-to-day operations and provide strategic, advisory, asset management and administrative services, pursuant to a management agreement between the Manager and the REIT, as amended (the “**Management Agreement**”). On March 25, 2019, the REIT announced that it had entered into an agreement with Sigma Industrial Real Estate Advisors Limited (the “**Purchase Agreement**”) to internalize the REIT’s asset and property management functions (the “**Internalization**”). The Internalization received approval by disinterested Unitholders on May 8, 2019 and was completed on May 17, 2019. As a result of the Internalization, the annual asset management fee, property management fee, acquisition fee, incentive fee, and other fees that were payable by the REIT to the Manager under the Management Agreement have been eliminated. On closing of the Internalization, a subsidiary of the REIT acquired all of the outstanding shares of the Manager for total consideration of \$95.0 million, which was satisfied by a combination of (i) \$20.0 million in cash funded from the Revolving Credit Facility, and (ii) the issuance of 6,666,666 Units, at a 30-day volume weighted average trading price of the Units of \$11.25 per Unit, in the aggregate amount of \$75.0 million (the “**Consideration Units**”). Two-thirds of the Consideration Units are subject to a lock-up period with 25% of those units being released after four years and the balance being released after five years, and the remaining one-third of the Consideration Units are subject to a lock-up period of three years, with an equal amount of those units released each year.

## DESCRIPTION OF THE UNITS

As of June 3, 2019, there were 106,531,212 Units outstanding. In addition to the outstanding Units, as at June 3, 2019, there were 1,005,780 Class B exchangeable units outstanding (the “**Class B Exchangeable Units**”), each with one special voting unit of the REIT attached thereto. Class B Exchangeable Units are issued by a wholly-owned subsidiary of the REIT. Class B Exchangeable Units are exchangeable into Units of the REIT on a one-for-one basis at the option of the holder. As of June 3, 2019, there were no preferred units of the REIT outstanding.

The rights and restrictions attached to the Units may not generally be varied or abrogated without being consented to by the holders of at least 66 2/3% of the votes cast at a meeting called for the purposes of receiving such consent. For more information on the REIT’s capital structure see the disclosure under the heading “*Description of Capital Structure*” in the Annual Information Form.

## INDEBTEDNESS

### Credit Agreement

On September 27, 2012, the REIT closed a debt financing for which BMO Nesbitt Burns acted as lead arranger and sole bookrunner (the “**Revolving Credit Facility**”). The Revolving Credit Facility is made available pursuant to an amended and restated revolving term facility credit agreement made as of December 21, 2015 between the REIT, as borrower, the subsidiaries of the REIT party thereto from time to time as guarantors, the financial institutions from time to time parties thereto as lenders, a Canadian chartered bank affiliate of BMO Nesbitt Burns as administrative agent for the lenders and BMO Nesbitt Burns as lead arranger and sole bookrunner, as amended by an amending agreement no. 1 dated as of May 1, 2016, amending agreement no. 2 dated as of December 19, 2016, amending agreement no. 3 dated as of April 7, 2017, amending agreement no. 4 dated as of December 6, 2017, amending agreement no. 5 dated as of June 18, 2018, amending agreement no. 6 dated as of July 6, 2018, amending agreement no. 7 dated as of February 20, 2019 and amending agreement no. 8 dated May 16, 2019 (the “**Credit Agreement**”). The Revolving Credit Facility is in an amount not to exceed \$150 million in the aggregate. The Revolving Credit Facility is available for general operating purposes, including to partially fund acquisitions of certain income producing properties and short-term financing of future acquisitions of commercial real estate investments. For more information on the Credit Agreement see the disclosure under the heading “*General Development of the Business – Three Year History – Amended Debt Financing*” in the Annual Information Form.

## **Mortgage Debt**

In addition to the Credit Agreement, the REIT will from time-to-time incur mortgage debt in connection with the acquisition of new properties, or the refinancing of existing properties. The REIT's mortgage debt outstanding as at March 31, 2019 was approximately \$759.7 million with a weighted average stated interest rate of approximately 3.75% and a weighted average term to maturity of approximately 5.71 years.

## **USE OF PROCEEDS**

The estimated net proceeds to the REIT from the Offering, after deducting the Underwriters' Fee of \$5,200,000 and the expenses of the Offering estimated to be approximately \$350,000, will be approximately \$124,450,000. If the Underwriters exercise the Over-Allotment Option in full, the estimated net proceeds to the REIT from the Offering, after deducting the Underwriters' Fee of \$5,980,000 and the estimated expenses of the Offering of approximately \$350,000, will be approximately \$143,170,000.

The REIT intends to use the net proceeds from the Offering to repay existing indebtedness, to fund future acquisitions and for general trust purposes.

As of March 31, 2019 the balance outstanding under the Revolving Credit Facility was approximately \$102 million, and pro forma as at March 31, 2019 after giving effect to the Internalization, the balance outstanding under the Revolving Credit Facility was approximately \$122 million. After giving effect to the repayment of such amount from a portion of the estimated net proceeds to the REIT from the Offering, the balance outstanding under the Revolving Credit Facility is expected to be nil.

The Revolving Credit Facility has been used by the REIT primarily for general operating purposes, including short term financing of acquisitions of commercial real estate investments, as well as to fund a portion of the purchase price in connection with the Internalization. See "*Indebtedness - Credit Agreement*" and "*Description of the Business.*"

The REIT intends to spend the funds available to the REIT as stated in this Prospectus Supplement; however, there may be circumstances where, for sound business reasons, a reallocation of funds may be deemed prudent or necessary.

## CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the REIT as at March 31, 2019, before and after giving effect to the Internalization, and after giving effect to the Internalization and the Offering (but without giving effect to the Over-Allotment Option).

|   | As at March 31,<br>2019 <sup>(1)</sup> | Pro forma as at March<br>31, 2019 after giving<br>effect to the<br>Internalization <sup>(2)</sup> | Pro forma as at March 31,<br>2019 after giving effect to<br>the Internalization and the<br>Offering (but without giving<br>effect to the Over-Allotment<br>Option) <sup>(4)</sup> |
|---|--|---|---|
| <b>Indebtedness</b>   |  |   |   |
| Term Mortgages .....  | \$759,731                              | \$759,731   | \$757,361   |
| Revolving and Non-revolving Operating Facility and<br>Demand Loans..... | \$102,080                              | \$122,080   | \$-   |
| Lease Liability .....   | \$10,493                               | \$10,493  | \$10,493  |
| Total Indebtedness .....  | \$872,304                              | \$892,304   | \$767,854   |
| <b>Unitholders' Equity .....</b>  |  |   |   |
| Number of outstanding Units.....  | 855,747                                | 930,747   | 1,055,197   |
|   | 100,778,261                            | 107,444,927 <sup>(3)</sup>  | 117,844,927 <sup>(3)</sup>  |
| <b>Total Capitalization .....</b>                                       | <b>\$1,728,051</b>                     | <b>\$1,823,051</b>  | <b>\$1,823,051</b>  |

**Notes:**

- (1) Amount outstanding includes approximately \$1.3 million of unamortized mark-to-market premiums and approximately \$0.9 million of deferred financing charges.
- (2) This does not include the closing costs (e.g. advisory fees) in connection with the Internalization.
- (3) This represents the total number of outstanding Units and Class B Exchangeable Units as at March 31, 2019, plus the Units issued in connection with the Internalization and the conversion by an exchangeable unitholder of all of its Class B Exchangeable Units (as defined herein) into Units on April 12, 2019. It does not include the Units issued pursuant to the REIT's distribution reinvestment plan or Units issued in satisfaction of fees payable to the Manager pursuant to the Management Agreement since March 31, 2019.
- (4) Adjusted to give effect to: (i) the receipt of the net proceeds of the Offering, assuming the Underwriters' Fee of \$5,200,000 and costs of the Offering of \$350,000, and (ii) the application of approximately \$122 million from the net proceeds of the Offering toward the repayment of indebtedness under the Revolving Credit Facility, and the application of the remaining net proceeds of the Offering toward the repayment of term mortgages.

## PRIOR SALES

The REIT has not issued any Units or securities convertible into Units for the 12-month period before the date of this Prospectus Supplement, other than (i) in connection with the REIT's distribution reinvestment plan ("DRIP"), (ii) in connection with the REIT's bought deal offering of Units which closed on June 15, 2018 (the "**June 2018 Offering**"), (iii) in connection with the REIT's bought deal offering of Units which closed on December 10, 2018 (the "**December 2018 Offering**"), (iv) in satisfaction of fees payable to the Manager pursuant to the Management Agreement (the "**Manager Arrangement**"), (v) as partial consideration for asset acquisitions in June 2018 and August 2018 (the "**Unit Consideration**") and (vi) in connection with the Internalization, as follows:

| <u>Date of Issuance</u> | <u>Type of Security</u>    | <u>Reason for Issuance</u>             | <u>Number of Securities Issued</u> | <u>Price per Security</u> |
|-------------------------|----------------------------|--|------------------------------------|---------------------------|
| May 17, 2019            | Units                      | Internalization                        | 6,666,666                          | \$11.25                   |
| May 15, 2019            | Units                      | DRIP                                   | 40,877                             | \$12.31                   |
| April 15, 2019          | Units                      | DRIP                                   | 45,529                             | \$11.82                   |
| May 1, 2019             | Units                      | Manager Arrangement                    | 2,878                              | \$11.66                   |
| April 12, 2019          | Units                      | Exchange of Class B Exchangeable Units | 3,292,091                          | \$8.46                    |
| April 1, 2019           | Units                      | Manager Arrangement                    | 2,781                              | \$11.99                   |
| March 15, 2019          | Units                      | DRIP                                   | 40,943                             | \$11.44                   |
| March 8, 2019           | Units                      | Manager Arrangement                    | 10,205                             | \$11.27                   |
| March 1, 2019           | Units                      | Manager Arrangement                    | 2,999                              | \$11.00                   |
| February 15, 2019       | Units                      | DRIP                                   | 49,046                             | \$10.66                   |
| February 5, 2019        | Units                      | Manager Arrangement                    | 3,202                              | \$10.31                   |
| January 15, 2019        | Units                      | DRIP                                   | 47,254                             | \$9.91                    |
| January 3, 2019         | Units                      | Manager Arrangement                    | 3,124                              | \$9.38                    |
| December 27, 2018       | Units                      | Manager Arrangement                    | 44,786                             | \$9.52                    |
| December 21, 2018       | Units                      | Manager Arrangement                    | 56,187                             | \$9.57                    |
| December 21, 2018       | Units                      | Manager Arrangement                    | 42,424                             | \$9.56                    |
| December 15, 2018       | Units                      | DRIP                                   | 47,988                             | \$9.44                    |
| December 10, 2018       | Units                      | December 2018 Offering                 | 15,055,000                         | \$9.30                    |
| November 15, 2018       | Units                      | DRIP                                   | 49,127                             | \$9.33                    |
| November 1, 2018        | Units                      | Manager Arrangement                    | 2,791                              | \$9.07                    |
| October 29, 2018        | Units                      | Manager Arrangement                    | 18,456                             | \$9.08                    |
| October 15, 2018        | Units                      | DRIP                                   | 51,475                             | \$8.76                    |
| October 1, 2018         | Units                      | Manager Arrangement                    | 2,775                              | \$8.90                    |
| September 14, 2018      | Units                      | DRIP                                   | 51,229                             | \$8.89                    |
| September 4, 2018       | Units                      | Manager Arrangement                    | 2,695                              | \$8.92                    |
| August 16, 2018         | Units                      | Manager Arrangement                    | 20,704                             | \$8.84                    |
| August 15, 2018         | Class B Exchangeable Units | Unit Consideration                     | 1,005,780                          | \$8.65 <sup>(1)</sup>     |
| August 15, 2018         | Units                      | DRIP                                   | 51,313                             | \$8.81                    |
| August 1, 2018          | Units                      | Manager Arrangement                    | 2,677                              | \$8.76                    |
| July 16, 2018           | Units                      | Manager Arrangement                    | 16,681                             | \$8.86                    |
| July 13, 2018           | Units                      | DRIP                                   | 50,372                             | \$8.86                    |
| July 3, 2018            | Units                      | Manager Arrangement                    | 2,423                              | \$8.70                    |
| June 29, 2018           | Units                      | Manager Arrangement                    | 37,380                             | \$8.69                    |
| June 20, 2018           | Units                      | Manager Arrangement                    | 14,961                             | \$8.66                    |
| June 20, 2018           | Units                      | Manager Arrangement                    | 11,332                             | \$8.68                    |
| June 18, 2018           | Class B Exchangeable Units | Unit Consideration                     | 3,292,091                          | \$8.46 <sup>(2)</sup>     |
| June 15, 2018           | Units                      | DRIP                                   | 47,043                             | \$8.66                    |
| June 15, 2018           | Units                      | June 2018 Offering                     | 13,299,750                         | \$8.65                    |
| June 5, 2018            | Units                      | Manager Arrangement                    | 2,241                              | \$8.75                    |
| June 5, 2018            | Units                      | Manager Arrangement                    | 5,964                              | \$8.75                    |

### Notes:

- (1) As partial consideration for the August 15, 2018 acquisition of the property located at 1001 Thornton Road South, Oshawa, Ontario, 1,005,780 Class B Exchangeable Units were issued, together with related special voting units of the REIT, with a fair value of approximately \$8.7 million. The number of Class B Exchangeable Units issued was determined using a price of \$8.65 per unit for the REIT's Units.
- (2) As partial consideration for the June 18, 2018 acquisition of the property located at 2485 Surveyor Road, Mississauga, Ontario, 3,292,091 Class B Exchangeable Units were issued, together with related special voting units of the REIT, with a fair value of approximately \$27.9 million. The number of Class B Exchangeable Units issued was determined using a price of \$8.46 per unit for the REIT's Units.

## TRADING PRICE AND VOLUME

The Units are listed and posted for trading on the TSX under the symbol “SMU.UN”. The Class B Exchangeable Units are not traded or quoted on a Canadian or foreign marketplace. The following table sets forth, for the periods indicated, the reported high and low trading prices and aggregate volume of trading of the Units on the TSX.

| <u>Month</u> | <u>High</u><br>(\$) | <u>Low</u><br>(\$) | <u>Volume</u> |
|--------------|---------------------|--------------------|---------------|
| <u>2019</u>  |                     |                    |               |
| June 1 – 4   | \$ 13.02            | \$ 12.46           | 1,739,431     |
| May          | \$ 12.90            | \$ 11.76           | 8,055,020     |
| April        | \$ 12.08            | \$ 11.41           | 9,222,130     |
| March        | \$ 12.28            | \$ 11.07           | 23,030,509    |
| February     | \$ 11.29            | \$ 10.26           | 8,330,987     |
| January      | \$ 10.56            | \$ 9.28            | 10,348,971    |
| <u>2018</u>  |                     |                    |               |
| December     | \$ 9.74             | \$ 9.11            | 8,892,640     |
| November     | \$ 9.69             | \$ 9.00            | 7,544,017     |
| October      | \$ 9.32             | \$ 8.55            | 6,581,370     |
| September    | \$ 9.00             | \$ 8.73            | 3,178,567     |
| August       | \$ 9.11             | \$ 8.64            | 3,458,355     |
| July         | \$ 9.00             | \$ 8.67            | 3,133,584     |
| June         | \$ 9.05             | \$ 8.51            | 6,215,364     |

## PLAN OF DISTRIBUTION

Subject to the terms and conditions contained in the Underwriting Agreement, the REIT has agreed to issue and sell, and the Underwriters have agreed to purchase on June 12, 2019 or on such other date as the REIT and the Underwriters may agree (the “**Closing Date**”), but in any event not later than June 19, 2019, an aggregate of 10,400,000 Units at a price of \$12.50 per Unit, payable in cash to the REIT against delivery of the Units for gross proceeds to the REIT of \$130,000,000. The obligations of the Underwriters under the Underwriting Agreement may be terminated at their discretion upon the occurrence of certain stated events, and the Underwriting Agreement includes customary “regulatory proceedings out”, “material change or change in material fact out” and “disaster out” clauses to this effect. The Underwriters, however, are obligated to take up and pay for all of the Units if any of the Units are purchased under the Underwriting Agreement. The obligations of the Underwriters to purchase the Units are several (and not joint or joint and several). The terms of the Offering and the Offering Price of the Units have been determined by negotiation between the REIT and the Underwriters.

The Underwriting Agreement provides that the REIT will pay on the Closing Date, to the Underwriters, a fee of \$0.50 per Unit for an aggregate fee payable by the REIT of \$5,200,000 in consideration for their services in connection with the Offering. Subscriptions for Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

The REIT has granted to the Underwriters the Over-Allotment Option, exercisable in whole or in part from time to time for a period of 30 days from the date of the Closing, to purchase up to 1,560,000 additional Units on the same terms set forth above, to cover over-allotments, if any, and for market stabilization purposes. The Prospectus also qualifies the granting of the Over-Allotment Option and the distribution of any Units issuable on the exercise thereof. A purchaser who acquires Units forming part of the Underwriters’ over-allocation position acquires those Units under the Prospectus, regardless of whether the Underwriters’ over-allotment position is ultimately filled through the exercise of the Over-Allotment Option or through secondary market purchases. If the Underwriters exercise the Over-Allotment Option in full, the total price to the public relating to the Offering, the Underwriters’

Fee and the net proceeds to the REIT before deducting the expenses of the Offering will be \$149,500,000, \$5,980,000 and \$143,520,000, respectively.

In the event that the Closing Date or the closing date for the Over-Allotment Option (the “**Over-Allotment Closing Date**”) occurs after the record date for the REIT’s distribution for the month of June 2019, which record date is expected to be June 30, 2019, the REIT will make a contractual cash payment pursuant to the Underwriting Agreement (a “**Distribution Equivalency Payment**”) to the purchasers of the initial Units or the additional Units, as applicable, equal to the amount per Unit distributed by the REIT to the holders of Units for the month of June 2019 as if such purchasers had been holders of Units on the record date for such distribution, such payment is to be made on the later of: (i) the Closing Date or the Over-Allotment Closing Date, as applicable; and (ii) the date the payment for the June 2019 distribution is made to the holders of Units, which is expected to be July 15, 2019.

The REIT has applied to the TSX for approval of the listing of the Units (including the Units issuable on the exercise of the Over-Allotment Option) to be distributed pursuant to the Prospectus. Listing will be subject to the REIT fulfilling all of the listing requirements of the TSX.

Under the Underwriting Agreement, the REIT has agreed to indemnify and hold harmless the Underwriters and their respective affiliates, subsidiaries and each of their respective officers, directors, employees, agents and shareholders against certain liabilities, including civil liabilities under Canadian securities legislation, and to contribute to payments the Underwriters may be required to make in respect thereof.

In connection with the completion of the Offering, the REIT has agreed with the Underwriters that it will not offer, sell or issue for sale or resale (or agree to, or announce any intention to do so) any Units, financial instruments or any securities convertible into, or exercisable or exchangeable for any Units for a period of 90 days from the date of Closing without the prior written consent of BMO Nesbitt Burns (on its own behalf and on behalf of the Underwriters), which consent may not be unreasonably withheld, other than in connection with the DRIP, the trustee deferred unit plan, Units issued in connection with the exchange by a holder of Class B Exchangeable Units for Units at the option of such holder or securities (including any exchangeable unit issued by an affiliate of the REIT) issued as full or partial consideration for direct or indirect arm’s-length acquisitions of real estate assets or assets ancillary or incidental thereto. In addition, the REIT has agreed with the Underwriters that it will cause the trustees of the REIT (the “**Trustees**”), its officers and their respective associates to enter into lock-up agreements in favour of the Underwriters, agreeing not to, directly or indirectly, offer, sell, contract to sell, lend, swap, or enter into any other agreement to transfer the economic consequences of, or otherwise dispose of or deal with, or publicly announce any intention to offer, sell, contract to sell, grant or sell any option to purchase, hypothecate, pledge, transfer, assign, purchase any option or contract to sell, lend, swap or enter into any agreement to transfer the economic consequences of, or otherwise dispose of or deal with, whether through the facilities of a stock exchange, by private placement or otherwise, any Units held by them, directly or indirectly, for a period ending 90 days from the Closing Date, unless they first obtain the prior written consent of BMO Nesbitt Burns (on its own behalf and on behalf of the other Underwriters).

This Offering is being made in each of the provinces and territories of Canada. The Units have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”) or any state securities laws and may not be offered or sold within the United States, or to, or for the account or benefit of, a U.S. person (as defined in Regulation S of the U.S. Securities Act). Accordingly, the Units may not be offered, sold or delivered within the United States, and each Underwriter has agreed that it will not offer, sell or deliver the Units within the United States except in certain transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. In addition, until 40 days after the commencement of this Offering, any offer or sale of the Units offered hereby within the United States by any dealer (whether or not participating in this Offering) may violate the registration requirements of the U.S. Securities Act.

Pursuant to policy statements of certain regulators, the Underwriters may not, throughout the period of distribution, bid for or purchase Units. The foregoing restriction is subject to exceptions, on the condition that the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, Units. These exceptions include a bid or purchase permitted under the bylaws and rules of the TSX relating to market stabilization and passive market-making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. Under the first-mentioned exception, in connection with the Offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of

the Units at levels other than those which might otherwise prevail in the open market. Those transactions, if commenced, may be discontinued at any time.

The Underwriters propose to offer the Units to the public initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Units at the Offering Price, the offering price for the Units may be decreased and may be further changed from time to time to amounts not greater than those set forth on the cover page of this Prospectus Supplement, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by the purchasers of the Units is less than the amount paid by the Underwriters to the REIT. Any such reduction will not affect the proceeds received by the REIT.

**The REIT may be considered to be a “connected issuer” of BMO Nesbitt Burns and CIBC, each of which is a wholly-owned subsidiary of a Canadian chartered bank that has extended and/or committed to extend indebtedness to the REIT and/or its subsidiaries under the Revolving Credit Facility (each, a “Lender”). In addition, the net proceeds of the Offering will be used to repay the indebtedness owing under the Revolving Credit Facility. See “*Indebtedness – Credit Agreement*”, “*Indebtedness – Debt Financing*” and “*Use of Proceeds*”. As of March 31, 2019, the REIT was indebted under the Credit Agreement for an aggregate principal amount of approximately \$102 million. The REIT is in compliance with the terms of the Credit Agreement and no breach thereunder has been waived by the Lender since the execution of the Credit Agreement. The Credit Agreement is secured by certain of the REIT’s properties. There has been no material change in the financial position of the REIT since the execution of the Credit Agreement, except as described elsewhere in the Prospectus and in the documents incorporated by reference herein. The decision by BMO Nesbitt Burns and CIBC to purchase Units was made independently of their respective affiliated Lender or Lenders, which had no influence as to the determination of the terms of the distribution of the Units. The Offering Price of the Units and the other terms and conditions of the Offering were established through negotiations between the REIT and the Underwriters, without involvement of each Lender. In addition, none of BMO Nesbitt Burns, CIBC nor either Lender will receive any benefit from the Offering, other than BMO Nesbitt Burns’ and CIBC’s portion of the Underwriters’ Fee payable by the REIT.**

There are limits on ownership of the Units by non-residents of Canada. See the information described under the heading “*Description of Capital Structure – Limitations on Non-Resident Ownership*” in the Annual Information Form.

### **Selling Restrictions**

The Units offered by this Prospectus Supplement may not be offered or sold, directly or indirectly, nor may this Prospectus Supplement or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this Prospectus Supplement comes are advised to inform themselves about and to observe any restrictions relating to the Offering and the distribution of this Prospectus Supplement. This Prospectus Supplement does not constitute an offer to sell or a solicitation of an offer to buy any Units offered by this Prospectus Supplement in any jurisdiction in which such an offer or a solicitation is unlawful.

Other than with respect to the qualifying of this Offering with the applicable securities regulators in each of the provinces and territories of Canada, no action has been or will be taken in any country or jurisdiction by the REIT or the Underwriters that would permit a public offering of the Units, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Accordingly, the Units may not be offered or sold, directly or indirectly, and neither this Prospectus Supplement nor any other material or advertisements in connection with the Units may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable laws, rules and regulations of any such country or jurisdiction.

### **RISK FACTORS**

Before making an investment decision, prospective purchasers of Units should carefully consider the information described below and the risks described under the heading “Risk Factors” in the Base Shelf Prospectus and the Annual Information Form. The REIT’s business, financial condition and results of operations could be materially adversely affected by any of these risks and past performance is no guarantee of future performance.

Readers are also cautioned that such risk factors are not exhaustive. Additional risks and uncertainties not currently known to the REIT, or that the REIT currently deems immaterial, may also impair the REIT's operations. If any of these risks actually occur, the REIT's business, financial condition and operating results could be adversely affected. As a result, the trading price of the Units could decline and investors could lose part or all of their investment.

## **Risks Relating to the Offering**

### *Qualified Investment Eligibility*

There can be no assurance that the Units will continue to be qualified investments for a trust governed by a Registered Plan. In addition, securities and/or obligations distributed to a Unitholder on a redemption may not be a qualified investment for such plans. If the Units, or such securities and/or obligations distributed on a redemption of Units, are not qualified investments for a trust governed by a Registered Plan, such plans may be subject to adverse tax consequences.

### *Tax Risks*

#### SIFT Rules

The SIFT Rules (as defined herein) tax certain publicly-traded or listed trusts in a manner similar to corporations and tax certain distributions from such trusts as taxable dividends from a taxable Canadian corporation. Distributions paid by a SIFT trust as returns of capital are generally not subject to this tax. The SIFT Rules do not apply to a trust that qualifies as a "real estate investment trust" for the year (the "**REIT Exception**"). To qualify for the REIT Exception, the REIT must satisfy certain criteria relating to the nature of its revenue and investments throughout the taxation year of the REIT. Accordingly, this determination can only be made at the end of each taxation year.

Management of the REIT believes that it currently qualifies for the REIT Exception and management expects that the REIT will continue to qualify for the REIT Exception throughout 2019 and in each subsequent taxation year. However, no assurance can be given that future investments or activities undertaken by the REIT will not result in it failing to qualify for the REIT Exception in 2019 or any subsequent taxation year.

The likely effect of the application of the SIFT Rules to the REIT or its subsidiaries on the market for Units and on the REIT's ability to finance future acquisitions through the issue of Units or other securities is unclear. If tax under the SIFT Rules applies to the REIT or its subsidiaries, it may adversely affect the marketability of the Units, the amount of cash available for distributions and the after-tax return to investors.

#### Change of Tax Laws

There can be no assurance that Canadian tax laws, the judicial interpretation thereof, the terms of any income tax treaty applicable to the REIT or its affiliates or the administrative policies and assessing practices of the CRA will not change in a manner that adversely affects the REIT, its affiliates or Unitholders. Any such change could affect the REIT's eligibility for the REIT Exception, increase the amount of tax payable by the REIT or its affiliates, or otherwise adversely affect Unitholders by reducing the amount available to pay distributions or changing the tax treatment applicable to Unitholders in respect of such distributions.

#### Loss Restriction Event

The Tax Act includes "loss restriction event" ("**LRE**") rules that could potentially apply to the REIT. In general, the REIT will be subject to a LRE if a person (or group of persons) acquires more than 50% of the fair market value of the Units. If a LRE occurs (i) the REIT will be deemed to have a year-end for tax purposes immediately before the LRE occurs, (ii) any net income and net realized capital gains of the REIT at such year-end will be distributed to Unitholders to the extent required for the REIT not to be liable for income taxes, and (iii) the REIT will be restricted in its ability to use tax losses (including any unrealized capital losses) that exist at the time of the LRE.

### *Use of Proceeds of the Offering*

As set out under “*Use of Proceeds*”, the net proceeds from the Offering will be used to repay existing indebtedness, to fund future acquisitions and for general trust purposes. There may be circumstances that are not known at this time where a reallocation of the net proceeds of the Offering may be advisable for business reasons that the Trustees and management of the REIT believe are in the REIT’s best interests.

## **Risks Related to the Units**

### *Dilution*

Subject to the Underwriting Agreement, the REIT may issue additional Units and its affiliates may issue other securities that are convertible or exchangeable into Units in the future, including additional Class B Exchangeable Units. The REIT cannot predict the size or nature of future sales or issuances of securities or the effect, if any, that such future sales and issuances will have on the market price of the Units. Sales or issuances of substantial numbers of Units or other securities that are convertible or exchangeable into Units, or the perception that such sales or issuances could occur, may adversely affect prevailing market prices of the Units. With any additional sale or issuance of Units or other securities that are convertible or exchangeable into Units, investors will suffer dilution to their voting power and economic interest in the REIT. Furthermore, to the extent holders of the REIT’s convertible securities convert or exercise their securities and sell the Units they receive, the trading price of the Units on the TSX may decrease due to the additional amount of Units available in the market.

## **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

In the opinion of McCarthy Tétrault LLP, counsel to the REIT, and Stikeman Elliott LLP, counsel to the Underwriters, the following is a summary as at the date hereof of the principal Canadian federal income tax considerations generally applicable under the Tax Act to the acquisition, holding and disposition of Units to a Unitholder that acquires such Units pursuant to this Offering. This summary is applicable to a Unitholder who, for purposes of the Tax Act at all relevant times, is or is deemed to be resident in Canada, deals at arm’s length with the REIT (and its affiliates) and the Underwriters, and is not affiliated with the REIT (or its affiliates) or the Underwriters, and holds its Units as capital property. Generally, Units will be considered to be capital property to a Unitholder provided that the Unitholder does not hold the Units in the course of carrying on a business of trading or dealing in securities and has not acquired the Units in one or more transactions considered to be an adventure or concern in the nature of trade.

Certain Unitholders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to have such Units and all other “Canadian securities”, as defined in the Tax Act, owned in the taxation year in which the election is made or in subsequent taxation years, deemed to be capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. Unitholders interested in making this election should consult their own tax advisors for advice as to whether the election is available and advisable, having regard to their own particular circumstances.

This summary is not applicable to a Unitholder: (i) that is a “financial institution” subject to the “mark-to-market” rules, (ii) that is a “specified financial institution”, (iii) an interest in which is a “tax shelter investment”, (iv) that has elected to report Canadian tax results in a currency other than Canadian dollars or (v) that enters into a “derivative forward agreement” in respect of the Units (in each case within the meaning of the Tax Act). Any such Unitholders should consult their own tax advisors to determine the tax consequences to them of the acquisition, holding and disposition of Units.

This summary does not address the deductibility of interest by a Unitholder who has borrowed money to acquire Units.

This summary is based on the facts set out in the Prospectus and in a certificate provided to counsel by an officer of the REIT (the “**Officer’s Certificate**”). This summary assumes that the representations made in the Officer’s Certificate are true and correct, including the representations that (i) the REIT has at all times qualified and currently qualifies as a “mutual fund trust” and a “real estate investment trust” for purposes of the Tax Act, (ii) the REIT will continue to qualify as a “mutual fund trust” and a “real estate investment trust” for the purposes of the Tax Act while

the Units remain outstanding, and (iii) the REIT has complied and will at all times comply with the Declaration of Trust. This summary is also based upon the current provisions of the Tax Act and the regulations thereunder (the “**Regulations**”), taking into account proposed amendments to the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Tax Proposals**”), and counsel’s understanding of the current administrative and assessing policies and practices published in writing by the Canada Revenue Agency (“**CRA**”) prior to the date hereof. This summary assumes the Tax Proposals will be enacted in the form proposed. There can be no assurance that the Tax Proposals will be implemented in their current form or at all. Except for the Tax Proposals, this summary does not take into account or anticipate any changes in the law or in the administrative and assessing policies and practices of the CRA, whether by legislative, governmental or judicial action or decision, nor does it take into account other federal or any provincial, territorial or foreign tax considerations, which may differ significantly from those discussed in this summary. There can be no assurances that the CRA will not change its administrative and assessing policies and practices. Modification or amendment of the Tax Act or the Tax Proposals could significantly alter the tax status of the REIT and/or the tax consequences of investing in Units.

**This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in Units. The income and other tax consequences of acquiring, holding or disposing of Units will vary depending on an investor’s particular circumstances including the province or territory in which the investor resides or carries on business. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any prospective Unitholder. Investors should consult their own tax advisors for advice with respect to the tax consequences of an investment in Units, based on their particular circumstances.**

For the purposes of this summary, references to the REIT are to Summit Industrial Income REIT and not to any of its subsidiaries or other entities in which it holds an interest.

#### Status of the REIT

##### *Qualification as a “Mutual Fund Trust”*

This summary is based on the assumption that the REIT will qualify at all times as a “mutual fund trust” within the meaning of the Tax Act. Based on representations as to factual matters set out in the Officer’s Certificate, the REIT will meet the requirements necessary for it to qualify as a mutual fund trust at all times. If the REIT were not to qualify as a mutual fund trust at any particular time, the income tax considerations described below would, in some respects, be materially and adversely different.

##### *Qualification as a “Real Estate Investment Trust”*

As discussed below, the SIFT Rules do not apply to a trust that qualifies as a “real estate investment trust” for the year (defined above as the REIT Exception). If the REIT does not satisfy the REIT Exception throughout the year, the SIFT Rules will apply to the REIT for that year. No assurances can be given that adverse consequences to the REIT and/or Unitholders will not arise as a consequence of the application of the SIFT Rules to the REIT.

#### SIFT Rules

The Tax Act contains provisions (the “**SIFT Rules**”) that tax certain publicly-traded or listed trusts and partnerships in a manner similar to corporations and tax certain distributions from such trusts and partnerships as taxable dividends from a taxable Canadian corporation. These rules apply only to “SIFT trusts”, “SIFT partnerships” (each as defined in the Tax Act) and their investors.

A “SIFT trust” for the purposes of the Tax Act generally includes a Canadian resident trust for a particular taxation year if at any time during the taxation year investments in the trust are listed or traded on a stock exchange or other public market, the trust holds one or more “non-portfolio properties” (as defined in the Tax Act), and the trust is not an “excluded subsidiary entity” (as defined in the Tax Act). “Non-portfolio properties” generally include certain

investments in real properties situated in Canada and certain investments in corporations and trusts resident in Canada and in partnerships with specified connections to Canada.

Where the SIFT Rules apply, distributions of a SIFT trust's "non-portfolio earnings" are not deductible in computing the SIFT trust's net income. Non-portfolio earnings generally are defined as income attributable to a business carried on by the SIFT trust in Canada or to income (other than certain dividends) from, and taxable capital gains arising on the disposition of, non-portfolio properties. The SIFT trust is itself liable to pay income tax on an amount equal to the amount of such non-deductible distributions at a rate that is substantially equivalent to the combined federal and provincial general tax rate applicable to taxable Canadian corporations. Such non-deductible distributions paid to a holder of units of the SIFT trust generally are deemed to be taxable dividends, which qualify as "eligible dividends," received by such holder from a taxable Canadian corporation, and are subject to the tax treatment in respect of such dividends described (in the context of distributions of the REIT that have been designated as dividends) under "*Taxation of Unitholders – Distributions.*" In general, distributions that are paid as returns of capital will not attract the tax under the SIFT Rules.

### REIT Exception

Trusts that satisfy the REIT Exception for a particular taxation year are not subject to the SIFT Rules for that year.

The following conditions must be met (in addition to the trust being resident in Canada throughout the taxation year) in order for a trust to qualify for the REIT Exception:

- (i) at each time in the taxation year, the total fair market value at that time of all non-portfolio properties that are "qualified REIT properties" held by the trust must be at least 90% of the total fair market value at that time of all non-portfolio properties held by the trust;
- (ii) not less than 90% of the trust's "gross REIT revenue" for the taxation year must be from one or more of the following: "rent from real or immovable properties", interest, dispositions of real or immovable properties that are capital properties, dividends, royalties and dispositions of "eligible resale properties";
- (iii) not less than 75% of the trust's "gross REIT revenue" for the taxation year must be from one or more of the following: rent from real or immovable properties, interest from mortgages or hypothecs on real or immovable properties, and dispositions of real or immovable properties that are capital properties;
- (iv) at no time in the taxation year can the total fair market value of properties held by the trust comprised of real or immovable properties that are capital properties, "eligible resale properties", cash, deposits (within the meaning of the *Canada Deposit Insurance Corporation Act* or with a branch in Canada of a bank or a credit union), indebtedness of Canadian corporations represented by bankers' acceptances, and debt issued or guaranteed by the Canadian government or issued by a province, municipal government or certain other qualifying public institutions be less than 75% of the "equity value" of the trust at that time; and
- (v) "investments" in the trust must be, at any time in the taxation year, listed or traded on a stock exchange or other public market (all as defined in the Tax Act).

Generally, the SIFT Rules contain look-through rules under which a trust could qualify for the REIT Exception where it holds its real properties indirectly through intermediate entities.

For these purposes, "qualified REIT property" includes real or immovable property that is capital property or an "eligible resale property", money, certain indebtedness, a security of a "subject entity," all or substantially all of the "gross REIT revenue" of which (for the entity's taxation year that ends in the trust's taxation year that includes the relevant time) is from maintaining, improving, leasing or managing real or immovable properties that are capital properties of the trust or of an entity of which the trust holds a share or interest and certain other properties; and "real or immovable property" includes a security of an entity that is a trust that satisfies or that is another entity that would, assuming it were a trust, satisfy requirements (i) through (iv) of the REIT Exception as described above, and certain interests in real property or real rights in immovables; but excludes any depreciable property, other than a

depreciable property included (otherwise than by an election) in capital cost allowance class 1, 3 or 31, a property ancillary to the ownership or utilization of such depreciable property, or a lease in, or leasehold interest in respect of, land or such depreciable property. Other terms in quotation marks in the requirements described above have the meanings set forth in the SIFT Rules.

The REIT Exception contains a number of technical tests and the determination as to whether the REIT qualifies for the REIT Exception in any particular taxation year can only be made at the end of the taxation year.

Management of the REIT believes that the REIT currently qualifies for the REIT Exception and management expects that the REIT will continue to qualify for the REIT Exception throughout 2019 and in each subsequent taxation year. However, no assurance can be given that future investments or activities undertaken by the REIT will not result in the REIT failing to qualify for the REIT Exception in 2019 or any subsequent taxation year. Counsel will not review the REIT's compliance with the conditions for the REIT Exception.

This summary assumes that the REIT qualifies and will continue to qualify for the REIT Exception at all times. This summary also assumes that Summit Industrial Income Operating Limited Partnership ("**Summit Operating LP**") and each other partnership that is a direct or indirect subsidiary of the REIT (together with Summit Operating LP, "**REIT Partnerships**") and each individually, a "**REIT Partnership**") has and will continue to qualify as an "excluded subsidiary entity" as defined in the Tax Act. If the REIT does not qualify, or ceases to qualify for the REIT Exception, or any REIT Partnership does not qualify, or ceases to qualify as an "excluded subsidiary entity", the income tax considerations described below would, in some respects, be materially and adversely different, and the SIFT Rules may have a material adverse effect on the after-tax returns of certain Unitholders.

#### Taxation of the REIT

The REIT will be subject to tax under Part I of the Tax Act on its income for the year, including net realized taxable capital gains, less the portion thereof that it deducts in respect of amounts paid or payable to Unitholders in the taxation year. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid to the Unitholder in the year by the REIT or if the Unitholder is entitled in that year to enforce payment of the amount. The taxation year of the REIT is the calendar year.

In computing its income for purposes of the Tax Act, the REIT may generally deduct reasonable administrative costs, interest and other expenses of a current nature incurred by it for the purpose of earning income. The REIT may also deduct on a five-year straight line basis (subject to pro-rata for short taxation years) reasonable expenses incurred by it in the course of issuing Units. Counsel has been advised that in computing its taxable income, except as the Trustees otherwise determine, the REIT shall claim the maximum of capital cost allowance and other discretionary deductions available to the REIT under the Tax Act.

Having regard to the present intention of the Trustees as represented in the Officer's Certificate, the REIT anticipates that it will make distributions in each year to Unitholders in an amount sufficient to ensure that the REIT generally will not be liable for tax under Part I of the Tax Act in any year (after taking into account any applicable tax refunds to the REIT and any Capital Gains Refund (defined below) available to the REIT in connection with a redemption of Units). Where taxable income of the REIT in a taxation year exceeds the total cash distributions for that year, such excess taxable income may be distributed to Unitholders in the form of additional Units. Income of the REIT payable to Unitholders, whether in cash, additional Units or otherwise, generally will be deductible by the REIT in computing its taxable income.

A distribution by the REIT of its property upon a redemption of Units will be treated as a disposition by the REIT of such property for proceeds of disposition equal to the fair market value thereof, which can result in income and capital gains to the REIT. The REIT will realize a capital gain (or a capital loss) to the extent that the proceeds from the disposition of capital property exceed (or are less than) the adjusted cost base of the relevant property and any reasonable costs of disposition.

The REIT will be entitled for each taxation year to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized taxable capital gains by an amount determined under the Tax Act based on the redemption of

Units during the year (the “**Capital Gains Refund**”). In certain circumstances, the Capital Gains Refund in a particular taxation year may not completely offset the REIT’s tax liability for that taxation year arising in connection with the distribution of its property on the redemption of Units. The Declaration of Trust provides that all or a portion of any income (including taxable capital gains) realized by the REIT in a taxation year as a result of that redemption may, at the discretion of the Trustees, be treated as income paid or payable to the redeeming Unitholder. However, pursuant to the Tax Proposals, for the taxation years of the REIT that commence on or after March 19, 2019, the amount of such income will only be deductible by the REIT in computing its income for the year if such amount is in respect of the REIT’s taxable capital gains and only to the extent of the taxable capital gains that are otherwise realized by the redeeming Unitholder.

Losses incurred by the REIT cannot be allocated to Unitholders, but may be deducted by the REIT in future years in accordance with, and subject to the limitations in, the Tax Act.

#### Taxation of Summit Operating LP and the REIT Partnerships

Summit Operating LP is not subject to tax under the Tax Act. Each partner of Summit Operating LP is required to include in computing the partner’s income for a particular taxation year the partner’s share of the income or loss of Summit Operating LP for its year ending in, or coincidentally with, the partner’s taxation year, whether or not any of that income is distributed to the partner in the taxation year. For this purpose, the income or loss of Summit Operating LP will be computed for each year as if Summit Operating LP were a separate person resident in Canada. In computing the income or loss of Summit Operating LP, deductions may be claimed in respect of available capital cost allowance, reasonable administrative costs, interest and other expenses incurred by Summit Operating LP for the purpose of earning income, subject to the relevant provisions of the Tax Act. The income or loss of Summit Operating LP for a year will be allocated to the partners of Summit Operating LP, including the REIT, on the basis of their respective share of that income or loss as provided in the limited partnership agreement for Summit Operating LP, subject to the detailed rules (including the at-risk rules) in the Tax Act in that regard.

Generally, distributions to partners in excess of the income of Summit Operating LP for a year will result in a reduction of the adjusted cost base of the partner’s units of Summit Operating LP by the amount of such excess. If, as a result, the adjusted cost base to the REIT of its units of Summit Operating LP at the end of the taxation year of the partnership is a negative amount, the REIT will be deemed to realize a capital gain equal to such negative amount, and the REIT’s adjusted cost base of its units of Summit Operating LP will then be reset to nil.

The above principles will generally apply to the income or loss of, and distributions from, other REIT Partnerships with appropriate modifications.

#### *Taxation of Unitholders*

##### Distributions

A Unitholder will generally be required to include in computing income for a particular taxation year the portion of the net income for tax purposes of the REIT for a taxation year, including net realized taxable capital gains, that is paid or payable to the Unitholder in the particular taxation year, whether such portion is received in cash, additional Units or otherwise.

The after-tax return to Unitholders (other than Unitholders exempt from tax) from an investment in Units will depend, in part, on the composition for tax purposes of distributions paid by the REIT, portions of which may be fully or partially taxable or may constitute non-taxable returns of capital. The composition for tax purposes of distributions by the REIT may change over time, thus affecting the after-tax return to such Unitholders.

Provided appropriate designations are made by the REIT, net taxable capital gains realized by the REIT that are paid or become payable to a Unitholder will retain their character as taxable capital gains to Unitholders for purposes of the Tax Act and will be subject to the general rules relating to the taxation of capital gains described below. The non-taxable portion of any net capital gains of the REIT that is paid or payable, or deemed to be paid or payable, to a Unitholder in a taxation year will not be included in computing the Unitholder’s income for the year. Any other

amount in excess of the net income and net taxable capital gains of the REIT that is paid or payable, or deemed to be paid or payable, by the REIT to a Unitholder in a taxation year, generally will not be included in the Unitholder's income for the year. A Unitholder will be required to reduce the adjusted cost base of Units by the portion of any amount (other than proceeds of disposition in respect of the redemption of Units and the non-taxable portion of net capital gains) paid or payable to such Unitholder that was not included in computing the Unitholder's income and will realize a capital gain to the extent that the adjusted cost base of the Unitholder's Units would otherwise be a negative amount.

Provided that appropriate designations are made by the REIT, such portions of the taxable dividends received, or deemed to be received, on shares of taxable Canadian corporations as are paid or payable, or deemed to be paid or payable, by the REIT to the Unitholders effectively will retain their character and be treated and taxed as such in the hands of the Unitholders for purposes of the Tax Act. The normal (or in the case of eligible dividends, the enhanced) gross-up and dividend tax credit rules will apply to individuals. In addition, in the case of a Unitholder that is a corporation, the dividend deduction in computing taxable income will generally be available subject to the potential application of subsection 55(2) of the Tax Act, and the refundable tax under Part IV of the Tax Act will be payable by Unitholders that are "private corporations" (as defined in the Tax Act) and certain other corporations controlled directly or indirectly by or for the benefit of an individual or a related group of individuals. Unitholders should consult their own tax advisors concerning the potential impact of such provisions.

The tax consequences to a Unitholder of receiving a Distribution Equivalency Payment are not addressed herein. Unitholders receiving such a payment should consult their own tax advisors concerning the tax treatment to them of any such payment.

#### Dispositions of Units

On the disposition or deemed disposition of a Unit, whether on a redemption or otherwise, the Unitholder will realize a capital gain (or sustain a capital loss) equal to the amount by which the Unitholder's proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of the Unit and any reasonable costs of disposition. Proceeds of disposition will not include an amount payable by the REIT that is otherwise required to be included in the Unitholder's income. Refer to "Taxation of Capital Gains and Capital Losses" below.

The adjusted cost base of a Unit to a Unitholder will include all amounts paid by the Unitholder for the Unit, subject to certain adjustments. The cost to a Unitholder of additional Units received in lieu of a cash distribution of income (including net capital gains) will be the amount of income (together with the applicable non-taxable portion of net capital gains) distributed by the issue of those respective Units. For the purpose of determining the adjusted cost base to a Unitholder, when a Unit is acquired, the cost of the newly acquired Unit will be averaged with the adjusted cost base of all of the Units owned by the Unitholder as capital property immediately before the acquisition.

Where Units are redeemed by the distribution by the REIT of notes or other property of the REIT, the proceeds of disposition to the redeeming Unitholder will be equal to the fair market value of the notes or other property of the REIT so distributed less any income or capital gain realized by the REIT on the disposition of such property which is paid or payable by the REIT to the redeeming Unitholder. Any such amount paid or payable by the REIT to the redeeming Unitholder will be required to be included in the Unitholder's income. The cost of any property distributed in specie by the REIT to a Unitholder upon a redemption of Units will be equal to the fair market value of that property at the time of the distribution. The Unitholder will thereafter be required to include in income interest or other income derived from the property, in accordance with the provisions of the Tax Act.

### Taxation of Capital Gains and Capital Losses

One-half of any capital gain (a “**taxable capital gain**”) realized by a Unitholder on a disposition of a Unit and the amount of any net taxable capital gains designated by the REIT in respect of a Unitholder will generally be included in the Unitholder’s income for the year. One-half of any capital loss (an “**allowable capital loss**”) sustained by the Unitholder on the disposition of a Unit generally must be deducted by such Unitholder against taxable capital gains for the year. Any excess allowable capital losses over taxable capital gains of the Unitholder for that year may be carried back up to three taxation years or forward indefinitely and deducted against net taxable capital gains in those other years, subject to the detailed provisions of the Tax Act.

The amount of any allowable capital loss otherwise realized by a Unitholder that is a corporation or a trust (other than a mutual fund trust) on the disposition of a Unit may be reduced by the amount of dividends received by the REIT and previously designated by the REIT to the Unitholder except to the extent that a loss on a previous disposition of a Unit has been reduced by such amounts. Similar rules may apply where a corporation or trust (other than a mutual fund trust) is a member of a partnership that disposes of Units. Unitholders to whom these rules may be relevant should consult their own tax advisors.

### Refundable Tax

A Unitholder that is a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional refundable tax on its “aggregate investment income” (as defined in the Tax Act), including taxable capital gains. Unitholders should consult their own tax advisors concerning the potential impact of such provisions.

### Alternative Minimum Tax

In general terms, net income of the REIT paid or payable to a Unitholder who is an individual (other than certain trusts) that is designated as taxable dividends or as net taxable capital gains and capital gains realized on a disposition of Units by such Unitholder may increase the Unitholder’s liability for alternative minimum tax.

## **INTEREST OF EXPERTS**

Certain legal matters in connection with the issuance of the Units offered by the Prospectus, including matters referred to under “*Eligibility for Investment*” and “*Certain Canadian Federal Income Tax Considerations*”, as well as certain other legal matters relating to the issue and sale of the Units, will be passed on behalf of the REIT by McCarthy Tétrault LLP and on behalf of the Underwriters by Stikeman Elliott LLP. Further, each of McCarthy Tétrault LLP and Stikeman Elliott LLP is named as having provided certain legal opinions included in this Prospectus Supplement. As of the date of this Prospectus Supplement, the partners and associates of McCarthy Tétrault LLP, as a group, and the partners and associates of Stikeman Elliott LLP, as a group, beneficially owned, directly or indirectly, less than 1% of the outstanding securities of the REIT.

## **AUDITORS**

Deloitte LLP of Halifax, Nova Scotia is the REIT’s auditor. Deloitte LLP, Chartered Professional Accountants, is independent within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Nova Scotia.

## **STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal adviser.

**CERTIFICATE OF THE UNDERWRITERS**

June 5, 2019

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces and territories of Canada.

**BMO NESBITT BURNS INC.**

By: (Signed) Jonathan Li

**CIBC WORLD MARKETS INC.**

By: (Signed) Mark Johnson

**RBC DOMINION SECURITIES INC.**

By: (Signed) David Switzer

**NATIONAL BANK FINANCIAL INC.**

By: (Signed) Andrew Wallace

**TD SECURITIES INC.**

By: (Signed) Derek Dermott

**DESJARDINS SECURITIES INC.**

By: (Signed) Mark Edwards

**INDUSTRIAL ALLIANCE SECURITIES  
INC.**

By: (Signed) Dennis Kunde

**SCOTIA CAPITAL INC.**

By: (Signed) Charles Vineberg

**CANACCORD GENUITY CORP.**

By: (Signed) Dan Sheremeto

# Summit **II**REIT

Summit Industrial Income REIT