Summit Industrial Income REIT

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2021

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SECTION I – OVERVIEW

INTRODUCTION

Summit Industrial Income REIT ("Summit" or the "REIT") is an unincorporated mutual fund trust governed by the laws of the Province of Ontario pursuant to the terms of its fifth amended and restated Declaration of Trust dated December 19, 2017 (the "Declaration of Trust").

The Declaration of Trust authorizes the issuance of an unlimited number of three classes of units: Units, Special Voting Units and Preferred Units. As at May 11, 2021, there are approximately 168,087,797 Units, nil Special Voting Units and nil Preferred Units outstanding. Summit Industrial Income Operating Limited Partnership, a subsidiary of the REIT, may issue Class B Exchangeable Units ("Class B Exchangeable Units"), which are attached to the outstanding Special Voting Units. Each Class B Exchangeable Unit is exchangeable into Units of the REIT on a one-for-one basis at the option of the holder. As holders of Special Voting Units, holders of Class B Exchangeable Units are entitled to vote at meetings of the REIT's holders of trust units (the "Unitholders"). As at May 11, 2021, there are nil Class B Exchangeable Units outstanding.

The Units are publicly traded on the Toronto Stock Exchange under the symbol SMU.UN.

This Management's Discussion and Analysis ("MD&A") of results of operations and financial condition relates to the three months ended March 31, 2021. The Board of Trustees, upon the recommendation of its Audit Committee, approved the contents of this MD&A on May 11, 2021.

This MD&A has been prepared with an effective date of May 11, 2021, only includes material information and should be read in conjunction with the condensed consolidated interim financial statements for the three months ended March 31, 2021 and 2020 (the "Financial Statements"). Historical results and percentage relationships in this MD&A, including trends that might appear, should not be taken as indicative of future results, operations or performance.

Financial data provided has been derived from financial statements that have been prepared in accordance with International Financial Reporting Standards ("IFRS"), which are the REIT's generally accepted accounting principles ("GAAP"), with the exception of certain non-GAAP financial measures that are identified as such in this MD&A (See "*Non-GAAP Financial Measures*").

The REIT's significant accounting policies are described in Note 3 to the audited consolidated financial statements for the years ended December 31, 2020 and 2019, and in Note 4 to the Financial Statements. The preparation of financial statements requires the REIT to make estimates and judgements that affect the reported results. For a detailed discussion of the critical estimates refer to Note 5 to the audited consolidated financial statements for the years ended December 31, 2020 and 2019, and to Note 3 to the Financial Statements.

Additional information relating to the REIT, including the REIT's Annual Information Form dated March 31, 2021 (the "AIF"), is filed on the System for Electronic Document Analysis and Retrieval ("SEDAR") and can be accessed electronically at www.sedar.com.

FORWARD-LOOKING INFORMATION ADVISORY

Certain statements in this MD&A are "forward-looking statements" within the meaning of applicable securities laws. These statements reflect Management's expectations regarding the REIT's future growth, results of operations, performance and business prospects and opportunities including expectations for the current financial year, and include, but are not limited to, statements with respect to Management's beliefs, plans, estimates and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Statements that contain the words such as "could", "should", "would", "can", "anticipate", "expect", "does not expect", "believe", "plan", "budget", "schedule", "estimate", "intend", "project", "will", "may", "might", "continue" and similar expressions or statements relating to matters that are not historical factors constitute forward-looking statements. Such forward-looking statements reflect Management's current beliefs and are based on information currently available to Management.

These statements are not guarantees of future events or performance and, by their nature, are based on the REIT's current estimates and assumptions, which are subject to significant risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, risks associated with real property ownership, debt financing, interest and financing, capital requirements, credit risk, general uninsured losses, developments, future property acquisitions, competition for real property investments, environmental matters, land leases, potential conflicts of interest, governmental regulations, the relative illiquidity of real property, taxation, reliance on key personnel, and the pandemic caused by the spread of the novel coronavirus ("COVID-19"). These risks, and others, are more fully discussed under *Section VI – Risks and Uncertainties* in this MD&A. Material factors and assumptions that were applied in drawing a conclusion or making an estimate set out in the forward-looking information may include, but are not limited to: interest rates; access to equity and debt capital markets to fund, at acceptable costs, the future growth of the REIT and to enable it to refinance debts as they mature; the REIT's ability to maintain occupancy and to lease or re-lease space at current or anticipated rents; and the availability of purchase opportunities for growth in Canada. Given the impact of the COVID-19 pandemic, and government measures to contain it, there is inherently more uncertainty associated with any assumptions made. The REIT has attempted to identify important factors that could cause actual results, performance or achievements to be other than as expected or estimated and that could cause actual results, performance or achievements to differ materially from current expectations. These factors are not intended to represent a complete list of the factors that could affect the REIT. Although the forward-looking statements contained in this MD&A are based upon what Management believes to be reasonable assumptions, the REIT cannot assure investors that actual results will be consistent with these forward-looking statements.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement and readers should not place undue reliance on such forward-looking statements. In addition, certain statements included in this MD&A may be considered a "financial outlook" for purposes of applicable securities laws, and such financial outlook may not be appropriate for purposes other than in this MD&A. These forward-looking statements are made as at the date of this MD&A and the REIT assumes no obligation to update or revise them to reflect new events or circumstances unless otherwise required to do so by applicable securities legislation.

COVID-19 PANDEMIC

In response to the COVID-19 pandemic, governments across Canada mandated the closure of various non-essential businesses beginning in March of 2020. With the exception of some smaller tenants, the majority of the REIT's tenants remained open. Summit's portfolio, which is diversified across several Canadian provinces, is well-positioned, both in terms of cash flow stability and growth, and is fortunate to have been minimally impacted as a result of the pandemic. While the full effects and duration of the pandemic cannot be predicted at this time, the REIT believes that both its portfolio and liquidity position will allow it to continue to successfully weather any further impact of COVID-19.

Summit has followed all governmental directives to ensure the safety and well-being of its employees, tenants, customers and service providers during the pandemic. In March 2020, the REIT instituted various pandemic protocols for its operations, including in-office physical distancing, sanitation and mask requirements, as well as remote working arrangements for employees except for essential property management functions. Additionally, mandatory training and additional wellness initiatives were implemented to maintain the health and safety of all employees. Signage was added throughout the REIT's office spaces to remind employees of safe practices and personal protective equipment continues to be provided.

The pandemic has had, and may continue to have, an impact on the REIT's tenants to various extents depending on their business. Many tenants have experienced increased business activity during the pandemic, while others have experienced disruption to their operations or have shut down completely for a period of time. At this time, it is difficult to predict what continued impact (if any) the pandemic may have in the markets in which Summit operates.

NON-GAAP FINANCIAL MEASURES

Readers are cautioned that certain terms used in this MD&A such as funds from operations ("FFO"), net operating income ("NOI"), same property NOI, FFO payout ratio, debt leverage ratio, interest coverage ratio, debt service coverage ratio, adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), debt-to-adjusted EBITDA, and any related per Unit amounts used by Management to measure, compare and explain the operating results and financial performance of the REIT do not have any standardized meaning prescribed under IFRS and, therefore, should not be construed as alternatives to net income or cash flow from operating activities calculated in accordance with IFRS. Such terms do not have a standardized meaning prescribed by IFRS and the computation of these non-GAAP financial measures may not be comparable to similarly titled measures presented by other publicly traded entities.

THE REIT'S BUSINESS, VISION AND STRATEGY

THE REIT'S BUSINESS

The REIT's focus is on the light industrial segment of the Canadian real estate market. At March 31, 2021, the REIT's property portfolio was comprised of 153 income producing industrial properties totalling 19,392,714 square feet of gross leasable area ("GLA") with a net book value of approximately $3.1 billion. Total assets at March 31, 2021 were approximately $3.3 billion.

Light industrial properties are generally one or two-storey commercial properties located in or near major cities. These properties typically house activities such as warehousing, distribution and storage, light assembly and shipping, call centres and technical support, professional services and a number of other similar uses, and on average contain no more than 3%-5% office space. There are no significant heavy industrial activities conducted in the properties owned by the REIT.

The REIT believes that its asset class focus is attractive due to the solid fundamentals of the Canadian light industrial real estate sector, including low market rent volatility, reduced operating costs and typically generic-use space that is highly marketable. In addition, the scale and diversity of the tenant base occupying light industrial properties is broad and generally tracks the overall economy, reducing risk and providing predictable and consistent cash flow. Finally, capital expenditures and maintenance requirements, leasehold improvement and tenant inducement costs are relatively low compared to other types of commercial real estate.

The REIT has the management expertise, asset base, access to investment and development opportunities, liquidity, and access to capital to meet its objectives. The achievement of the REIT's objectives is partially dependent on successful mitigation of business risks. The REIT believes it has identified and mitigated such risks to the extent practical and is committed to identifying and implementing the actions required in achieving its strategy. Detailed risk factors are discussed further in *Section VI – Risks and Uncertainties*.

THE REIT'S VISION AND STRATEGY

The REIT's strategy is to provide "best-in-class" services to its tenants while delivering solid, stable, and secure returns to its Unitholders in an environmentally and socially responsible manner. Over the long term, the REIT is dedicated to maximizing FFO through effective property management, realizing on efficiencies and synergies from critical mass, accretive acquisitions, innovative financings, selective development opportunities as well as active portfolio management through strategic dispositions.

To achieve these goals, the REIT has developed the following key objectives:

1. *To produce superior, dependable returns over the long term for its Unitholders.*

   To meet its objectives, the REIT plans to generate accretive growth while purchasing properties at values that are at or below replacement cost. The REIT also intends to maximize, over time, available development and expansion opportunities and, through mezzanine financing programs, undertake development projects in partnership with third parties. In the pursuit of generating increasing FFO, the REIT plans to maximize operating synergies and to continue to increase economies of scale. The REIT's goal is to consistently achieve growth in FFO over the long term.

2. *To be a leading industrial landlord in its target markets.*

   To meet its growth objectives and continue to build critical mass in its chosen target markets, the REIT will acquire light industrial properties, expand GLA in its owned properties based on tenant demand, and grow through direct and third-party development and expansion projects. Management is confident through its strong relationships with its lenders and its ongoing access to debt and equity capital that it will have sufficient access to capital to meet its growth targets over the long term.

3. *To be one of the top managers of industrial real estate in Canada.*

   The REIT strives be a "best-in-class" service provider to tenants through innovative programs that focus on tenant retention, standardization of operations, operating efficiency, implementation of technology and positive employee relationships. Throughout all of its operations, environmental, social and governance ("ESG") matters, equity, diversity and inclusion, responsible investing, and sustainability are a focus of the REIT.

   By strengthening its reputation as a leading service provider and continuing to meet the needs of its tenants, the REIT will be well-positioned to enhance portfolio occupancy, average rents and tenant retention over the long term. High occupancies and strong tenant retention ratios assist in maximizing cash flow from the REIT's income properties. The REIT opportunistically and proactively manages its tenant base to anticipate and maximize strategic leasing situations.

SECTION II – KEY PERFORMANCE INDICATORS

The REIT measures its performance through a number of key financial and operating indicators as described below:

FINANCIAL INDICATORS

FFO
Management has determined that FFO, a non-GAAP financial measure, is a useful measure of operating performance as it focuses on cash flow from operating activities. FFO is net income (computed in accordance with IFRS), net of extraordinary items, amortization expense, future income taxes and gains and losses from property dispositions, distributions on redeemable or exchangeable units treated as finance costs, as well as non-cash items such as the fair value adjustments to investment properties and other fair value adjustments. Management will strive to increase FFO over the long term. A reconciliation of FFO to IFRS net income is presented under the "Funds from Operations" section of this MD&A.

Net Operating Income ("NOI")
NOI, a non-GAAP financial measure, is a generally accepted proxy for operating cash flow and represents earnings before interest expense, income tax expense, amortization expense, plus losses/less any gains on disposition of property, and excluding non-recurring items, such as asset impairment, or unrealized gains/losses that may occur under IFRS. NOI is equal to net rental income presented in the unaudited condensed consolidated interim financial statements.

Cash Distributions per Unit
Currently, the REIT pays monthly cash distributions to Unitholders of $0.045 per Unit, or $0.54 per Unit on an annualized basis. The Board of Trustees regularly reviews its distribution policy in consideration of increases in cash distributions by balancing operating liquidity and its FFO payout ratio, a non-GAAP financial measure. The REIT has a strong track record of stable and growing cash distributions over time.

FFO Payout Ratio
To ensure it retains sufficient cash to meet its capital improvements and leasing objectives, the REIT will strive to maintain its annual FFO payout ratio, a non-GAAP financial measure, defined as cash distributions per Unit (including distributions on Class B Exchangeable Units) divided by FFO per Unit, under 85%.

Debt Leverage Ratio
A conservative debt leverage ratio mitigates Unitholders' risk. The REIT measures its debt leverage ratio, a non-GAAP financial measure, in accordance with its Declaration of Trust. Leverage is calculated as the sum of mortgages payable, convertible debentures, preferred units payable, unsecured debentures, and bank loans payable divided by the gross book value of total assets. The maximum permitted debt leverage ratio under the Declaration of Trust is 65%. While expanding its portfolio, the REIT intends to conservatively manage leverage targets over the long term to meet its business objectives.

Adjusted EBITDA
Adjusted EBITDA, a non-GAAP financial measure, is used by management as an input to the interest coverage ratio and the debt service coverage ratio. Adjusted EBITDA is an alternative to IFRS net income as it excludes non-cash items (including depreciation and amortization expense, fair value gains and losses on investment properties, fair value adjustments to the Deferred Unit Plan, fair value adjustments to Class B Exchangeable Units, finance costs, current and deferred tax expenses (if applicable), transaction gains and losses on the disposition of investment properties, and other items management may consider either

non-operating in nature or related to the capital cost of its investment properties). A reconciliation of adjusted EBITDA to IFRS net income and the metrics that utilize adjusted EBITDA are presented under the "Financial Ratios" section of this MD&A.

Interest Coverage Ratio

Interest coverage, a non-GAAP financial measure, is defined as adjusted EBITDA divided by interest expense (excluding distributions on Class B Exchangeable Units). It measures the REIT's ability to meet interest cost obligations and is calculated and presented under the "Financial Ratios" section of this MD&A.

Debt Service Coverage Ratio

Debt service coverage, a non-GAAP financial measure, is calculated by dividing Adjusted EBITDA by the sum of interest expense (excluding distributions on Class B Exchangeable Units) and scheduled mortgage principal payments (excluding mortgage payouts). It measures the REIT's ability to meet its debt service obligations and is calculated and presented under the "Financial Ratios" section of this MD&A.

Debt-to-Adjusted EBITDA

Debt-to-adjusted EBITDA, a non-GAAP financial measure, is defined as total debt at principal amount outstanding divided by annualized adjusted EBITDA for the quarter. It measures the REIT's time to repay its debt based on its operating performance and is calculated and presented under the "Financial Ratios" section of this MD&A.

OPERATING INDICATORS

Tenant Retention

The REIT closely manages tenant retention, as the cost to retain a tenant is typically lower than the cost to attract a new one. When a tenant is retained, lost rent due to temporarily unoccupied space is eliminated, and leasing commissions and tenant inducements are often lower than the cost of putting new tenants in place. Over the long term, the REIT will continue to target an 85% tenant retention ratio.

Occupancy

Consistently high occupancies contribute to greater cash flow stability over the long term. Through its proactive property management and leasing activities, management strives to maintain occupancy at levels higher than the average occupancy in each of the markets in which it operates. Economic "full occupancy" in a light industrial portfolio is realistically at a level less than 100% due to the fact that there will often be some vacancy in the portfolio due to tenant turnover or during the time certain properties are under development or renovation.

Average Rents

Increasing average contractual rents contributes to higher FFO. Annual contractual increases in rent are beneficial to tenants in managing their costs, as significant rental increases at maturity are avoided and replaced with a predictable expenditure pattern. The REIT intends to negotiate annual increases in rent in the majority of new lease transactions and renewals. The collection of rents is enhanced by the REIT's preauthorized payment program, which provides administrative efficiencies to both the REIT and its tenants, as well as providing more consistent cash flow and reducing exposure to delinquent accounts.

Same Property NOI

Same property NOI, a non-GAAP financial measure, is a key measure of performance as it demonstrates the REIT's ability to generate increased distributable income without including the impact of acquisitions, dispositions, and expansions. In calculating same property NOI, the impacts from the straight-lining of rents, and amortization of free rent are excluded. The REIT will strive to increase the same property NOI for its existing properties over the long term. Same property NOI has been reconciled to net rental income under the "Same Property NOI" section of this MD&A.

Lease Portfolio Management

As noted above, strategic tenant management is a key success factor for the REIT. A well-balanced lease maturity schedule facilitates maintaining higher occupancies and spreads leasing costs in a more predictable manner over future years. The REIT aims to have no more than 15% of its leases maturing in any one year.

Capital Expenditures

Through its focused capital expenditure program, the REIT anticipates maintaining its properties so that they remain functional and competitive within their respective geographic markets, while increasing energy efficiency, actively managing waste and considering other environmental impacts.

CORPORATE RESPONSIBILITY AND ESG FOCUS

The REIT believes that sustainability is a key driver to long-term business success and as a result, ESG considerations are a priority in all of the REIT's activities. The REIT endeavours to take a leadership position in ESG matters in order to generate long-term value by minimizing its environmental impact through responsible investing, promoting equity, diversity and inclusion, and supporting social and community initiatives while striving for top-tier governance. Summit continues to learn from, improve and refine its ESG strategy at all levels of the REIT and its Board of Trustees. The REIT solicits and encourages stakeholder engagement in its ESG policies, while continuing to increase reporting and disclosure of its ESG initiatives.

Some of the REIT's ESG successes to date include:

ENVIRONMENTAL	
Green Financing Framework	✓ Issued Green Financing Framework in April 2021 with second-party opinion ("SPO") by DNV, a global leader in providing ESG research and analysis.
Green Bond Initial Public Offering ("IPO")	✓ Closed $250 million senior unsecured debenture offering in April 2021. One of only four TSX-listed REITs to have Green Bonds outstanding.
LEED Certified Buildings	✓ 5 buildings, comprising almost 750,000 total sq. ft. of GLA, are LEED Certified. ✓ First refrigerated warehouse in Canada to achieve LEED Gold Certification.
Buildings with Solar Panels	✓ 6 buildings with solar panels.
Energy Efficiency / Resource Management	✓ Upgrade all properties to energy efficient lighting on tenant turnover where not already in place. ✓ All toilet replacements completed by the REIT are low flow. ✓ 4 properties with electric vehicle charging stations, and actively promoting transportation options such as walking, cycling and public transportation. ✓ 100% paperless Board materials.
Green Organization Membership	✓ Member of Canada Green Building Council, a leading not-for-profit national environmental organization.

SOCIAL	
Market Leading Recognition	✓ Honouree in the Report on Business (Globe and Mail) Women Lead Here list, 2021 recipient.
Equity, Diversity and Inclusion	✓ 40% of Named Executive Officers, over 60% of employees and 1/3 of Independent Trustee Nominees are female. ✓ Written Employment Equity Policy, Diversity Policy and Accessibility Policy.
Tenant Support	✓ Supported eligible tenants through COVID-19 pandemic through participation in Canada Emergency Commercial Rent Assistance (CECRA) program.
Employees	✓ Ensure safe working conditions through adherence to jurisdictional occupational health, safety and labour standards. ✓ Regularly conduct employee surveys for feedback and improvement.
Community Involvement	✓ Trustee and employee participation in and support of numerous community and charitable initiatives.
Wellness	✓ Support and promote continuing education for employees and Trustees. ✓ Employee fitness initiatives and COVID-19 pandemic-related wellness support and programming.

GOVERNANCE	
ESG Priority and Focus	✓ Dedicated ESG Committee on Board of Trustees (comprised of 100% Independent Trustees). ✓ Cross-functional Green Finance Working Group consisting of members from various departments of the REIT. ✓ Trustee who sits on the Committee on the Future of Corporate Governance in Canada created by TMX Group and the Institute of Corporate Directors (ICD).
Ethical Business Conduct	✓ Written Code of Business Conduct and Ethics, Whistleblower Policy, Insider Trading, Confidentiality Walls and Anti-Hedging Policy and Anti-Bribery and Corruption Compliance Policy.
Risk Management	✓ Cyber security and information technology policies and procedures. ✓ COVID-19 pandemic task force. ✓ Internal signatory and financial controls.
Board Composition	✓ Ongoing review for potential Board renewal, equity, diversity and inclusion and formal Trustee Skills Matrix.
Board Alignment	✓ Minimum Unit Ownership Policy and Majority Voting Policy. ✓ 86% of Trustees are considered Independent. ✓ Independent Chair of Board of Trustees. ✓ Audit, ESG and Compensation and Nominating Committees are 100% Independent. ✓ Significant Board ownership at 7.8%.

SECTION III – FINANCIAL AND OPERATING RESULTS

The following is a summary of selected financial information for the periods indicated (see *Section II – Key Performance Indicators* for a description of the key terms):

	Three months ended March 31	
(in $ thousands, except per Unit amounts, or otherwise indicated)	**2021** [(4)]	2020 [(4)]
Portfolio Performance		
Occupancy (%) [(3)]	**98.2%**	98.4%
Revenue from investment properties	**$ 52,710**	$ 46,514
Property operating expenses	**$ 13,936**	$ 12,563
Net rental income	**$ 38,774**	$ 33,951
Interest expense (finance costs)	**$ 9,398**	$ 11,432
Fair value adjustments to investment properties	**$ 104,848**	$ (1,934)
Net income	**$ 132,422**	$ 42,952
Operating Performance		
FFO [(1)]	**$ 28,182**	$ 21,435
FFO per Unit [(1)(2)]	**$ 0.168**	$ 0.155
Net income per Unit - basic [(2)]	**$ 0.789**	$ 0.312
Distributions		
Distributions declared to Unitholders	**$ 22,663**	$ 18,620
Distributions per Unit declared to Unitholders [(2)]	**$ 0.135**	$ 0.135
FFO payout ratio without DRIP benefit [(1)]	**80.4%**	86.8%
FFO payout ratio with DRIP benefit [(1)]	**65.4%**	69.5%
Weighted average Units outstanding [(2)]	**167,823**	137,876
Liquidity and Leverage		
Total assets	**$ 3,294,542**	$ 2,826,722
Total debt (loans and borrowings and lease liability)	**$ 1,198,400**	$ 1,319,763
Weighted average effective interest rate [(5)]	**2.99%**	3.52%
Weighted average term to maturity (years) [(5)]	**5.1**	3.8
Leverage [(1)]	**36.4%**	46.7%
Interest coverage [(1)]	**3.9x**	2.8x
Debt service coverage [(1)]	**2.5x**	1.9x
Debt-to-adjusted EBIDTA [(1)]	**8.0x**	10.1x
DBRS Issuer Rating	**BBB (low)**	-
Investment Properties		
Property acquisitions	**1**	9
Property dispositions	**1**	-
Number of properties [(3)]	**153**	154
Total GLA (in thousands of square feet) [(3)]	**19,393**	18,229

(1) Non-GAAP measure. Refer to "Section II - Key Performance Indicators - Financial Indicators" of the MD&A for further information (including definitions and measures).

(2) Includes REIT Units and Class B Exchangeable Units (collectively, the "Units").

(3) Excludes the non-core properties held for sale, as disclosed in the "Investment Properties Held for Sale" section of this MD&A.

(4) Financial metrics include the non-core properties held for sale, as disclosed in the "Investment Properties Held for Sale" section of this MD&A.

(5) Weighted average effective interest rate and weighted average term to maturity is calculated on total loans and borrowings.

FINANCIAL AND OPERATING HIGHLIGHTS

The REIT continued to experience strong operating results during the first quarter of 2021, including continued strong leasing activity, strong rent deferral collections, and occupancy levels consistent with pre-pandemic levels. A number of ESG milestones were also achieved during the quarter. The REIT's financial and operating highlights during and subsequent to the first quarter of 2021 are outlined below.

Financial

- Total revenue increased by 13.3% driven by portfolio growth, high stable occupancies and rent increases.
- Net rental income increased by 14.2%.
- Fair value gains on investment properties of $104.8 million ($0.625 per Unit).
- FFO increased 31.5% to $28.2 million ($0.168 per Unit).
- FFO per Unit increased 8.4% to $0.168 per Unit, despite a 21.7% increase in Units outstanding.

Operational

- Strong occupancy at 98.2% compared to 98.0% at December 31, 2020 and 98.4% at March 31, 2020, with an average lease term of 5.5 years and 1.6% average annual contractual rent steps.
- Same property NOI increased 2.6% for the three months ended March 31, 2021, with Quebec and Ontario each contributing 4.9% and 4.5%, respectively.
- Completed over 530,000 sq. ft. of 2021 lease renewals during the first quarter with a strong 82.8% retention rate, generating a 23.2% increase in rents (44% in the Greater Toronto Area ("GTA") and 49% in Greater Montreal Area ("GMA")).
- Substantial pre-leasing on development projects of over 530,000 sq. ft., including 100% of buildings currently under construction.
- Future lease commitments on approximately 150,000 sq. ft. or 42.4% of vacancy.
- 83% of rent deferrals granted have been repaid at May 11, 2021, including 99% collection rate on rent deferrals due to be repaid.

Investing

- Acquired a 342,830 sq. ft. single-tenant warehousing and logistics facility located at 777 Bayly Street, in Ajax, Ontario, for a purchase price of $68.0 million.
- Completed the disposition of a non-core investment property located in Edmonton, Alberta for gross proceeds of $5.0 million.
- Acquired a 765,145 sq. ft. investment property located at 2300 Émile-Bélanger Street, Montreal, Quebec for a purchase price of $183.3 million on April 9, 2021 at a 4.5% going-in capitalization rate.
- Disposed of investment properties located at 2615 and 2620-2650 Lancaster Drive and 1050-1051 Baxter Drive in Ottawa, Ontario for gross proceeds of $49.2 million on April 23, 2021.

- Announced the expansion of the REIT's development projects in the GTA with the acquisition of interests in four development sites totalling approximately 50 acres with the potential to add approximately 1 million square feet of GLA to the portfolio.

Financing

- Strong liquidity position at March 31, 2021, with approximately $600 million of available liquidity including cash, borrowing capacity on the REIT's unsecured revolving credit facility, and potential new financing that could be placed on a portion of the REIT's $1.5 billion of unencumbered properties.
- Assigned issuer rating from DBRS Limited ("DBRS") of BBB (low) with a stable trend on the successful issuance of the REIT's Green Bond offering on April 12, 2021. The $250 million Series C senior unsecured debentures represent the REIT's inaugural Green Bond issuance under its Green Financing Framework.
- Subsequent to March 31, 2021, repaid $102.8 million in term mortgages set to mature between 2023 and 2026, using proceeds from the Series C senior unsecured debenture offering, lowering the REIT's weighted average interest rate from 3.74% to 2.25%.

ESG

- Issued Green Financing Framework, which allows the REIT to issue green financing instruments to finance or re-finance Eligible Green Initiatives.
- Recognized for its commitment to equity, diversity and inclusion by earning a spot on the Globe and Mail's 2021 Report on Business "Women Lead Here" list.

Other

- Insider ownership fully aligned with 8.0% of REIT Units outstanding held by management and Trustees.
- On May 11, 2021, the REIT announced a 4.4% increase in monthly cash distributions to $0.047 per Unit ($0.564 per Unit annualized).

SUMMARY OF Q1 2021 RESULTS FROM OPERATIONS

Revenue from Investment Properties

Revenue from investment properties for the three months ended March 31, 2021 rose 13.3% to $52.7 million compared to $46.5 million for the same period in 2020. The increase in revenue was due primarily to the acquisitions completed over the prior 12 months, continuing strong occupancies and increased rents.

Net Rental Income

Net rental income for the three months ended March 31, 2021 increased 14.2% to $38.8 million compared to $34.0 million for the same period in 2020. The improvement in net rental income was due primarily to acquisitions completed over the prior 12 months, same property NOI growth of 2.6% due to higher overall rental rates on leasing activities and contractual steps in rent, in addition to a $0.7 million recovery of allowance for expected credit losses due to successful rent collection efforts over the course of the pandemic.

Finance Costs

Finance costs for the three months ended March 31, 2021 decreased by 17.8% to $9.4 million compared to $11.4 million for the same period in 2020. The decrease in finance costs was primarily driven by a reduction in loans and borrowings and a lower weighted average interest rate during the first quarter of 2021 compared to the same prior year period, as a result of the two unsecured debenture offerings completed during the second half of 2020 at interest rates between 1.82% and 2.15%. Over the prior 12 months, the REIT used proceeds from the unsecured debenture offerings and equity offerings to finance acquisitions, repay mortgages that carried higher average interest rates than the new debt financings, as well as to repay and extinguish the non-revolving bridge credit facility, resulting in a decline in the REIT's weighted average interest rate from 3.52% at March 31, 2020 to 2.99% at March 31, 2021.

Net Income

Net income for the three months ended March 31, 2021 increased by 208.3% to $132.4 million compared to $43.0 million for the same period in 2020. The increase in net income was primarily due to an increase in fair value gains on investment properties during the three months ended March 31, 2021 to $106.7 million, as well as accretive acquisitions and same property NOI growth noted above, and was partially offset by higher general and administrative costs primarily due to fair value losses on deferred unit compensation resulting from an increase in the REIT's Unit price during the three months ended March 31, 2021, compared to fair value gains on deferred unit compensation in the prior year comparative period. Net income is impacted by fair value adjustments to investment properties, loans receivable, deferred unit compensation and Class B Exchangeable Units, which are not necessarily indicative of the operating results of the REIT.

SAME PROPERTY NOI

Total same property NOI improved by 2.6% for the three months ended March 31, 2021, and represented approximately 83.0% of the total portfolio NOI, and 88.4% of total GLA for the same periods.

In calculating same property NOI, the impacts from the straight-lining of rents and amortization of free rent have been excluded. Same property NOI excludes properties that would have had changes due to acquisitions, dispositions and redevelopments, as well as properties classified as held for sale (see *Investment Properties Held for Sale*).

The following table reconciles same property NOI to net rental income for the three months ended March 31:

(In thousands)	GLA	Three months ended March 31 2021	2020	Change ($)	Change (%)
Ontario	8,557	**$ 14,952**	$ 14,309	643	4.5%
Quebec	3,343	**5,388**	5,135	253	4.9%
Alberta	5,207	**11,745**	11,842	(97)	-0.8%
Other Canada	42	**99**	97	2	2.1%
Same property NOI	17,149	**$ 32,184**	$ 31,383	801	2.6%
Acquisitions/dispositions/redevelopments	2,244	**5,722**	1,631	4,091	
Straight-line rent		**1,198**	1,021	177	
Free rent amortization		**(330)**	(84)	(246)	
Net rental income	19,393	**$ 38,774**	$ 33,951	4,823	

Same property NOI improved in Ontario, Quebec and Other Canada, and was offset by a slight decline in Alberta compared to the same period last year due to a reduction in occupancy. Same property NOI growth in Ontario and Quebec was largely driven by 2020 lease renewals, which generated an average 23.6% increase in rents from the expiring rent with a significant 27.3% increase over expiring rents in the GTA. Same property NOI also includes increases in rents from contractual steps in rent in Ontario, Quebec and Alberta.

FUNDS FROM OPERATIONS

The REIT's FFO and FFO per Unit is calculated as follows:

(In $ thousands, except per Unit amounts)		Three months ended March 31 **2021** [3]		2020 [3]
Net income	**$**	**132,422**	$	42,952
Adjustments:				
Free rent amortization		**330**		83
Amortization of other assets		**63**		-
Distributions on Class B exchangeable Units treated as finance costs		**-**		88
Fair value adjustment to deferred unit compensation		**215**		(508)
Fair value adjustment to loans receivable		**-**		(21,046)
Fair value adjustment to Class B Exchangeable Units		**-**		(2,068)
Fair value adjustment to investment properties		**(104,848)**		1,934
FFO	**$**	**28,182**	$	21,435
FFO per Unit [1]	**$**	**0.168**	$	0.155
Distributions declared to Unitholders [2]	**$**	**22,663**	$	18,620
Distributions per Unit declared to Unitholders [1][2]	**$**	**0.135**	$	0.135
Cash Distributions paid [2]	**$**	**18,428**	$	14,908
FFO payout ratio without DRIP benefit		**80.4%**		86.8%
FFO payout ratio with DRIP benefit		**65.4%**		69.5%
Weighted average number of Units outstanding (in thousands)[1]		**167,823**		137,876
Units issued and outstanding at the end of the period (in thousands)[1]		**167,980**		138,028
Other items:				
Straight-line rent adjustment	**$**	**(1,199)**	$	(1,021)
Non-recoverable capital expenditures	**$**	**(386)**	$	-
Leasing costs	**$**	**(2,687)**	$	(1,627)

[1] Includes REIT Units and Class B Exchangeable Units (collectively, the "Units").
[2] Includes distributions on REIT Units and Class B Exchangeable Units.
[3] All data in this table includes the non-core investment properties held for sale, as disclosed in the "Investment Properties Held for Sale" section of this MD&A.

For the three months ended March 31, 2021, FFO was $28.2 million ($0.168 per Unit), compared to $21.4 million ($0.155 per Unit) for the same prior year period. The increase in FFO of $6.7 million is due primarily to the acquisitions completed in 2020 and higher same property NOI resulting from increases in rents from expiring rents.

The REIT's FFO payout ratio for the three months ended March 31, 2021 was 80.4% (65.4% including the benefit of the REIT's DRIP program), compared to 86.8% (69.5% including the benefit of the REIT's DRIP program) during the same prior year period.

INVESTMENT PROPERTIES

The following table provides information regarding the REIT's investment property portfolio at March 31, 2021, excluding investment properties held for sale (See *Investment Properties Held for Sale*):

	No. of Properties	No. of Tenants	Single-Tenant (% GLA)	Multi-Tenant (% GLA)	GLA ('000s sf)	Occupancy (%)
Ontario	78	135	69%	31%	10,280	98.9%
Quebec	27	37	71%	29%	3,864	99.9%
Alberta	47	90	48%	52%	5,207	95.4%
Other Canada	1	1	100%	0%	42	100.0%
Total	153	263	64%	36%	19,393	98.2%

FAIR VALUE OF INVESTMENT PROPERTIES

The following table outlines the fair value of investment properties at March 31, 2021, including significant assumptions used in the determination of fair value:

	Weighted Average Capitalization Rate	Fair Value ($'000s)	Fair Value ($ psf)
Ontario	4.44%	$ 1,792,272	$ 169
Quebec	4.68%	556,025	144
Alberta	6.18%	807,860	143
Other Canada	6.87%	8,450	115
Total	4.93%	$ 3,164,607	$ 158
Properties under development/expansion		15,131	
Right-of-use assets		30,401	
Total		$ 3,210,139	

The REIT recognized fair value gains on investment properties for the three months ended March 31, 2021 of $104.8 million (three months ended March 31, 2020 - loss of $1.9 million).

INVESTMENT PROPERTIES HELD FOR SALE

The following table outlines the REIT's investment properties held for sale at March 31, 2021, which were carried at an aggregate fair value of $63.0 million:

	City	Province	No. of Tenants	GLA ('000s sf)	Occupancy (%)	Status
2500 Cranbrook Street	Cranbrook	British Columbia	1	8	100.0%	Held for sale
6708, 87A Avenue	Fort St. John	British Columbia	2	14	100.0%	Held for sale
4600 - 99th Street NW	Edmonton	Alberta	19	97	80.8%	Held for sale
1050-1051 Baxter Road	Ottawa	Ontario	17	161	96.0%	Sold April 23, 2021
2615 Lancaster Road	Ottawa	Ontario	22	84	89.0%	Sold April 23, 2021
2620-2650 Lancaster Road	Ottawa	Ontario	16	38	100.0%	Sold April 23, 2021
Total			77	402	91.5%	

ACQUISITIONS

The following table outlines the REIT's acquisition activity for the three months ended March 31, 2021:

(In $ thousands)	City	Province	Date of Acquisition	Ownership (%)	GLA ('000s sf)		Purchase Price [1]		Total Acquisition Cost
777 Bayly Street West	Ajax	Ontario	January 18, 2021	100%	343	$	68,000	$	70,476
Total					343	$	68,000	$	70,476

[1] Purchase price is before acquisition-related expenses.

On April 9, 2021, the REIT acquired a 765,145 square foot investment property located at 2300 Émile-Bélanger Street, Montreal, Quebec for a purchase price of $183.3 million at a 4.5% going-in capitalization rate (see *Section V - Subsequent Events*).

DISPOSITIONS

The following table outlines the REIT's disposition activity for the three months ended March 31, 2021:

(In $ thousands)	City	Province	Date of Disposition	Ownership (%)	GLA ('000s sf)		Selling Price[1]		Net Proceeds
5880-56th Avenue	Edmonton	Alberta	March 31, 2021	100%	30	$	5,000	$	4,723
Total					30	$	5,000	$	4,723

[1] Selling price is before disposition-related expenses.

On April 23, 2021, the REIT completed the disposition of investment properties located at 1050-1051 Baxter Drive, 2615 Lancaster Drive, and 2620-2650 Lancaster Drive in Ottawa, Ontario for gross proceeds of $49.2 million (see *Section V - Subsequent Events*). These properties were classified as held for sale at March 31, 2021.

DEVELOPMENT AND EXPANSIONS

Management pursues development/redevelopment on a selective basis through building expansions, greenfield developments on land owned or acquired by the REIT, intensification projects to add density within the existing industrial portfolio, and via mezzanine financing arrangements to development partners used to fund the construction of new buildings. In all cases, the objective of the development program is to augment the returns from the REIT's core portfolio of stabilized assets and to continue to upgrade the REIT's portfolio through the addition of new environmentally-friendly assets, in a manner that minimizes risk to the REIT.

The development focus of the REIT is currently on the GTA, where capitalization rates are at historic lows, and in the GMA, where the market remains significantly undersupplied.

The following table summarizes the REIT's ongoing development projects:

	City	Province	Planned GLA	Pre-leased (%)	Ownership (%)	Comment
Under construction						
Site J1, Hanlon Creek Park[1]	Guelph	Ontario	190,866	100%	50%	Construction started Q4 2020
Site J2, Hanlon Creek Park[1]	Guelph	Ontario	250,332	100%	50%	Construction started Q4 2020
Total under construction			441,198	100%		
Planning and permitting stage						
2445 Surveyor Road	Mississauga	Ontario	92,549	0%	100%	Construction to start 2021
4455 North Service Road	Burlington	Ontario	148,000	62%	100%	Construction to start 2021
5900 14th Avenue	Markham	Ontario	61,600	0%	100%	Expansion of existing building
7101 Notre Dame St. E	Montreal	Quebec	150,000	0%	100%	Re-development of existing building
Total planning and permitting stage			452,149	20%		
Total development and expansions			**893,347**	**60%**		

(1) The REIT accounts for the Site J1 and J2 development projects as equity accounted joint ventures.

On May 10, 2021, the REIT announced the expansion of the REIT's development projects in the GTA with the acquisition of interests in four development sites totalling approximately 50 acres with the potential to add approximately 1 million square feet of GLA to the portfolio (see *Section V - Subsequent Events*).

Equity Accounted Joint Ventures

At March 31, 2021, the REIT had a 50% interest in a joint venture development project with a third-party developer on approximately 50 acres of development land, which it accounts for under the equity method. Under this joint venture arrangement, the REIT has the option to acquire at fair value the remaining 50% interest in any buildings being developed over time as they are completed and leased. At March 31, 2021, there were two buildings under construction (Site J1 and J2), which will total 441,198 square feet on completion.

Further details on the remaining development land and the two buildings under construction, identified as Sites J1 and J2, are as follows:

65-75 Quarterman Road (Site J1 and J2), Guelph, Ontario

This property contains 26.2 acres of land with two buildings that are currently under construction. Once completed, the buildings will total approximately 441,198 square feet, with J1 comprising 190,866 square feet and J2 comprising 250,332 square feet. Currently, all of the space in these two buildings has been pre-leased at higher-than-pro forma rental rates. The project is expected to be completed in late 2021 or early 2022.

Development

2445 Surveyor Road, Mississauga, Ontario

This property contains 4.9 acres of excess land that can accommodate 92,549 square feet of new development. The planning and permitting phase of this project has concluded. The REIT expects to start construction on this project mid-2021 and complete the project mid-2022.

4455 North Service Road, Burlington, Ontario

This property contains 7.5 acres of excess land that can accommodate 148,000 square feet of new development across two buildings. This project is currently in the planning and permitting phase. The REIT intends to start construction on this project mid-2021. Currently, 91,000 square feet in the first building project has been conditionally pre-leased for a 5-year term at higher-than-pro forma rental rates.

7101 Notre-Dame Street East, Montreal, Quebec

This property contains 6.6 acres of excess land that can accommodate 150,000 square feet of new development in a single building. The property is currently comprised of a 41,000 square foot obsolete two-storey office building, leased on a short-term basis to a tenant in one of the REIT's neighbouring industrial buildings. This office building is scheduled to be demolished at the end of the current lease term, after which time the property will be redeveloped. Planning is currently underway, and construction is expected to start in 2021 with an anticipated project completion date in early 2022.

Expansions

5900 14th Avenue, Markham, Ontario

This property was acquired in January 2020 and contains 3.0 acres of excess land that can accommodate an expansion of approximately 61,600 square feet to the existing building of 184,561 square feet. The REIT anticipates starting this project in the latter half of 2021.

Portfolio Intensification Potential

While land prices continue to rise at a rapid pace due to record-low availability rates in the GTA and GMA, the REIT continues to monitor its portfolio for potential intensification opportunities as part of its development program. The following table outlines the estimated intensification potential of the REIT's existing portfolio at May 11, 2021, excluding any of the projects already discussed above.

				Future Potential Incremental Density	
	GLA (000's sf)	Acres	Current Site Coverage	Expansion (000's sf)	Redevelopment (000's sf)
Ontario	10,280	590	40.5%	712	82
Quebec	4,629	249	41.1%	564	-
Alberta	5,207	434	27.5%	485	3,141
Other Canada	42	3	39.2%	-	-
Total	**20,158**	**1,276**	**36.2%**	**1,761**	**3,223**

Mezzanine Financing

At March 31, 2021, the REIT had two loans receivable outstanding, including a mezzanine loan receivable from the REIT's joint venture partner in relation to the development of the data centre in downtown Montreal, and a promissory note receivable in relation to the sale of the REIT's underlying interest in Data Centre 2 ("DC2") in May 2020.

Total loans receivable, including accrued interest, for the periods presented were as follows:

(In thousands)		**March 31, 2021**		December 31, 2020
Promissory note, DC2, Richmond Hill	**$**	**11,871**	$	24,095
Mezzanine loan, 544 de l'Inspecteur, Montreal		**24,109**		23,639
Total loans receivable	**$**	**35,980**	$	47,734

DC2, Richmond Hill, Ontario

The REIT provided mezzanine financing to a third-party developer for the construction of a 95,000 square foot single-storey data centre. The mezzanine loan had purchase rights, entitling the REIT to convert the loan to equity upon project completion.

In May 2020, the REIT sold its underlying interest in DC2. The sale of DC2 resulted in the repayment of the outstanding balance of the mezzanine loan of $5.5 million, including accrued interest. The proceeds from the sale were in the form of a promissory note, which was to be repaid in stages over a period of 12-15 months as construction on the data centre is completed. During the three months ended March 31, 2021, the REIT collected $12.2 million of the outstanding promissory note, with the remaining balance expected to be collected over the ensuing six months.

544 de l'Inspecteur, Montreal, Quebec

The REIT has extended mezzanine loan financing to its joint venture partner, a third-party developer, for the development of a 266,000 square foot multi-storey data centre in Montreal, Quebec. The mezzanine loan has purchase rights, entitling the REIT to convert the loan to equity upon project completion.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOW

The following table represents the changes in cash flow for the three months ended March 31, 2021 and 2020:

(in $ thousands)		2021		2020		Change
Cash, beginning of period	**$**	**70,093**	$	1,698	$	68,395
Cash inflows from operating activities		**16,689**		13,707		2,982
Cash (outflows to) inflows from financing activities		**(6,590)**		155,441		(162,031)
Cash outflows to investing activities		**(67,706)**		(157,824)		90,118
Cash, end of period	**$**	**12,486**	$	13,022	$	(536)

Cash Inflows from Operating Activities

The increase in cash inflows from operating activities is primarily due to an increase in cash flow from properties acquired over the past 12 months, higher same property NOI, and lower finance costs resulting from a reduction in the REIT's average cost of capital over the past 12 months, and was partially offset by the change in non-cash working capital, which varies from period to period.

Cash (Outflows to) Inflows from Financing Activities

The decrease in cash inflows from financing activities was primarily due to fewer draws on the REIT's unsecured revolving credit facility during the three months ended March 31, 2021 and an increase in distributions paid resulting from an increase in Units outstanding, and was partially offset by lower repayments on loans and borrowings. During the three months ended March 31, 2020, the REIT used the unsecured revolving credit facility to finance acquisitions completed during the period and repaid certain maturing secured term mortgages. The acquisition completed during the three months ended March 31, 2021 was financed using proceeds from the Series B senior unsecured debenture offering that closed in December 2020.

Cash Outflows to Investing Activities

The decrease in cash outflows to investing activities was primarily due to fewer acquisitions completed during the three months ended March 31, 2021 (342,830 sf of GLA for $70.5 million) compared to the same prior year comparative period (746,903 sf of GLA for $155.5 million). In addition, during the three months ended March 31, 2021, the REIT received a partial repayment of $12.2 million on its promissory note outstanding in relation to the sale of the DC2 data centre in May 2020, and received $4.7 million in net proceeds from the sale of an investment property, for which there were no comparable transactions in the same prior year comparative period.

Distribution Excess (Shortfall) Analysis

The following table summarizes the excess or shortfall of certain IFRS measures over cash distributions paid for the three months ended March 31:

(In $ thousands)		2021		2020
Cash inflows from operating activities	$	**16,689**	$	13,707
Actual cash distributions paid		**18,428**		14,908
Shortfall of cash inflows from operating activities over cash distributions paid	$	**(1,739)**	$	(1,201)
Net income	$	**132,422**	$	42,952
Actual cash distributions paid		**18,428**		14,908
Excess of net income over cash distributions paid	$	**113,994**	$	28,044

The REIT's cash flow provided by operating activities was less than its cash distributions paid for the three months ended March 31, 2021 and 2020, which can be attributed to the change in non-cash working capital, which will vary from period to period, impacting cash flow from operating activities.

The REIT's net income exceeded cash distributions paid for the three months ended March 31, 2021 and 2020. Net income was higher than cash distributions in the current and prior year comparative periods due to the impact of non-cash fair value adjustments and other non-cash items on net income. Overall, management expects that distributions declared will continue to vary from net income for the above-mentioned reasons.

LIQUIDITY

Available Liquidity

Despite the increase in the broader market's liquidity risks caused by the COVID-19 pandemic, the REIT continues to maintain a strong and flexible financial liquidity position. At March 31, 2021, the REIT's available liquidity was approximately $600 million, including cash, borrowing capacity on its unsecured revolving credit facility, and potential for new financing that could be placed on a portion of its $1.5 billion of unencumbered properties, as outlined in the table below:

(In $ thousands)		March 31, 2021		December 31, 2020
Cash	$	**12,486**	$	70,093
Unused portion of unsecured revolving credit facility		**283,000**		300,000
Liquidity	$	**295,486**	$	370,093
Unencumbered assets	$	**1,548,963**	$	1,405,365

The REIT's liquidity has been further enhanced through an increase in unencumbered assets as a result of the acquisition of 2300 Émile-Bélanger Street, Montreal, Quebec, which was financed with proceeds from the Series C senior unsecured debentures, and the early repayment of certain secured term mortgages (see *Section V - Subsequent Events*).

Rent Deferral Collections

In response to the COVID-19 pandemic, the REIT implemented a number of rent relief measures to assist a subset of its tenants experiencing economic hardship caused by the pandemic, including but not limited to rent deferral agreements.

During the year ended December 31, 2020, the REIT entered into rent deferral agreements on approximately 3.2 million square feet of GLA for a total of $3.7 million, which was to be repaid over a period of 12-18 months. As at March 31, 2021, $2.5 million of the $3.7 million rent deferred that was due to be repaid and was collected from tenants, as scheduled, leaving $1.2 million in tenant receivables at March 31, 2021. Subsequent to March 31, 2021, an additional $0.5 million of deferred rent was repaid by tenants, resulting in 99% of deferred rent being repaid on schedule and 83% collection of rent deferrals granted to date, with the remaining $0.7 million to be collected over the next 12 months.

CONTRACTUAL OBLIGATIONS

The REIT's most significant contractual obligations relate to loans and borrowings, including term mortgages, senior unsecured debentures, and the unsecured revolving credit facility, as outlined in the following table as at March 31, 2021:

(In thousands)	Total	2021	2022	2023	2024	2025	Thereafter
Term mortgages [(1)]	$ 840,835	$ 34,816	$ 140,426	$ 131,701	$ 77,780	$ 92,936	$ 363,176
Senior unsecured debentures [(2)]	493,385	5,505	9,015	9,015	9,015	259,015	201,820
Unsecured revolving credit facility	17,000	-	-	17,000	-	-	-
Trade and other accrued liabilities	35,166	35,166	-	-	-	-	-
Distributions payable	7,559	7,559	-	-	-	-	-
Other financial liabilities[(3)]	16,178	-	-	1,847	1,748	(627)	13,210
Lease liabilities	30,401	89	156	166	173	181	29,636
Security deposits	11,227	11,227	-	-	-	-	-
Total	$ 1,451,751	$ 94,362	$ 149,597	$ 159,729	$ 88,716	$ 351,505	$ 607,842

(1) Includes principal and interest payments; excludes $0.9 million in unamortized deferred financing charges and $3.1 million in unamortized premium on debt.
(2) Includes principal and interest payments; excludes $2.9 million in unamortized deferred financing charges and $0.2 million in unamortized discount on debt.
(3) Other financial liabilities represent the REIT's interest rate swap contracts.

CAPITAL RESOURCES

The REIT's balance sheet at March 31, 2021 compared to the same period prior year largely reflect its investment property acquisitions and dispositions, new debt financing and extinguishments, and equity offerings during the 12-month period.

TOTAL ASSETS

Total assets increased to $3.3 billion at March 31, 2021 compared to $3.2 billion at December 31, 2020. The increase in assets was mainly attributed to fair value gains on investment properties of $104.8 million, in addition to the acquisition of investment properties ($70.5 million), an increase in deposits on investment property acquisitions under contract ($10 million), and additions to investment properties ($6.8 million). The increase in assets was partially offset by a reduction in cash to finance the above-mentioned acquisition, and the disposition of a non-core investment property. Refer to the "Investment Properties" section of this MD&A for further details on investment property transactions during the three months ended March 31, 2021.

TOTAL LOANS AND BORROWINGS

Total loans and borrowings outstanding at March 31, 2021 remained comparable to the balance outstanding at December 31, 2020, as outlined in the following table:

(In $ thousands)		**March 31, 2021**		December 31, 2020
Term mortgages	**$**	**704,052**	$	709,313
Senior unsecured debentures:				
Series A 2.15% senior unsecured debentures, maturing September 17, 2025		**248,566**		248,523
Series B 1.82% senior unsecured debentures, maturing April 1, 2026		**198,381**		198,306
Unsecured revolving credit facility		**17,000**		-
Total loans and borrowings	**$**	**1,167,999**	$	1,156,142

Senior Unsecured Debentures

At March 31, 2021, the REIT had two Series of senior unsecured debentures outstanding, which were each assigned a BBB (low) issuer rating from DBRS. Interest on the unsecured debentures is payable semi-annually in arrears.

Among other covenants, the unsecured debentures require the REIT to maintain a pool of unencumbered properties of not less than 1.3 times unsecured indebtedness. At March 31, 2021, the REIT was in compliance with all covenants and its pool of unencumbered properties was $1.5 billion, well above the covenant requirement.

On April 12, 2021, the REIT completed its inaugural Green Bond offering of $250 million Series C senior unsecured debentures at a fixed rate of 2.25% per annum, payable semi-annually in arrears, with a first short coupon payable on July 12, 2021, and maturing January 12, 2027. This debenture offering represents the REIT's first Green Bond issued under its Green Financing Framework (see *Section V - Subsequent Events*).

Unsecured Revolving Credit Facility

The REIT has a $300 million unsecured revolving credit facility that matures March 23, 2023 and bears a variable interest rate of bank prime plus a spread for prime rate loans or banker's acceptance plus a spread for banker's acceptances. The unsecured revolving credit facility is generally used to fund acquisitions until longer term financing is arranged, as well as for general operational purposes. At March 31, 2021, $17.0 million was drawn from the unsecured revolving credit facility (December 31, 2020 - $nil).

Among other covenants, the unsecured revolving credit facility requires the REIT to maintain a pool of unencumbered properties of no less than 1.3 times unsecured indebtedness. At March 31, 2021, the REIT's pool of unencumbered properties was $1.5 billion, well above the covenant requirement.

Term Mortgages

There were no new term mortgage financing activities during the three months ended March 31, 2021.

In April and May 2021, the REIT repaid $102.8 million in variable rate secured term mortgages that were fixed with interest rate swaps, and set to mature between 2023 and 2026, using proceeds from the Series C senior unsecured debenture offering. As part of the repayment process, the REIT settled the interest rate swap contracts associated with the term mortgages, resulting in a one-time payment of $4.0 million. The term mortgages carried a weighted average interest rate of 3.74% and have now been replaced with longer term financing in the form of the Series C senior unsecured debentures at an interest rate of 2.25% (see *Section V - Subsequent Events*).

Debt Maturity Schedule

The following table presents the future principal repayments and maturities on loans and borrowings and their respective weighted average effective interest rates:

(in $ thousands)

Year	Term Mortgages	Unsecured Debentures	Unsecured Revolving Credit Facility	Total	% of Total	Wtd. Avg. Effective Interest Rate[1]
2021	$ 15,636	$ -	$ -	$ 15,636	1.3%	-
2022	105,749	-	-	105,749	9.1%	3.09%
2023	112,040	-	17,000	129,040	11.0%	3.48%
2024	61,417	-	-	61,417	5.3%	3.64%
2025	78,625	250,000	-	328,625	28.1%	2.45%
2026	16,011	200,000	-	216,011	18.5%	1.90%
2027	12,958	-	-	12,958	1.1%	-
2028	134,589	-	-	134,589	11.5%	3.92%
2029	138,526	-	-	138,526	11.9%	3.82%
2030	22,776	-	-	22,776	2.0%	2.91%
Thereafter	3,462	-	-	3,462	0.3%	3.84%
Total principal repayments	$ 701,789	$ 450,000	$ 17,000	$ 1,168,789	100.0%	2.99%
Unamortized premium (discount) on debt	3,139	(169)	-	2,970		
Unamortized deferred financing charges	(876)	(2,884)	-	(3,760)		
Total loans and borrowings	$ 704,052	$ 446,947	$ 17,000	$ 1,167,999		

[1] Weighted average effective interest rate on debt maturing in each of the respective years.

At March 31, 2021, the weighted average interest rate on loans and borrowings was 2.99% with a weighted average term to maturity of 5.1 years. Following the subsequent event financing activities, including the issuance of the $250 million Series C senior unsecured debentures, repayment of the $17.0 million drawn on the unsecured revolving credit facility, and early repayment of $102.8 million in secured term mortgages (see *Section V - Subsequent Events*), the weighted average interest rate declined to 2.80% and the weighted average term to maturity was extended to 5.4 years.

Debt Profile

The maximum debt leverage permitted by the REIT's Declaration of Trust is 65%. However, the REIT expects to conservatively manage leverage targets over the long term below this limit. At March 31, 2021, the REIT's debt leverage ratio was 36.4% compared to 37.4% at December 31, 2020. Average leverage during the three months ended March 31, 2021 was 37.4% compared to 44.8% for the same period in 2020.

(in $ thousands)	**March 31, 2021**	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
Total assets	**$ 3,294,542**	$ 3,172,213	$ 2,846,900	$ 2,820,762	$ 2,826,722
Debt					
Term mortgages	**704,052**	709,313	692,911	697,806	683,018
Senior unsecured debentures	**446,947**	446,829	248,469	-	-
Unsecured revolving credit facility	**17,000**	-	60,200	224,200	254,200
Secured revolving credit facility and demand loans(2)	**-**	-	102,030	352,030	352,030
Lease liabilities	**30,401**	30,430	30,458	30,487	30,515
Total debt	**$ 1,198,400**	$ 1,186,572	$ 1,134,068	$ 1,304,523	$ 1,319,763
Leverage	**36.4%**	37.4%	39.8%	46.2%	46.7%
Unsecured debt (% of total debt)	**38.7%**	37.7%	27.2%	17.2%	19.3%
Floating rate debt (% of total debt)	**1.9%**	0.5%	14.9%	47.1%	47.2%
Unencumbered assets	**$ 1,548,963**	$ 1,405,365	$ 1,054,481	$ 637,487	$ 635,349

(1) All data in this table includes the investment properties classified as held for sale as disclosed in the "Investment Properties Held for Sale" section of this MD&A.

(2) The REIT's secured revolving credit facility and demand loans were repaid and extinguished in 2020.

FINANCIAL RATIOS

The REIT's interest coverage ratio, debt service coverage ratio and debt-to-adjusted EBITDA for the three months ended March 31, 2021 and 2020 are outlined in the table below.

	Three months ended March	
(in $ thousands)	**2021**	2020
Net income	**$ 132,422**	$ 42,952
Adjustments:		
Free rent amortization	**330**	83
Amortization of other assets	**63**	-
Straight-lining of rents	**(1,199)**	(1,021)
Fair value adjustment to deferred unit compensation	**215**	(508)
Fair value adjustment to loans receivable	**-**	(21,046)
Fair value adjustment to Class B Exchangeable Units	**-**	(2,068)
Fair value adjustment to investment properties	**(104,848)**	1,934
Interest expense (finance costs)	**9,398**	11,432
Adjusted EBITDA	**$ 36,381**	$ 31,758
Distributions on Class B Exchangeable Units recorded in finance costs	**$ -**	$ 88
Interest expense (finance costs) excl. Class B Exchangeable Unit distributions	**$ 9,398**	$ 11,344
Interest coverage	**3.9x**	2.8x
Mortgage principal repayments (excluding mortgage payouts)	**$ 5,133**	$ 4,996
Mortgage principal and interest	**$ 14,531**	$ 16,340
Debt service coverage	**2.5x**	1.9x
Non-current loans and borrowings	**$ 1,123,162**	$ 911,226
Current loans and borrowings	**44,837**	378,022
Total loans and borrowings	**$ 1,167,999**	$ 1,289,248
Adjustments:		
Unamortized premium on debt	**(2,970)**	(1,838)
Unamortized deferred financing charges	**3,760**	797
Total debt and principal amount outstanding	**$ 1,168,789**	$ 1,288,207
Adjusted EBITDA per above (annualized)	**$ 145,524**	$ 127,032
Debt-to-adjusted EBITDA	**8.0x**	10.1x

(1) All data in this table includes the non-core investment properties held for sale as disclosed in the "Investment Properties Held for Sale" section of this MD&A.

CLASS B EXCHANGEABLE UNITS

Class B Exchangeable Units are exchangeable into Units on a one-for-one basis at the option of the holder. Class B Exchangeable Units are entitled to distributions per unit in an amount equal to the distributions per unit declared in respect of the Units.

As partial consideration for certain asset acquisitions completed during 2018, a total of 4,297,871 Class B Exchangeable Units were issued at an aggregate fair value of $36.6 million in 2018. At March 31, 2020, 648,372 of the Class B Exchangeable Units issued in 2018 remained outstanding. The remaining 648,372 Class B Exchangeable Units were exchanged into Units on April 1, 2020, following which no further Class B Exchangeable Units remained outstanding.

The REIT recognized fair value gains of $1.5 million on the outstanding Class B Exchangeable Units during the three months ended March 31, 2020, and distributions on Class B Exchangeable Units included in finance costs for the three months ended March 31, 2020 was $0.1 million.

EQUITY

Unitholders' equity was $2.0 billion at March 31, 2021 compared to $1.9 billion at December 31, 2020. Unitholders' equity was impacted by income before fair value adjustments of $27.6 million and fair value gains on investment properties of $104.8 million, as well as other comprehensive income of $12.8 million, relating to the net change in fair value of the REIT's interest rate swaps. The income, fair value gains and other comprehensive income were partially offset by $18.4 million in cash distributions.

CASH DISTRIBUTIONS

During the three months ended March 31, 2021, regular cash distributions declared were $22.7 million compared to $18.6 million during the same period of 2020, including on the Class B Exchangeable Units. The increase in cash distributions declared resulted from an increase in Units outstanding due to offerings completed during the prior 12 months.

DISTRIBUTION REINVESTMENT PLAN

The REIT has a Distribution Reinvestment Plan ("DRIP") whereby holders of the Units who are residents of Canada may acquire additional Units by reinvesting all or a portion of their monthly cash distributions without paying brokerage commissions. In addition, Unitholders who elect to participate in the DRIP receive a further distribution of Units equal to 5% of each distribution that was reinvested by them.

During the three months ended March 31, 2021, 324,280 Units were issued under the DRIP for a total of $4.2 million, representing a DRIP participation rate of 18.6%. During the same period in 2020, 312,886 Units were issued under the DRIP for a total of $3.7 million, representing a DRIP participation rate of 20.0%.

LEASING

At March 31, 2021, the REIT's portfolio occupancy was 98.2% with a weighted average lease term of approximately 5.5 years. The REIT is proactive in addressing lease expiries well in advance of their expiry dates.

OCCUPANCY

The REIT works diligently to maximize occupancy throughout its portfolio in accordance with local market conditions. The following tables outlines the REIT's occupancy for the periods presented, excluding non-core investment properties held for sale (see *Investment Properties Held for Sale*):

	March 31, 2021		December 31, 2020		March 31, 2020	
(in thousands of sf)	**GLA**	**Occupancy**	GLA	Occupancy	GLA	Occupancy
Ontario	**10,280**	**98.9%**	10,220	98.9%	9,587	99.2%
Quebec	**3,864**	**99.9%**	3,865	99.9%	3,366	99.9%
Alberta	**5,207**	**95.4%**	5,233	94.6%	5,233	96.1%
Other Canada	**42**	**100.0%**	42	100.0%	42	100.0%
Total	**19,393**	**98.2%**	19,360	98.0%	18,228	98.4%

Despite the COVID-19 pandemic that began in March 2020, portfolio occupancy has remained strong at 98.2% at March 31, 2021 compared to 98.0% at December 31, 2020 and 98.4% at March 31, 2020. Management continues to be focused on enhancing overall occupancy through its proven marketing and leasing activities, as outlined in the "Leasing Activity" section below.

LEASE MATURITY SCHEDULE

The following table represents the expected lease maturity schedule at March 31, 2021 for the investment property portfolio:

(in thousands of sf)	2021	2022	2023	2024	2025	Thereafter	**Total**
ONTARIO							
Occupied GLA	496	679	1,593	1,272	1,460	4,669	**10,169**
Average in-place rent (psf)	$ 7.19	$ 6.40	$ 7.27	$ 6.19	$ 6.49	$ 7.43	**$ 7.03**
GLA (%)	4.9%	6.7%	15.7%	12.5%	14.4%	45.9%	100.0%
QUEBEC							
Occupied GLA	96	586	499	342	205	2,133	**3,861**
Average in-place rent (psf)	$ 9.61	$ 6.64	$ 6.39	$ 7.92	$ 6.37	$ 6.89	**$ 6.92**
GLA (%)	2.5%	15.2%	12.9%	8.9%	5.3%	55.2%	100.0%
ALBERTA							
Occupied GLA	307	522	723	373	1,014	2,026	**4,965**
Average in-place rent (psf)	$ 7.75	$ 9.48	$ 8.24	$ 8.69	$ 7.75	$ 10.75	**$ 9.30**
GLA (%)	6.2%	10.5%	14.6%	7.5%	20.4%	40.8%	100.0%
OTHER CANADA							
Occupied GLA	-	42	-	-	-	-	**42**
Average in-place rent (psf)	$ -	$ 9.42	$ -	$ -	$ -	$ -	**$ 9.42**
GLA (%)	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	100.0%
TOTAL PORTFOLIO							
Occupied GLA	**899**	**1,829**	**2,815**	**1,987**	**2,679**	**8,828**	**19,037**
Average in-place rent (psf)	**$ 7.64**	**$ 7.43**	**$ 7.36**	**$ 6.96**	**$ 6.96**	**$ 8.06**	**$ 7.61**
GLA (%)	**4.7%**	**9.6%**	**14.8%**	**10.4%**	**14.1%**	**46.4%**	**100.0%**

(1) This table excludes the non-core investment properties held for sale as disclosed in the "Investment Properties Held for Sale" section of this MD&A.

LEASING ACTIVITY

Lease Renewals and New Deals

At March 31, 2021, the REIT had successfully completed the following renewal leasing activity for 2021:

	GLA	Rental rate growth (%)
2021 renewals completed in 2020	205,738	13.3%
2021 renewals completed in Q1 2021	530,971	23.2%
Total 2021 renewals	736,709	20.1%

At March 31, 2021, the REIT has completed 736,709 square feet of its 2021 lease renewals, with 530,971 square feet of those renewals completed during the first quarter of 2021 at a strong retention rate of 82.8%. The 530,971 square feet of 2021 renewals completed in the first quarter of 2021 generated an average increase in rents of 23.2% over the expiring rent with a significant 44% increase over expiring rents in the GTA and a 49% increase in the GMA.

In addition, the REIT completed 546,148 square feet of leasing of vacant space during the first quarter of 2021 with an average lease term of 10.7 years.

Vacancy

At March 31, 2021, the REIT had 355,621 square feet of vacant space, with lease commitments in place for 150,841 square feet (42.4%) of the vacancy.

Lease Maturities

At March 31, 2021, the REIT had 899,421 square feet of outstanding lease maturities for 2021. The outstanding 2021 lease maturities have been addressed as follows:

	GLA (sf)
2021 remaining lease maturities	899,421
Lease commitments subsequent to March 31, 2021	421,881
Property redevelopments following lease expiration	232,098
Remaining 2021 lease maturities to be addressed	245,442

Included in the remaining 2021 leases maturities is 232,098 square feet of space (47,537 square feet in the GMA and 184,561 square feet in the GTA), that will be redeveloped upon lease maturity (see *Development and Expansions)*. There remains 245,442 square feet of lease maturities (1.2% of occupied GLA) to be addressed for 2021.

PORTFOLIO RENTAL RATES

Average in-place base rental revenue is contractual base rent and excludes recoverable revenue. The following table outlines the average in-place base rental revenue per square foot by region and building type for the REIT's investment property portfolio at March 31, 2021:

	ONTARIO		QUEBEC		ALBERTA		OTHER CANADA		TOTAL	
Building type	GLA ('000s sf)	Avg. rent (psf)	GLA ('000s sf)	Avg. rent (psf)	GLA ('000s sf)	Avg. rent (psf)	GLA ('000s sf)	Avg. rent (psf)	**GLA ('000s sf)**	**Avg. rent (psf)**
Warehouse	4,406	$ 6.43	1,971	$ 7.38	1,715	$ 9.74	-	$ -	**8,092**	**$ 7.36**
Distribution	3,966	6.54	1,731	6.31	2,839	6.75	42	9.42	**8,578**	**6.58**
Light Manufacturing	763	5.78	138	7.14	131	9.65	-	-	**1,032**	**6.45**
Cold Storage	506	10.88	-	-	-	-	-	-	**506**	**10.88**
Cross-Dock	130	17.29	-	-	280	32.30	-	-	**410**	**27.54**
Flex & Office	398	12.78	21	12.75	-	-	-	-	**419**	**12.78**
Total	10,169	$ 7.03	3,861	$ 6.92	4,965	$ 9.30	42	$ 9.42	**19,037**	**$ 7.61**

(1) This table excludes the non-core investment properties held for sale as disclosed in the "Investment Properties Held for Sale" section of this MD&A.

TENANT BASE

At March 31, 2021, the REIT's tenant base is comprised of 263 tenants largely concentrated in the GTA, GMA and Alberta markets. The REIT's portfolio is comprised primarily of distribution and warehousing space, with over 83% of base rental revenue generated from international and national corporate tenants, with the balance from regional, local and government tenants.

The following table outlines the contributions from the REIT's top 10 tenants based on base rental revenue at March 31, 2021:

Rank	Tenant Name	% of Total
1	Kuehne + Nagel[(1)]	2.7%
2	Maple Leaf Foods	2.4%
3	Pival International[(1)]	2.4%
4	Her Majesty The Queen[(1)]	2.3%
5	Impact Auto Auctions	2.1%
6	Avon Canada	2.0%
7	FedEx[(1)]	2.0%
8	TFI Transport 2 LP	1.9%
9	Elopak Canada	1.9%
10	Volkswagen Group Canada Inc.	1.8%
Total Top 10 Tenants		**21.5%**

(1) Tenant occupies space in multiple properties/locations.

TAXATION

The REIT is generally subject to tax in Canada under the Income Tax Act (the "Tax Act") with respect to its taxable income each year, except to the extent such taxable income is paid or deemed to be payable to Unitholders and deducted by the REIT for tax purposes.

Pursuant to the REIT's Declaration of Trust, the trustees intend to distribute or designate all taxable income directly earned by the REIT to Unitholders of the REIT such that the REIT will not be subject to income tax under Part I of the Tax Act.

For taxable Canadian resident Unitholders, distributions are treated in the following manner for tax purposes:

For the years ended	**2020**	2019	2018	2017	2016	2015	2014	2013
Other income	**0.00%**	3.61%	8.33%	0.00%	0.00%	0.00%	0.00%	0.89%
Capital gain	**36.29%**	81.15%	21.74%	0.00%	0.00%	24.22%	23.21%	23.67%
Return of capital	**63.71%**	15.24%	69.93%	100.00%	100.00%	75.78%	76.79%	75.44%

Only 50% of capital gains are included in taxable income. As a result, only 18% of 2020 distributions were taxable.

RELATED PARTY TRANSACTIONS

Trustee Fees

Trustee fees of $0.2 million are included in general and administrative expenses for the three months ended March 31, 2021 (three months ended March 31, 2020 - $0.2 million). In addition, the REIT also recognized fair value losses on Deferred Units relating to trustee fees of $0.1 million during the three months ended March 31, 2021 (three months ended March 31, 2020 - $0.4 million in fair value gains), as described further under the "Deferred Unit Plan" section below.

Development Fees

Certain development projects are being managed by Carttera Management LP ("Carttera"), which is a company owned by a Trustee of the REIT. Fees of $60,000 paid to Carttera for the three months ended March 31, 2021 (three months ended March 31, 2021 - $40,000) have been capitalized to additions to investment properties under development/expansion.

Deferred Unit Plan

Pursuant to the terms of the REIT's Second Amended and Restated Deferred Unit Plan effective January 1, 2021 (the "Deferred Unit Plan"), the REIT can grant deferred units (the "Deferred Units") to Trustees, executive officers and employees (the "Participants"). The Deferred Unit Plan is intended to promote greater alignment of interests between the Participants and Unitholders, and is administered by the Compensation and Nominating Committee, on behalf of the Board.

Participants who are executive officers or employees are eligible to receive Deferred Units at the discretion of the Board, upon the recommendation of the Compensation and Nominating Committee. The Board, upon the recommendation of the Compensation and Nominating Committee, may choose to issue Deferred Units to one or more executive officer or employee from time to time as an award for meeting performance and/or other objectives in accordance with the programs and policies established from time to time by the REIT.

There is no entitlement to any Deferred Units until an award is made by the REIT to a particular executive officer or employee.

Participants who are Trustees of the REIT may elect to receive all or part of their trustee fees in Deferred Units in lieu of cash (the "Elected Amount" and the electing trustee, the "Electing Trustee"). Effective January 1, 2021, the REIT no longer matches any Elected Amount up to a maximum value determined by the Board in each calendar year, as it did previously (the "Match Incentive"). In lieu of the Match Incentive, each calendar year beginning in 2021, the REIT will make to each trustee an annual grant of Deferred Units with a value of $20,000 (the "Trustee Grant"). The $20,000 value of the Trustee Grant will be applicable during the 2021 calendar year and thereafter will be assessed annually by the Compensation and Nominating Committee, and if determined to be appropriate, modified by the Board, upon recommendation of the Compensation and Nominating Committee. For greater certainty, each Trustee (other than a Trustee who is an executive officer or an employee of the REIT, or a Trustee whose Board compensation is fixed) will be entitled to receive the Trustee Grant, irrespective of whether such Trustee is an Electing Person.

Generally speaking, Deferred Units granted to Participants pursuant to the Deferred Unit Plan will vest on the day that is 12 months following the date of grant. Deferred Units previously issued to Electing Trustees pursuant to the Match Incentive or to trustees pursuant to the Trustee Grant vest in accordance with the following schedule: (i) 50% of the Deferred Units on the third anniversary of the grant; (ii) 25% of the Deferred Units on the fourth anniversary of the grant; and (iii) 25% of the Deferred Units on the fifth anniversary of the grant.

The maximum number of Deferred Units issuable under the Deferred Unit Plan is 425,420. At March 31, 2021, the number of Deferred Units under the Deferred Unit Plan that were available for grant was 181,075 Deferred Units. One Deferred Unit is economically equivalent to one Unit. Deferred Units do not entitle a Participant to any voting or other Unitholder rights.

A summary of Deferred Units granted under the Plan during the three-month periods ended March 31 is as follows:

Number of Units	**2021**	2020
Balance, January 1	153,580	91,749
Deferred Units granted for services rendered, including Match Incentive and Trustee Grant	88,822	38,313
Deferred Units granted through distributions	1,943	1,240
Balance, March 31	244,345	131,302

At March 31, 2021, approximately 91% of Trustee compensation is in the form of Deferred Units.

The fair value of a Unit, for the purpose of the Deferred Unit Plan, is calculated as the volume weighted average trading price of the Units on the Toronto Stock Exchange for the five trading days preceding the grant date. The liability related to the Deferred Unit Plan is measured at fair value and is remeasured to fair value at each reporting date and at the date of settlement. The fair value changes are recorded within general and administrative expense in the Financial Statements. During the three months ended March 31, 2021, the REIT recognized $0.2 million in fair value losses (three months ended March 31, 2020 - $0.5 million in fair value gains) related to the Deferred Units. At March 31, 2021, $3.5 million (December 31, 2020 - $2.1 million) is included in trade and other accrued liabilities relating to the Deferred Unit Plan.

Units Held by Insiders

During the three months ended March 31, 2021, 108,583 Units were sold by certain insiders of the REIT. At March 31, 2021, insiders had a total of 8.0% ownership in the REIT, directly or indirectly.

SUMMARY OF QUARTERLY RESULTS

The summary of quarterly results for the past eight quarters is as follows:

	2021	2020				2019		
(in $ thousands, except per Unit amounts)	Q1 [5]	Q4[5]	Q3 [5]	Q2 [5]	Q1 [5]	Q4 [5]	Q3	Q2
Number of properties [4]	153	156	153	154	154	146	110	109
Total GLA (in thousands of square feet) [4]	19,393	19,360	18,207	18,229	18,229	17,492	14,068	13,631
Occupancy [4]	98.2%	98.0%	98.7%	98.8%	98.4%	98.5%	99.3%	99.5%
Revenue from investment properties	$ 52,710	$ 51,253	$ 46,821	$ 46,318	$ 46,514	$ 41,229	$ 33,103	$ 34,082
Property operating expenses	$ 13,936	$ 14,392	$ 12,016	$ 11,825	$ 12,563	$ 11,508	$ 8,440	$ 9,718
Net rental income	$ 38,774	$ 36,861	$ 34,805	$ 34,493	$ 33,951	$ 29,721	$ 24,663	$ 24,364
Net income (loss)	$132,422	$ 95,586	$ 43,136	$ 24,828	$ 42,952	$ 66,338	$108,449	$ (38,061)
FFO [1]	$ 28,182	$ 25,436	$ 24,246	$ 23,273	$ 21,435	$ 19,330	$ 16,470	$ 15,788
Net income (loss) per Unit - basic [2]	$ 0.789	$ 0.597	$ 0.300	$ 0.180	$ 0.312	$ 0.493	$ 0.907	$ (0.357)
FFO per Unit [1][2]	$ 0.168	$ 0.159	$ 0.168	$ 0.168	$ 0.155	$ 0.144	$ 0.138	$ 0.148
FFO payout ratio without DRIP benefit [1]	80.4%	85.0%	80.2%	80.1%	86.8%	93.9%	98.0%	89.8%
FFO payout ratio with DRIP benefit [1]	65.4%	68.9%	64.7%	67.3%	69.5%	79.9%	90.4%	75.2%
Weighted average Units outstanding (in thousands):								
Basic [2]	167,823	160,195	143,962	138,170	137,876	134,502	119,594	106,644
Diluted [2][3]	168,036	160,349	144,110	138,310	137,987	134,593	119,676	106,720
Leverage [1]	36.4%	37.4%	39.8%	46.2%	46.7%	43.2%	37.8%	40.6%
Interest coverage [1]	3.9x	3.5x	3.4x	3.1x	2.8x	2.9x	3.0x	2.7x
Debt service coverage [1]	2.5x	2.3x	2.3x	2.1x	1.9x	1.9x	1.8x	1.7x

[1] Non-GAAP measure. Refer to "Section II - Key Performance Indicators - Financial Indicators" of the MD&A for further information (including definitions and measures).
[2] Includes REIT Units and Class B Exchangeable units (collectively, the "Units")
[3] Includes Deferred Units
[4] Excludes non-core investment properties as disclosed in the "Investment Properties Held for Sale" section of this MD&A.
[5] Financial metrics include the non-core investment properties held for sale as dislosed in the section "Investment Properties Held for Sale" within this MD&A.

SECTION IV – OUTLOOK

Certain statements below may be forward-looking, and readers are cautioned that such statements are subject to certain risks and uncertainties that could cause actual results, performance or achievements of the REIT, or industry results, expressed or implied by such forward-looking statements to differ materially from those contained in such forward-looking statements. See Section I – Overview – Forward Looking Information Advisory.

Canadian industrial markets continued to strengthen during the first quarter of 2021, with the national availability rate dropping a further 40 basis points to end the quarter at 2.9%, the lowest availability rate on record.[1] National net absorption exceeded 10 million square feet, which ranks as the one of the largest quarterly figures on record. If this trend continues, some major Canadian industrial markets could see a significant undersupply of logistics space in the latter half of 2021, likely spurring further rental rate increases and more development.[1]

Markets in Eastern Canada, most notably the GTA and the GMA, continued to experience very strong fundamentals during the first quarter of 2021, with the availability rate in the GTA declining by 40 basis points to 1.6% after remaining stable at 2.0% since the second quarter of 2020. The average asking net rents increased by $0.20 per square foot (2.0%) to $10.45 per square foot, marking the 16th consecutive quarter of rental rate growth[1]. Overall, net asking rents in the GTA increased by 21.2% year-over-year and 98.8% over the last five years. The GMA continued to strengthen through the first quarter. The availability rate decreased by 20 basis points to 1.9%, setting a new all-time low, which drove an increase of 4.8% in the average asking rent in the quarter to $8.10 per square foot. This marked the 10th consecutive quarter of rental rate growth[1]. Overall, sales transaction volumes continued to remain strong in the first quarter of 2021, as vendors took advantage of the tight market conditions. With embedded rents still well-below prevailing market rents, and with limited leasing options available to tenants in the short term, the REIT expects to achieve rental rate growth on certain leases that roll in the GTA and GMA markets in 2021.

However, strengthening industrial fundamentals were not limited to Eastern Canada. Calgary recorded 2 million square feet of positive absorption during the quarter, the largest quarterly absorption figure since 2012, compressing the availability rate in that market by 140 bps to 7.8%.[1] Within this market, the supply of large format space (>750,000 square feet) is at its lowest point in the last five years, which is rekindling speculative development. Declining availability and a limited supply of large format space contributed to upward pressure on the average net rental rate, which increased by $0.19 per square foot, or 2.4%, during the first quarter to $8.14 per square foot[1]. Calgary, which has evolved as a distribution hub for Western Canada, continues to perform better than Edmonton, which has more exposure to resource-based industries. Edmonton absorption was slightly negative during the first quarter, pushing the availability rate upward by 20 basis points to 9.1%. Consequently, the average net rental rate fell $0.07 per square foot, or 0.7%, during the first quarter to $10.33 per square foot[1].

To enhance the size and quality of its portfolio, the REIT will continue to seek out and evaluate acquisition opportunities in the light industrial sector that meet its strict investment criteria, with a particular focus on individual assets or portfolios that complement the REIT's existing portfolio and that provide value enhancement opportunities. The REIT will carefully evaluate acquisition opportunities but will not complete a transaction unless it meets the REIT's diligent underwriting criteria, including an assessment of replacement cost. Management remains confident it will be able to continue to expand the size of its portfolio through a program of selective and accretive acquisitions over the long term.

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[1] CBRE Research, Canada Q1 2021 Quarterly Statistics.

Furthermore, over the long term, the REIT's goal is to continue to grow its portfolio through expansions and developments. With respect to developments, Summit expects to grow through i) greenfield development on land currently owned or to be acquired by the REIT, ii) intensification projects to add density within the REIT's existing industrial portfolio, and iii) mezzanine financing agreements with third-party developers, providing the REIT with mechanisms to acquire newly constructed buildings upon completion.

Management believes that market fundamentals in the Canadian light industrial markets will remain strong overall in 2021, despite the lingering effects of the COVID-19 pandemic. Activities such as warehousing and storage, light assembly and shipping, professional services and a number of other similar uses carried out in the REIT's properties, tend to grow in tandem with the broader economy. As economic growth is projected to rebound strongly in 2021 as the pandemic subsides, the outlook for industrial sector remains positive. Additionally, structural changes in consumer habits in favour of e-commerce will continue to be supportive of the industrial sector, and distribution in particular. The REIT's portfolio is well positioned to accommodate growth in this sector, with approximately 82% of leasable area having e-commerce potential.

The REIT is also directing its focus on enhancing the cash flow and returns from its existing property portfolio. The REIT will strive to maintain its current high occupancy levels and average rents. Pivotal to the REIT's strategy is to provide tenants with "best-in-class" services in an environmentally and socially responsible manner to ensure their needs are met and to build the REIT's reputation as the leading service provider in the Canadian real estate industry.

SECTION V – SUBSEQUENT EVENTS

Distributions Declared

On March 15, 2021, a distribution in the amount of $0.045 per Unit for Unitholders of record on March 31, 2021 was declared and was paid April 15, 2021.

On April 15, 2021, a distribution in the amount of $0.045 per Unit for Unitholders of record on April 30, 2021 was declared and will be paid on May 14, 2021.

Distribution Increase

On May 11, 2021, the REIT announced a 4.4% increase in monthly cash distributions to $0.047 per Unit ($0.564 per Unit annualized), effective for the May 2021 distribution.

Acquisition of 2300 Émile-Bélanger Street, Montreal, Quebec

On April 9, 2021, the REIT acquired a 765,145 square foot investment property located at 2300 Émile-Bélanger Street, Montreal, Quebec for a purchase price of $183.3 million. The building is comprised of 534,111 square feet of logistics space and 231,034 square feet of office space and was financed with proceeds from the Series C senior unsecured debenture offering.

Acquisition of Interests in GTA Development Projects

On May 10, 2021, the REIT announced that it continues to expand its pipeline of development projects in the GTA with the acquisition of interests in four development sites totalling approximately 50 acres with the potential to add approximately 1 million square feet of GLA to the portfolio, including the following:

- Waived conditions on a 12.7-acre development site located on South Service Road in Burlington, Ontario, for a purchase price of $27.4 million. This development site has the potential to build a 244,000 square foot light industrial building and the REIT expects to close this acquisition in June 2021.
- Entered into a conditional agreement to acquire from its joint venture partner a 50% interest in two land parcels totalling 16.4 usable acres with the potential to construct two buildings totalling 300,000 square feet in Hanlon Creek Business Park in Guelph, Ontario, for a purchase price of $4.6 million. The REIT expects to close this acquisition in June 2021.
- Entered into a conditional agreement to acquire from its joint venture partner a 50% interest in a 19.5-acre development site on Bingemans Centre Drive in Kitchener, Ontario, for a purchase price of $5.6 million. This development site has the potential to develop between 350,000 and 400,000 square feet of GLA and the REIT expects to close this acquisition in the fourth quarter of 2021.

Dispositions

On April 23, 2021, the REIT completed the disposition of investment properties located at 2615 Lancaster Drive, 2620-2650 Lancaster Drive and 1050-1051 Baxter Drive in Ottawa, Ontario for gross proceeds of $49.2 million. These properties were classified as held for sale at March 31, 2021.

Series C Senior Unsecured Debenture Offering – Green Bond IPO

On April 12, 2021, the REIT completed an offering of $250 million Series C senior unsecured debentures at a fixed rate of 2.25% per annum, payable semi-annually in arrears, with a first short coupon payable on July 12, 2021, and maturing January 12, 2027.

The Series C debenture offering represents the REIT's inaugural Green Bond issuance under its Green Financing Framework, which allows the REIT to issue green financing instruments to finance or re-finance Eligible Green Initiatives. Prior to allocation of the net proceeds from the debenture offering to Eligible Green Initiatives, proceeds from the offering were used to fund the acquisition of 2300 Émile-Bélanger Street discussed above and the early mortgage payouts discussed below. The net proceeds will ultimately be allocated to Eligible Green Initiatives and may include the financing and/or refinancing of the development and acquisition of green buildings, energy efficient building upgrades, installation of sustainable water and wastewater management systems, investment in clean transportation and renewable energy systems, pollution prevention and control, biodiversity and conservation and adaptability and resilience to climate change. The Green Financing Framework is available on the REIT's website at www.summitiireit.com.

Repayment of Term Mortgages

In April and May 2021, the REIT repaid $102.8 million in variable rate secured term mortgages that were fixed with interest rate swaps, and set to mature between 2023 and 2026, using proceeds from the Series C senior unsecured debenture offering. As part of the repayment process, the REIT settled the interest rate swap contracts associated with the term mortgages, resulting in a one-time payment of $4.0 million. The term mortgages carried a weighted average interest rate of 3.74% and have now been replaced with longer term financing in the form of the Series C senior unsecured debentures at an interest rate of 2.25%.

SECTION VI – RISKS AND UNCERTAINTIES

The achievement of the REIT's objectives is, in part, dependent on the successful mitigation of the business risks identified below. Real estate investments are subject to varying degrees of risk. They are affected by various factors including changes in general economic and local market conditions, equity and credit markets, fluctuations in interest costs, the attractiveness of the properties to tenants, competition from other available space, the stability and creditworthiness of tenants and various other factors.

The REIT's current business strategy is to focus on acquiring and managing a portfolio of light industrial commercial properties, in various markets throughout Canada and that generate stable cash flows over the long term.

The following is an examination of the key factors that influence the REIT's operations.

RISK FACTORS RELATED TO THE REAL ESTATE INDUSTRY AND THE BUSINESS OF THE REIT

COVID-19 and Other Public Health Crises

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. The transmission of COVID-19 and efforts to contain its spread have resulted in international, national and local border closings, travel restrictions, significant disruptions to business operations, supply chains and customer activity and demand, cancellations, reductions and other changes to services, quarantines, and considerable general concern and uncertainty.

The economic downturn resulting from the COVID-19 pandemic and government measures to contain it may, in the short or long term, materially adversely impact the REIT's operations and financial performance. Such impacts may include: reductions in tenants' ability to pay rent in full or at all; reductions in demand for tenants' products or services; temporary or long-term suspension of development projects; potential changes in leasing activity; temporary or long-term labour shortages or disruptions; further disruptions to local and global supply chains; increased risks to the REIT's information technology systems and internal control systems as a result of the need to increase remote work arrangements; and continued or further deterioration of worldwide credit and financial markets that could limit the REIT's ability to obtain external financing to fund operations and capital expenditures, or result in losses on the REIT's holdings of cash and investments due to failures of financial institutions and other parties.

The duration and full impact of the COVID-19 pandemic on the REIT remains unknown at this time. As such, it is not possible to reliably estimate the length and severity of COVID-19 related impacts on the future financial results and operations of the REIT. As a response to the COVID-19 pandemic, the REIT introduced several protocols to protect its employees, tenants and guests including mandating that employees work from home to the full extent possible, increasing sanitation and health and safety measures at its properties and restricting access to its office buildings. Depending on the jurisdiction, some or all of these protocols are still in place and are expected to stay in place for the remainder of 2021. The REIT continues to closely monitor business operations and may take further actions that respond to directives of governments and public health authorities or that are in the best interests of tenants, suppliers or other stakeholders, as necessary. These changes and any additional changes in operations in response to COVID-19 could materially impact the financial results of the REIT.

Further, actual or threatened epidemics, pandemics, outbreaks, or other public health crises, including the ongoing health crisis related to the COVID-19 pandemic, or relating to any other virus, flu or any other similar disease or illness, could adversely impact the REIT, including through: a general or acute decline in economic activity in regions in which the REIT's investment properties are located; increased unemployment, supply shortages, mobility restrictions and other quarantine measures; increased government regulation, inability to access governmental programs or processes on a timely basis, efficacy of governmental relief efforts; and the quarantine or contamination of one or more of the REIT's investment properties. Contagion in one of the REIT's properties or a market in which the REIT operates could negatively impact the REIT's business, results of operations or reputation or the attractiveness of that market. Furthermore, increased government regulation relating to a public health crisis could result in legislation or regulations that may restrict the REIT's ability to enforce material provisions under its leases, including in respect of the collection of rent or other payment obligations, among other potential adverse impacts. All of these occurrences may have a material adverse effect on the business, cash flows, financial condition and results of operations of the REIT, including, but not limited to: the ability to implement rent increases; rent collection and receivables; vacancy levels; mortgage renewals and refinancing; deferral of certain capital expenditures; valuation of investment properties; the REIT's ability to meet any applicable debt covenant restrictions; and the REIT's ability to raise capital and to maintain its distributions. The REIT is proactively raising its level of preparedness planning and will continue to monitor and adjust its business continuity plans in response to public health crises.

Current Economic Environment

Continued concerns about the uncertainty over whether the economy will be adversely affected by inflation, deflation or stagflation, and the systemic impact of increased unemployment, volatile energy costs, geopolitical issues, the availability and cost of credit, the Canadian mortgage market, a distressed commercial real estate market and the global outbreak of COVID-19 have contributed to increased market volatility and weakened business and consumer confidence. In addition, such market uncertainty could also have an adverse impact on the ability of the REIT's tenants and operators to maintain occupancy rates in its properties, which could harm the REIT's financial condition. If these economic conditions continue, the REIT's tenants and operators may be unable to meet their rental payments and other obligations due to the REIT, which could have a material adverse effect on the REIT.

Limit on Activities

In order to maintain its status as a "mutual fund trust" under the Tax Act, the REIT cannot carry on most active business activities and is limited in the types of investments it may make. The Declaration of Trust contains restrictions to this effect.

Financing, Interest Rate and Access to Capital

The REIT is subject to risk associated with both debt and equity financing. The availability of debt to re-finance existing and maturing loans and the cost of servicing such debt will influence the REIT's success. The REIT is exposed to interest rate risk when funds are drawn under the unsecured revolving credit facility and variable rate mortgages, which have a floating rate of interest. An increase in interest rates would increase the interest cost of the REIT's loans and have an adverse effect on the REIT's net income, comprehensive income and net income per Unit. The REIT is additionally subject to risk associated with equity financing. The ability to access the equity capital markets at appropriate points in time and at an acceptable cost will influence the REIT's success.

The real estate industry is highly capital intensive. The REIT will require access to capital to maintain its properties, as well as to fund its growth strategy and significant capital expenditures from time to time. Further, in certain circumstances, the REIT may not be able to borrow funds due to limitations set forth in the Declaration of Trust or the Trust Indenture, as supplemented by the Supplemental Indentures. As such, failure by the REIT to access required capital could adversely impact the REIT's financial condition and results of operations and decrease the amount of cash available for distribution to Unitholders.

At March 31, 2021, the REIT has $22.2 million (December 31, 2020 - $5.3 million) of variable rate loans and borrowings, excluding variable rate term mortgages for which the REIT has interest rate swaps in place. Based on the outstanding balance of floating rate debt at March 31, 2021, a 1% increase or decrease in the bank's prime rate would have an impact of $0.2 million on the REIT's finance costs (year ended December 31, 2020 - $0.1 million) for the period then ended. The REIT intends to structure its fixed rate financing so as to stagger the maturities of its mortgages, thereby minimizing exposure to future interest rate fluctuations, as well as enter into interest rate swaps on variable rate term mortgages, where possible, to reduce its exposure to future interest rate fluctuations.

Credit

Credit risk arises from the possibility that tenants may experience financial difficulty and be unable to fulfill their lease commitments. The REIT attempts to mitigate this risk by conducting credit assessments on new lessees, diversifying its tenant mix and by limiting its exposure to any one tenant.

The maximum credit risk exposure at March 31, 2021 relates to the carrying value of the accounts receivable balance without taking into account any collateral held or other credit enhancements. Collateral held on certain leases are letters of credit or security deposits from the tenants. Refer to Note 8 of the Financial Statements for details of accounts receivable.

In light of the COVID-19 pandemic, the REIT experienced an increase in credit risk associated with lease commitments from its tenant base. To mitigate its credit risk, management has performed a robust assessment of its tenant base and forward-looking macro-economic information, as well as an evaluation of the probability of tenant default based on its knowledge of the REIT's tenant base and industries in which they operate. Management has been in continuous communication with the REIT's tenant base, working with them to collect rents and to discuss, on a case-by-case basis, any economic hardship caused by the pandemic. The REIT has also implemented a number of rent relief measures to assist tenants experiencing economic hardship caused by the pandemic and to mitigate its credit risk. These measures included early renewals at higher market rents in exchange for free rent, rent deferral agreements, and the CECRA program, which launched in May 2020 and ran until September 30, 2020. Refer to Note 8 of the Financial Statements for further details on the rent relief measures implemented.

The REIT also experiences credit risk from the possibility that its loans receivable advanced will not be repaid. The REIT attempts to mitigate this risk by performing due diligence on the investment opportunities and the partners to whom it advances loans, as well as ongoing monitoring of the projects that are associated with the investment, including regular review of costs and pro forma rents. These loans are also secured by the underlying real estate.

Liquidity

Liquidity risk arises from the possibility of not having sufficient debt and equity capital available to the REIT to fund future growth, refinance debts as they mature or meet the REIT's payment obligations as they arise. Liquidity risk also arises from the REIT not being able to obtain financing or refinancing on favourable terms. Furthermore, real estate investments are relatively illiquid as a large proportion of the REIT's capital is invested in physical assets which can be difficult to sell, especially if local market conditions are poor. A lack of liquidity could limit our ability to sell components of the portfolio promptly in response to changing economic or investment conditions. If the REIT were required to quickly liquidate its assets, there is a risk that we would realize sale proceeds of less than the current book value of our real estate investments.

As well, certain significant expenditures involved in real property investments, such as property taxes, maintenance costs and mortgage payments, represent obligations that must be met regardless of whether the property is producing sufficient, or any, revenue.

For the three months ended March 31, 2021, the REIT's main liquidity requirements arise from ongoing working capital requirements, debt servicing and repayment obligations, capital and leasing expenditures on existing properties, property acquisitions and distributions to Unitholders. All aforementioned liquidity requirements, except for debt repayment obligations at maturity and property acquisitions, are generally funded from cash flows from operations or from drawing on the REIT's unsecured revolving credit facility. Debt repayment obligations at maturity (refer to Note 9 of the Financial Statements) are generally funded from refinancing the related debt, through term mortgages or unsecured debentures, and property acquisitions are generally funded from equity raises as well as obtaining debt financing on the related property. Between capital raises, the REIT may use its unsecured revolving credit facility to fund the equity portion of property acquisitions.

The REIT's financial condition and results of operations would be adversely affected if it were unable to obtain financing/refinancing or cost-effective financing/refinancing, or if it were unable to meet its other liquidity requirements from ongoing operating cash flows.

The REIT mitigates its liquidity risk by staggering the maturities of its debt and maintaining strong relationships with its lenders. In addition, the REIT's distributions are made at the discretion of the REIT's trustees. Finally, the REIT does not enter into committed property acquisitions unless it has secured or knows that it can secure the appropriate capital (debt and equity) to fund the particular acquisition.

The REIT's capital obligations at March 31, 2021 are outlined further in the "Liquidity" section of this MD&A.

Reporting Investment Property at Fair Value

The REIT holds investment property to earn rental income, for capital appreciation or both. All investment properties are measured at fair value at each reporting period and changes in fair value are recognized in the consolidated statements of income and comprehensive income. Fair value is determined internally by the REIT by individuals who are knowledgeable and have specialized industry experience in real estate valuations with support from external valuation professionals, using similar assumptions and valuation principals are used by external appraisers.

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

These valuation methods require certain key assumptions to be made, including rental income, market rents, operating expenses, vacancies, discount rates, and capitalization rates. The discount rate and capitalization rate are determined for each property based on available market information related to the sale of similar buildings within the same geographic locations.

An appraisal is an estimate of market value and caution should be used in evaluating data with respect to appraisals. It is a measure of value based on information gathered in the investigation, appraisal techniques employed and reasoning both quantitative and qualitative, leading to an opinion of value. Market assumptions applied for appraisals and valuation purposes do not necessarily reflect the REIT's specific history or experience and the conditions for realizing the fair values through a sale may change or may not be realized. In addition, there is an inherent risk related to the reliance on and use of a limited number of appraisers, as this approach may not adequately capture the range of fair values that market participants would assign to the investment properties. The REIT mitigates this risk by undertaking a detailed review of the assumptions utilized by the appraisers in its valuation, which includes a comparison of such assumptions to the corresponding benchmarks derived from management's own observations of market transactions. Downturns in the real estate market could negatively affect the REIT's operating revenues and cash flows; such a downturn could also significantly impact the fair values of the REIT's investment properties, as well as certain of its financial ratios and covenants.

Real Property Ownership and Tenant Risks

The REIT owns the properties in its portfolio and is expected to acquire interests in other real property in the future. All real property investments are subject to elements of risk.

The value of real property and any improvements thereto depends on the credit and financial stability of tenants, and upon the vacancy rates of the properties. FFO will be adversely affected if a significant number of tenants are unable to meet their obligations under their leases or if a significant amount of available space in the properties in which the REIT has an interest becomes vacant and is not able to be leased on economically favourable lease terms.

Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less favourable to the REIT than the existing lease. In the event of default by a tenant, delays or limitations in enforcing rights as lessor may be experienced and substantial costs in protecting the REIT's investment may be incurred. Furthermore, at any time, a tenant of any of the properties in which the REIT has an interest may seek the protection of bankruptcy, insolvency or similar laws that could result in the disclaimer and termination of such tenant's lease, any of which events could have an adverse effect on the REIT's financial condition and results of operations and decrease the amount of cash available for distribution to Unitholders. The ability to rent unleased space in the properties in which the REIT has an interest will be affected by many factors, including general economic conditions, local real estate markets, changing demographics, supply and demand for leased premises, competition from other available premises and various other factors, many of which are beyond the REIT's control.

Occupancy by Tenants

Although certain, but not all leases contain a provision requiring tenants to maintain continuous occupancy of leased premises, there can be no assurance that such tenants will continue to occupy such premises. Certain tenants have a right to terminate their leases upon payment of a penalty but others are not required to pay any penalty associated with early termination. There can be no assurance that tenants will continue their activities and continue occupancy of the premises. Any cessation of occupancy by tenants may have an adverse effect on the REIT and could adversely impact its financial condition and results of operations and decrease the amount of cash available for distribution to Unitholders.

Exposure to Single-Tenant Properties

Approximately 64% of GLA of the REIT's current industrial portfolio is comprised of single-tenant properties. The five largest tenants of such properties represent approximately 11.9% of contractual rent of the current portfolio. In the event that such tenants were to terminate their tenancies or become insolvent, the REIT's financial results would be materially adversely affected. Until the REIT is in a position to acquire more assets and further diversify its tenant base, it will take certain steps to mitigate any credit risk by closely monitoring its tenants' compliance with the terms of their respective leases and will report any issues as soon as they are identified.

Tenant Concentration

The REIT expects to generate over 21.5% of its base rental revenue from its ten largest industrial tenants in 2021 (see *Tenant Base*). Accordingly, revenue will be dependent on the ability of those tenants to meet rent payments. If some or all of the ten largest industrial tenants default on their rent obligations, the REIT's financial condition and operations could be adversely affected.

Geographic Concentration

The properties within the REIT's current industrial portfolio are located throughout Canada, but have a strong focus on Ontario. Approximately 53% of GLA is located in Ontario, while the remaining properties are spread across Alberta, British Columbia, New Brunswick and Quebec. The REIT's performance and the market value of its properties are sensitive to changes in the economic condition and regulatory environment of Ontario, and any adverse changes in the economic condition or regulatory environment may negatively impact its operations.

Fixed Costs

The failure to rent unleased space on a timely basis or at all would likely have an adverse effect on the REIT's financial condition and results of operations and decrease the amount of cash available for distribution to Unitholders. Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges must be made throughout the period of ownership of real property regardless of whether a property is producing any income. Costs may also be incurred in making improvements or repairs to property required by a new tenant and income may be lost as a result of any prolonged delay in attracting suitable tenants to the vacant space.

The timing and amount of capital expenditures by the REIT will indirectly affect the amount of cash available for distribution to Unitholders.

Competition for Real Property Investments and Tenants

The real estate business is competitive. Numerous other developers, managers and owners of industrial properties will compete with the REIT in seeking tenants. Some property owners with properties located in the same markets as the REIT's properties may be better capitalized and may be stronger financially and hence better able to withstand an economic downturn. The existence of developers, managers and owners in such markets and competition for the REIT's tenants could have a negative effect on the REIT's ability to lease space in its properties in such markets and on the rents charged or concessions granted, which could have an adverse effect on the REIT's financial condition and results of operation and decrease the amount of cash available for distribution to Unitholders.

Competition for acquisitions of real properties can be intense and some competitors may have the ability or inclination to acquire properties at a higher price or on terms less favourable than those that the REIT may be prepared to accept. An increase in the availability of investment funds, an increase in interest in real property investments or a decrease in interest rates may tend to increase competition for real property investments, thereby increasing purchase prices and reducing the yield.

Acquisitions

The REIT's business plan includes growth through identifying suitable acquisition opportunities, pursuing such opportunities, consummating acquisitions and effectively operating and leasing such properties. If the REIT is unable to manage its growth effectively, it could adversely impact its financial condition and results of operations and decrease the amount of cash available for distribution to Unitholders. There can be no assurance as to the pace of growth through property acquisitions or that the REIT will be able to acquire assets on an accretive basis, and as such there can be no assurance that distributions to Unitholders will increase or remain the same in the future.

Acquisitions and development agreements entered into with third parties may be subject to unknown, unexpected or undisclosed liabilities which could have a material adverse impact on the operations and financial results of the REIT. Representations and warranties given by such third parties to the REIT may not adequately protect against these liabilities and any recourse against third parties may be limited by the financial capacity of such third parties. Moreover, the acquired properties may not meet expectations of operational or financial performance due to unexpected costs associated with developing an acquired property, as well as the general investment risks inherent in any real estate investment.

Regulation

The REIT is subject to laws and regulations governing the ownership and leasing of real property, employment standards, environmental matters, taxes and other matters. It is possible that future changes in applicable federal, provincial, state, local or common laws or regulations or changes in their enforcement or regulatory interpretation could result in changes in the legal requirements affecting the REIT (including with retroactive effect). Any changes in the laws to which the REIT is subject could materially adversely affect the rights and title to its properties. It is not possible to predict whether there will be any further changes in the regulatory regimes to which the REIT is subject or the effect of any such change on its investments.

General Insured and Uninsured Risks and Litigation

The business carried on by the REIT entails an inherent risk of liability.

The REIT is sometimes the subject of complaints or litigation from tenants, employees or other third parties for various actions. The damages sought against the REIT in these litigation claims can be substantial. If one or more valid and substantiated claims were to greatly exceed the REIT's liability insurance coverage limits or if the REIT's insurance policies do not cover such a claim, this could have a material adverse effect on the REIT's business, financial condition, results of operations and cash flows. Claims against the REIT, regardless of their merit or eventual outcome, also may have a material adverse effect on the REIT's ability to attract tenants or expand its businesses, and will require management to devote time to matters unrelated to the operation of the business.

The REIT will carry comprehensive general liability, fire, flood, extended coverage and rental loss insurance with customary policy specifications, limits and deductibles. The REIT will have insurance for earthquake risks, subject to certain policy limits, deductibles and self-insurance arrangements, and will continue to carry such insurance if it is economical to do so. There can be no assurance, however, that claims in excess of the insurance coverage or claims not covered by the insurance coverage will not arise or that the liability coverage will continue to be available on acceptable terms. A successful claim against the REIT not covered by, or in excess of, the REIT's insurance could have a material adverse effect on its business, operating results and financial condition.

Climate Change

Climate change continues to attract the focus of governments and the general public as an important threat, given that the emission of greenhouse gases and other activities continue to negatively impact the planet. The REIT faces the risk that its properties or tenants may be subject to government initiatives aimed at countering climate change, such as a mandatory reduction of greenhouse gas emissions, which could impose constraints on our operational flexibility or cause the REIT or its tenants to incur financial costs to comply with various reforms. Any failure to adhere and adapt to climate change reform could result in fines or adversely affect the REIT's reputation, operations or financial performance.

Furthermore, the REIT's properties or tenants may be exposed to the impact of events caused by climate change, such as natural disasters and increasingly frequent and severe weather conditions. Such events could interrupt the REIT's operations and activities, damage its properties and potentially decrease its property values or require the REIT to incur additional expenses including an increase in insurance costs to insure its properties against natural disasters and severe weather.

Environmental Matters

Environmental legislation and regulations have become increasingly important in recent years. As an owner of interests in real property in Canada, the REIT is subject to various Canadian federal, provincial and municipal laws relating to environmental matters. Such laws provide that the REIT could be, or become, liable for environmental harm, damage or costs, including with respect to the release of hazardous, toxic or other regulated substances into the environment, and the removal or other remediation of hazardous, toxic or other regulated substances that may be present at, or under its properties. Further, liability may be incurred by the REIT with respect to the release of such substances from the REIT's properties to properties owned by third parties, including properties adjacent to the REIT's properties. The failure to remove or otherwise address such substances or properties, if any, may adversely affect the REIT's ability to sell such property, realize the full value of such property or borrow using such property as collateral security, and could potentially result in claims against the REIT by public or private parties by way of civil action.

The REIT is not aware of any material non-compliance with environmental laws at any of its properties and is not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of such properties. The REIT plans to make any necessary capital and operating expenditures in order to comply with environmental laws and to address any material environmental issues and such costs relating to environmental matters may have a material adverse effect on its business, financial condition or results of operation. However, environmental laws can change and the REIT may become subject to even more stringent environmental laws in the future, with increased enforcement of laws by the government. Compliance with more stringent environmental laws, which may be more rigorously enforced, the identification of currently unknown environmental issues or an increase in the costs required to address a currently known condition may have an adverse effect on the REIT's financial condition and results of operation.

RISK FACTORS RELATED TO THE UNITS

Cash Distributions are not Guaranteed

There can be no assurance regarding the amount of income to be generated by the REIT's properties. The ability of the REIT to make cash distributions to its Unitholders, and the actual amount distributed, will be entirely dependent on its operations and assets, and will be subject to various factors including financial performance, obligations under applicable credit facilities, fluctuations in working capital, the sustainability of income derived from the tenant profile of its properties and capital expenditure requirements. Distributions may be increased, reduced or suspended entirely depending on the REIT's operations and the performance of the REIT's assets. The market value of the Units will deteriorate if the REIT is unable to meet its distribution targets in the future, and that deterioration may be significant. In addition, the composition of cash distributions for tax purposes may change over time and may affect the after-tax return for investors.

Dilution

The number of Units the REIT is authorized to issue is unlimited. The REIT may, in its sole discretion, issue additional Units from time to time, and the interests of the Unitholders may be diluted thereby. Affiliates of the REIT may also issue securities that are convertible or exchangeable into Units from time to time, including 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 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.

RISK FACTORS RELATED TO THE SENIOR UNSECURED DEBENTURES

Credit Rating and Credit Risk

There can be no assurance that the credit rating assigned to the REIT and the senior unsecured debentures will remain in effect for any given period of time or that the rating will not be lowered, withdrawn or revised by DBRS at any time. Real or anticipated changes in the credit fating on the REIT and the senior unsecured debentures may affect the market value of the senior unsecured debentures. In addition, real or anticipated changes in such credit rating can affect the cost at which the REIT can access the capital markets.

Structural Subordination of the Senior Unsecured Debentures

The likelihood that holders of the senior unsecured debentures will receive payments owing to them under the terms of the senior unsecured debentures will depend on the financial health of the REIT and its creditworthiness. In addition, the senior unsecured debentures are unsecured obligations of the REIT and, therefore, if the REIT becomes bankrupt, liquidates its assets, reorganizes or enters into certain other transactions, the REIT's assets will be available to pay its obligations with respect to the senior unsecured debentures only after it has paid all of its secured indebtedness in full. There may be insufficient assets of the REIT remaining following such payments to pay amounts due on any or all of the senior unsecured debentures then outstanding. Liabilities of a parent entity with assets held by various subsidiaries may result in the structural subordination of the lenders of the parent entity. The parent entity is entitled only to the residual equity of its subsidiaries after all debt obligations of its subsidiaries are discharged. Absent the guarantee arrangements referenced below, in the event of a bankruptcy, liquidation or reorganization of the REIT, holders of indebtedness of the REIT may become subordinate to lenders to the subsidiaries of the REIT. The guarantors of the senior unsecured debentures each provide a guarantee pursuant to which the Indenture Trustee will, subject to the Trust Indenture, be entitled to seek redress from each such guarantor for the guaranteed indebtedness. These guarantees are intended to eliminate structural subordination which would otherwise arise as a consequence of the REIT's assets being held in the subsidiaries of the REIT. There can be no assurance, however, that the Indenture Trustee will, or will be able to, effectively enforce the guarantees.

DISCLOSURE AND INTERNAL CONTROLS

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") of the REIT, along with the assistance of senior management, have designed disclosure controls and procedures to provide reasonable assurance that material information relating to the REIT is made known to the CEO and CFO, and have designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. No changes were made in the REIT's design of internal controls over financial reporting during the three months ended March 31, 2021, that have materially affected, or are reasonably likely to materially affect, the REIT's internal controls over financial reporting.

Due to the inherent limitations in all controls systems, a control system can provide only reasonable, not absolute assurance, that the objective of the control system is met and may not prevent or detect misstatements or instances of fraud. Management's estimates may be incorrect, or assumptions about future events may be incorrect, resulting in varying results. Additionally, controls may be circumvented by the unauthorized acts of individuals, by collusion of two or more people or by management override.

FUTURE CHANGES IN ACCOUNTING POLICIES AND POLICIES ADOPTED

The future accounting policies changes and policies adopted during the current fiscal year are discussed in the Financial Statements.