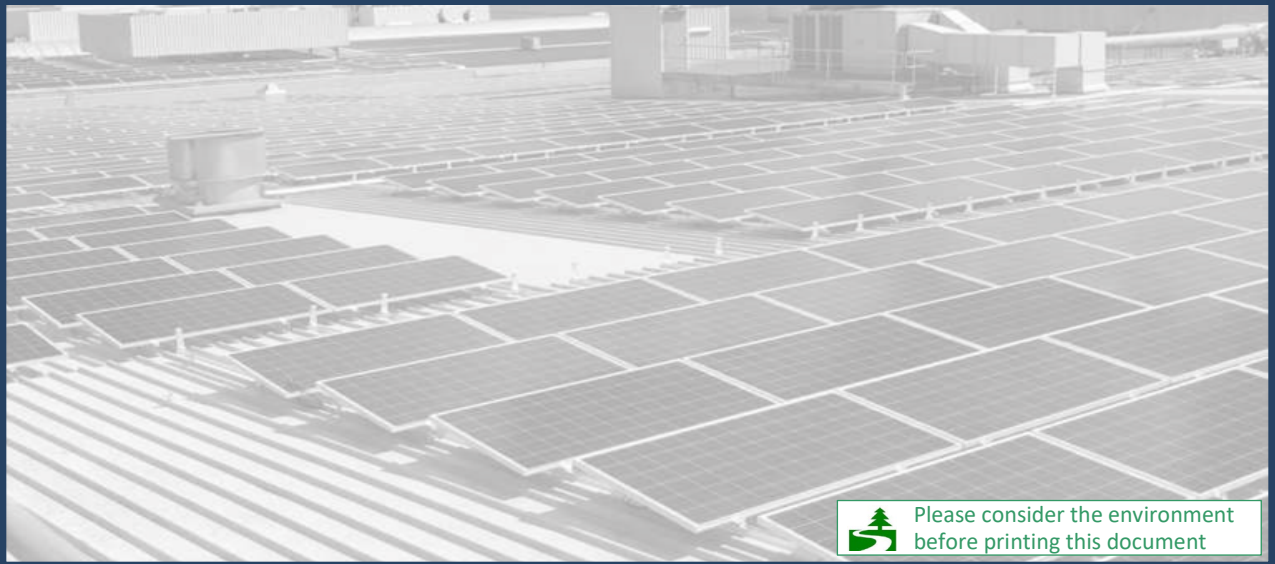


Summit **II** REIT

Summit Industrial Income REIT

Green Financing Framework

April 2021



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COMPANY BACKGROUND

Summit Industrial Income REIT (“Summit” or the “REIT”) is a TSX-listed real estate investment trust (TSX:SMU.UN) and a leading owner, operator and developer of light industrial properties across Canada. As at December 31, 2020, the REIT’s portfolio was comprised of interests in 156 income producing properties totaling approximately 19.5 million square feet of gross leasable area, with total assets of approximately \$3.2 billion.

The REIT’s goal is to generate stable and growing returns through effective property management, accretive acquisitions, innovative financings and selective property development, while providing modern, efficient, high quality industrial properties in the best locations for its tenants.

The REIT believes that corporate responsibility and sustainability is a key driver to long-term business success, and environmental, social and governance (“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 encourages and supports ESG best practices across its tenant base and its relationships with third-party suppliers/advisors. The REIT solicits stakeholder engagement in its ESG practices and policies, while striving to continue to increase reporting and disclosure of the REIT’s ESG initiatives.

FRAMEWORK OVERVIEW

This Green Financing Framework (the “Framework”) facilitates alignment of Summit’s business and financing activities to support and drive a more sustainable future. By establishing the Framework, Summit aims to provide the transparency, disclosure, reporting and integrity expected from an issuer in the green financing market.

This Framework will guide issuances of green financings by Summit for which the use of proceeds is intended for a portfolio of Eligible Green Initiatives, defined, selected, tracked and reported on in accordance with this Framework (each a “Green Financing”).

This Framework addresses the four core components of the Green Bond Principles developed by the International Capital Markets Association¹ and the Green Loan Principles developed by the Loan Market Association and Loan Syndications and Trading Association²:

- I. Use of proceeds.
- II. Process for project evaluation and selection.
- III. Management of proceeds.
- IV. Reporting.








¹ International Capital Markets Association (ICMA), “The Green Bond Principles (GBP) 2018”, published on June 14, 2018. <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

² Loan Market Association (LMA) and Loan Syndications & Trading Association (LSTA), “Green Loan Principles”, published in May 2020. <https://www.lsta.org/content/green-loan-principles/>










I. USE OF PROCEEDS






Summit intends to use the net proceeds from the issuance of Green Financings to finance and/or refinance in part or in full, new and/or existing eligible green projects (the “Eligible Green Initiatives”) that meet the eligibility criteria defined below, as recognized by the Green Bond Principles and Green Loan Principles. Each Eligible Green Category is aligned to the applicable United Nations Sustainable Development Goal(s) (“UNSDG”s)³.



ELIGIBLE GREEN INITIATIVES CATEGORY	ELIGIBLE INVESTMENTS	UNSDG ALIGNMENT 
Green Buildings	<p>Investments related to the acquisition, construction, development, and/or re-development, operations or improvement of logistics, e-commerce, warehouse, and industrial properties that have received or are expected to receive at least one of the following green building certifications (or other equivalent green certifications):</p> <ul style="list-style-type: none"> • LEED: Silver, Gold, Platinum. • BOMA BEST: Silver, Gold, Platinum. • Toronto Green Standards (“TGS”): Tier 2, 3, 4. • BREEAM: Very Good, Excellent, Outstanding. <p>Buildings designed for construction to receive LEED Silver, BOMA BEST Silver, TGS Tier 2 and BREEAM Very Good certifications will also be confirmed to have been designed to achieve a 20% or more energy efficiency improvement.</p>	   
Energy Efficiency	<p>Investments that support measures to improve resource consumption/energy efficiency, or make other environmentally beneficial improvements to projects, systems, equipment, technologies, properties or land including, but not limited to, investments in:</p> <ul style="list-style-type: none"> • LED and other energy efficient lighting. • Energy efficient roof improvements and other sustainability-oriented construction materials. • Use of energy-saving materials. 	 

³ United Nations Sustainable Development Goals.
<https://www.un.org/sustainabledevelopment/sustainable-development-goals/>

	<ul style="list-style-type: none"> Improvements to the efficiency of HVAC systems and may include the implementation of smart meters or other equipment for monitoring energy performance such as digital controls, sensors and/or building information systems and/or energy management software systems. 	
Sustainable Water and Wastewater Management	<p>Investments that reduce water consumption or collect, treat, recycle or reuse water, including but not limited to investments in:</p> <ul style="list-style-type: none"> Xeriscaping/drought-tolerant landscaping. Sustainable drainage systems. Water reclamation systems. Water saving technologies and materials. 	
Clean Transportation	<p>Investments in clean transportation projects and/or infrastructure that would improve connectivity or promote multi-modal transportation and non-motorized methods like cycling and walking, vehicle sharing or result in a reduction in greenhouse gas emissions through infrastructure or charging stations for electric vehicles or other clean energy vehicles and demonstrated increased usage of mass public transit.</p>	  
Renewable Energy	<p>Investments related to the production, connectivity, energy capture and storage and equipment that provide renewable energy to the buildings or back to the grid and including, but not limited to, wind or solar.</p>	  
Pollution Prevention and Control	<p>Remediation of contaminated soil and other construction waste diversion. Reduce and/or prevent waste and/or improve recycling and/or waste diversion rates.</p>	 

<p>Biodiversity and Conservation</p>	<p>Tree planting and other ecological restoration to preserve biodiversity and native ecosystems. Includes implementation of green roofs.</p>	 
<p>Adaptability and Resilience to Climate Change</p>	<p>Projects including feasibility studies to support a property’s defence and adaptation to extreme weather or effects of climate change. These may include projects related to flood defence, storm water management, building structural resilience or other equivalent climate resilience projects.</p>	  

II. PROCESS FOR PROJECT EVALUATION AND SELECTION

Summit has established a Green Finance Working Group (the “Committee”) to oversee the implementation of its Framework and to identify projects that satisfy the Eligible Green Initiatives criteria set forth in the Use of Proceeds section. The Committee will be cross-functional, consisting of members from departments such as finance, investments, development and asset management, with future additional members that may be added. Projects identified by the Committee will be brought to the REIT’s senior management team (CEO, CFO and COO) for final approval.

III. MANAGEMENT OF PROCEEDS

An amount equal to the net proceeds from each Green Financing will be deposited to the general account of the REIT and earmarked for the financing or refinancing of existing and future Eligible Green Initiatives in accordance with the Framework. Such allocation will be reflected in Summit’s internal records, which will be maintained by the REIT’s finance department. Pending allocation to Eligible Green Initiatives, net proceeds of a Green Financing will be managed in accordance with Summit’s normal liquidity management practices including repayment of existing indebtedness, held in cash or cash equivalents, short-term deposits or other instruments, or for general corporate purposes.

Eligible Green Initiatives may include investments made by Summit up to 36 months prior to each Green Financing. For greater clarity, in the case of Green Building certifications, where costs were incurred prior to Green Building certification, such investments will be eligible for inclusion if such certification was obtained within the 36 month look-back period.

Summit intends to allocate the net proceeds from each Green Financing to Eligible Green Initiatives within 36 months from the date of issuance. In the case of divestment or if an investment no longer meets the Eligibility Criteria listed above, the REIT intends to reallocate the funds to other Eligible Green Initiatives.

Payment of principal and interest on any Green Financing will be made from Summit's general funds and will not be linked to the performance of any Eligible Green Initiatives.

IV. REPORTING

To maintain transparency, within one year of its initial Green Financing, Summit intends to publish an allocation report, to be renewed annually thereafter until full allocation of the applicable net proceeds or if any material changes have been made to the Framework. The report will include a summary of outstanding Green Financings, including issuance date, size, maturity date, currency, and format.

The report will contain at least the following information:

- Amount of proceeds allocated to each Eligible Green Initiatives Category as outlined in the Use of Proceeds.
- Description of Eligible Green Initiatives included in the allocation.
- For each Eligible Green Initiatives Category with allocated proceeds, at least one example of an Eligible Green Initiative financed by the proceeds.
- Where projects are refinanced, a record of the proportion of projects financed vs. refinanced.
- Remaining balance of unallocated proceeds (if any).

In addition, where reasonably practicable, the report will include impact reporting that encompasses qualitative and/or quantitative performance indicators. Performance indicators may change from year to year and may include one or more of the items outlined in Appendix A.

EXTERNAL REVIEW

Summit has obtained an independent Second Party Opinion ("SPO") on this Framework from DNV on its Green Financing Framework indicating alignment with the Green Bond Principles and the Green Loan Principles. The SPO is available on Summit's website at www.summitireit.com.

Prior to the first anniversary of the issuance of its initial Green Financing, Summit will request a qualified independent external reviewer to review its allocation of net Green Financing proceeds, in order to assess alignment with this Framework. This review will be carried out annually until the full allocation of an amount equal to the net proceeds from the Green Financing.

SUMMIT GREEN BUILDING CASE STUDY

7474 McLean Road, East, Guelph, Ontario, Canada

Maple Leaf Foods Distribution Centre – LEED Gold Certified Property



Summit's 100% owned property at 7474 McLean Street, East is a Class A, state-of-the-art single tenant temperature-controlled distribution center just north of Highway 401 in Guelph, Ontario. Constructed as a design-build for Maple Leaf Foods ("MLF"), a tenant focused on sustainable and efficient production, the facility is built to a LEED Gold standard (the first refrigerated warehouse in Canada to achieve LEED Gold Certification). In 2019 MLF announced that it was the world's first major carbon-neutral food company, a feat that has been aided by the sustainability initiatives at 7474 McLean Road, East. The property comprises an area of approximately 280,000 square feet, serves as MLF's main distribution center for Central and Eastern Canada and was designed to consolidate three regional facilities by combining dry, refrigerated and freezer storage capabilities into one fully integrated facility.

Designed to the highest standards of sustainability, some of the green building systems include:

- Central ammonia-based refrigeration system with waste heat captured from refrigeration diverted for heating other areas.
- State-of-the-art water filtration system with reverse osmosis.
- Advanced waste and water use reduction technologies.
- LED and T5 lighting.
- Water-efficient landscaping including a storm water retention pond.

CONTACT

We welcome feedback from all of our stakeholders on the Framework and our approach to sustainable investing. Please share your feedback or for any questions, please contact:

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APPENDIX A – ILLUSTRATIVE SAMPLE IMPACT INDICATORS

Summit may report on the following impact indicators related to the Framework.

ELIGIBLE GREEN INITIATIVES CATEGORY	POSSIBLE IMPACT METRICS
Green Buildings	<ul style="list-style-type: none"> • Number of green buildings financed. • Total area of green building(s). • Level of green building certification(s).
Energy Efficiency	<ul style="list-style-type: none"> • Amount of energy saved. • Estimated annual greenhouse gas emissions reduced or avoided.
Sustainable Water and Wastewater Management	<ul style="list-style-type: none"> • Annual water savings or reduced water loss. • Volume of water saved/reduced.
Clean Transportation	<ul style="list-style-type: none"> • Amount of energy saved. • Estimated greenhouse gas emissions reduced or avoided. • Number of electric vehicle charging stations installed.
Renewable Energy	<ul style="list-style-type: none"> • Number of projects relating to renewable energy. • Amount of energy provided back to grid. • Renewable energy capacity installed. • Estimated annual greenhouse gas emissions avoided.
Pollution Prevention and Control	<ul style="list-style-type: none"> • Annual waste that is prevented or diverted. • Number of recycling projects.
Biodiversity and Conservation	<ul style="list-style-type: none"> • Natural capital value (i.e., trees planted).
Adaptability and Resilience to Climate Change	<ul style="list-style-type: none"> • Number and details of projects implemented.