

Investor Presentation

Nexus Real Estate Investment Trust



Nexus REIT

Notice to the Reader

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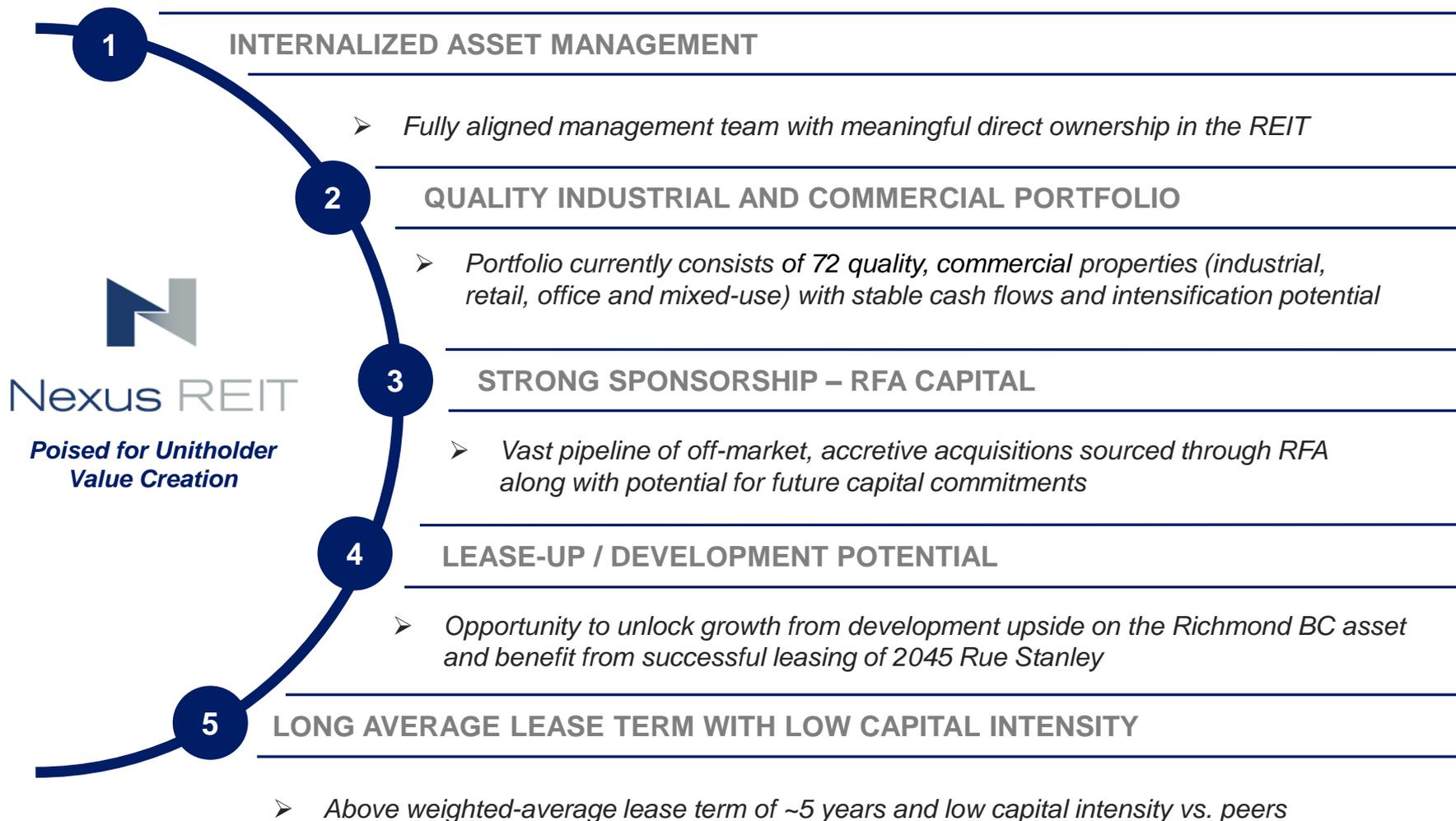
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All figures in C\$ unless otherwise noted.

Overview of Nexus REIT

Nexus REIT (“Nexus” or the “REIT”) is an open-ended REIT focused on unitholder value creation through the acquisition and ownership of commercial properties across Canada



Market Metrics and Return Performance

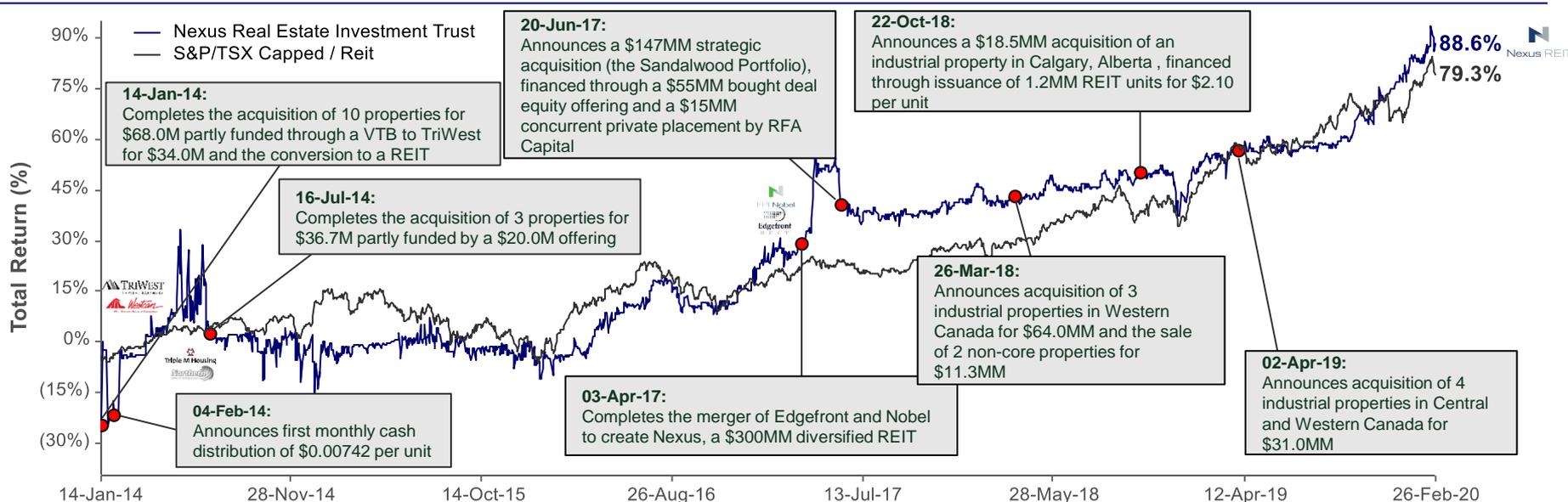
Summary Capitalization

Unit Price (Feb 26, 2020)	\$2.27
Basic Units Outstanding (MM) ⁽¹⁾	120.1
Market Capitalization (\$MM)	\$272.6
Add: Debt ⁽¹⁾	\$303.4
Less: Cash ⁽¹⁾	(\$4.8)
Enterprise Value	\$571.1

Market Metrics⁽¹⁾⁽²⁾

P / 2020E FFO	10.2x
P / 2021E FFO	9.7x
P / 2020E AFFO	11.0x
P / 2021E AFFO	10.8x
Premium / (Discount) to NAV	(4.8%)

Total Return Performance since IPO⁽³⁾



1) As at September 30, 2019

2) Based on consensus equity research

3) Total return since IPO

A Diversified and Defensive Portfolio

Industrial Portfolio

Stable Cash Flows, Long-Term Leases, and Embedded Rent Escalations

- Provides stability to Nexus as cash flows are stable, long-term, and contain embedded yearly rent escalations
- Properties are crucial and integral to the day-to-day operations of tenants such as MasTec Canada, Westcan Bulk Transport, and Canada Cartage, reducing the re-leasing risk
- The majority of Nexus' industrial portfolio is located in high-demand industrial nodes in Edmonton, Lethbridge, Calgary, and Montreal

Retail Portfolio

Investment Grade, High-Quality National Tenants Offering Necessity-Based Products

- Grocery-anchored retail assets located in the Greater Quebec City and Montreal areas
- Sandalwood provides property management services to a significant portion of the retail portfolio
- High-quality tenants such as Shopper's, Dollarama, Metro, National Bank, Super C, Canadian Tire, and SAQ (Quebec's provincial liquor retailer)

Office Portfolio

Urban Office Assets Located in the Downtown Montreal Core

- Very well-located office properties in the downtown Montreal core
- Class I office properties (urban properties that have been converted into modern office buildings)
- Tenants primarily consist of TAMI (technology, advertising, media and information) businesses that typically gravitate towards these properties



2019 Growth - MasTec Canada Acquisition

Overview

- Nexus REIT purchased four single tenant industrial properties in Western Canada for \$31MM.
- The four properties were appraised at ~\$39MM.
- The properties added \$2.9MM of NOI to the REIT's portfolio.
- The tenant still has significant term on their leases.
- The blended cap rate for the portfolio was 9.33%.
- The vendor received \$14.75MM of the purchase price in LP units.
- Triple net leases with the tenant.
- Upside with rent increase of \$0.13MM in 2021.



LOCATION HIGHLIGHTS



Key Transaction Highlights

- 1 **Attractive capitalization rate of 9.33% with 5-year debt at 3.47%.**
- 2 **Highly accretive to AFFOPU; price was significantly discounted to the appraised value.**
- 3 **Vendor received \$14.75MM in units at \$2.10/unit, a premium to the current trading price.**

Value Creation - Richmond, BC

Overview

- Purchased an industrial asset (consisting of 2 buildings) in Richmond, BC for \$57.4MM
- The asset has redevelopment potential to add additional GLA and repurpose the front building as a multi-tenant sports facility, a highly desirable use given its urban location
- Appraised at ~\$80MM (March 2018), highlighting the significant inherent value of the property; offering potential for significant NAV growth

Key Transaction Highlights

- 1** *Off-market transaction, sourced through Nexus' long-standing relationship with the vendor*
- 2** *Attractive risk-return development profile, with high inherent value in the property*
- 3** *Accretive to AFFOPU with significant NAV creation potential*

Asset Overview and Redevelopment Value Creation



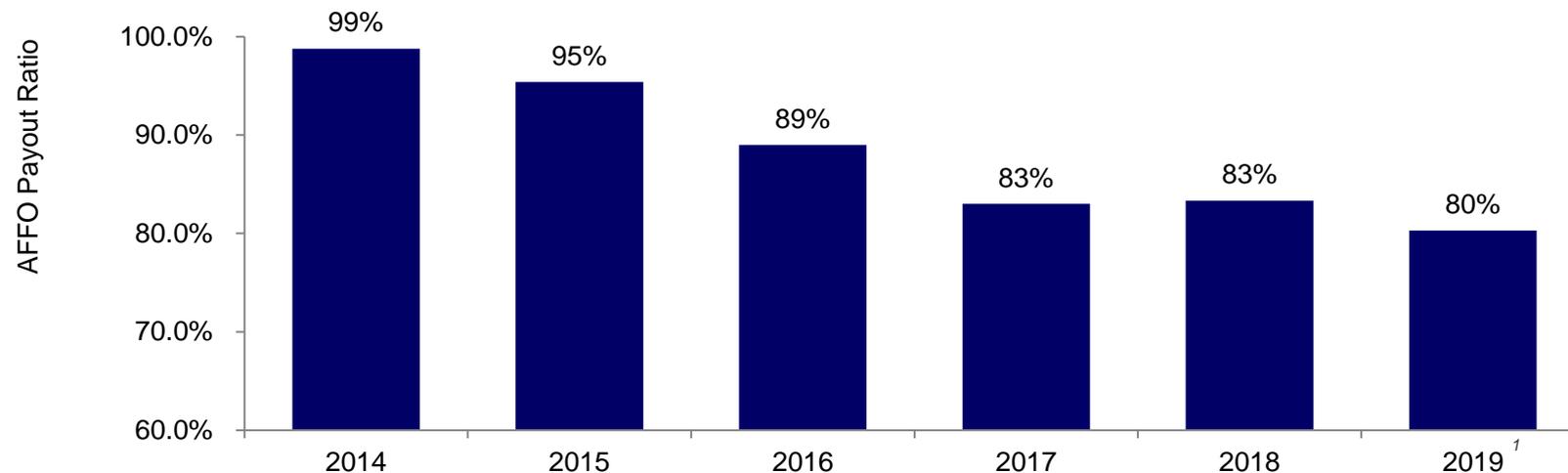
Purchase Price	\$57.4MM
Acquisition Cap Rate	6.5%
In-Place NOI	\$3.7MM
Development CAPEX	\$7.1MM
Post-Development NOI	\$4.9MM
Stabilized Cap Rate	4.5%
Stabilized Property Value	\$109M

Unitholder Value Created

\$22.3MM

Demonstrated Track Record of Success

Management has demonstrated its ability to successfully make and integrate accretive acquisitions resulting in a declining AFFO payout ratio



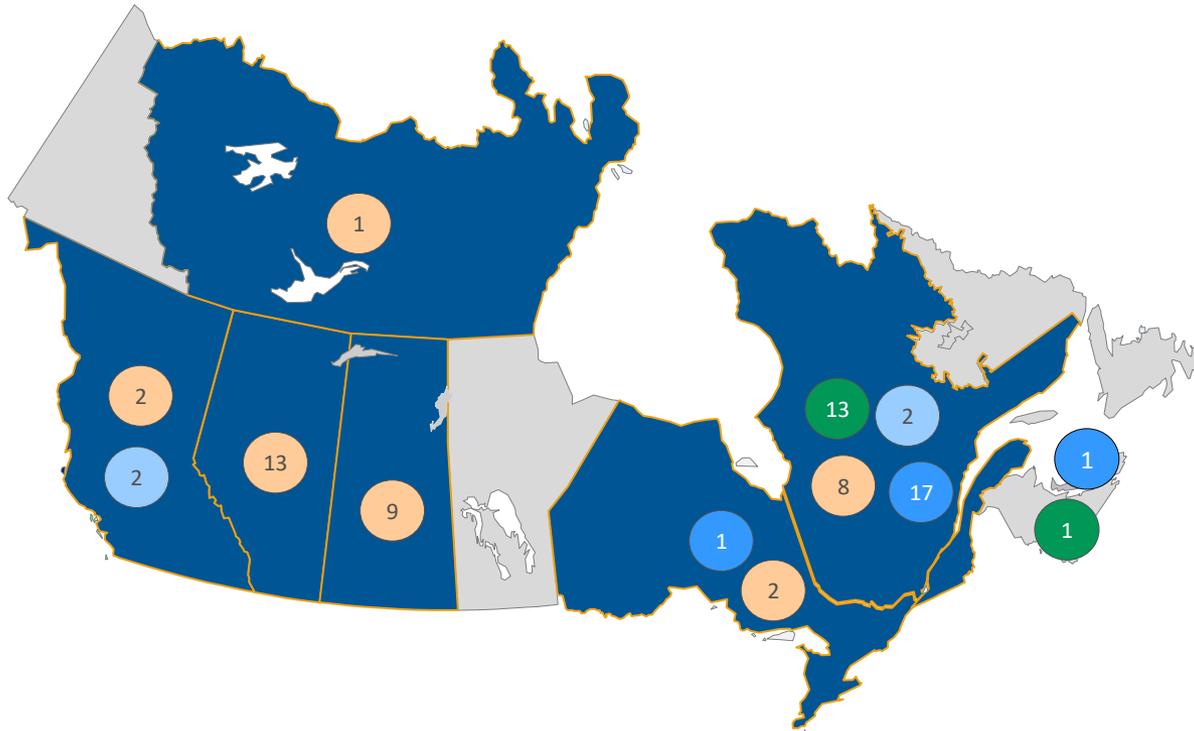
Delivering Strong Growth

- Completed \$91.1MM of off-market acquisitions in 2018, with vendors receiving \$37.0MM in REIT and LP units at a premium to the current trading price.
- Acquired a 4-property portfolio on April 1, 2019 for \$31MM. Properties are located in Saskatchewan, Alberta and British Columbia. This purchase price represents a 9.33% cap rate.

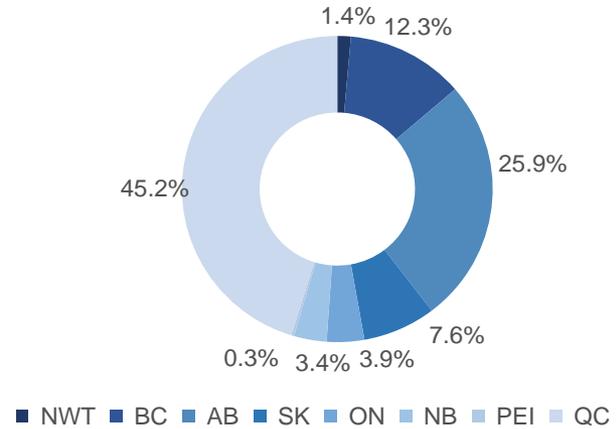
¹) Based on 2019 Q3 YTD Normalized AFFO Payout Ratio

Nationwide Asset Base

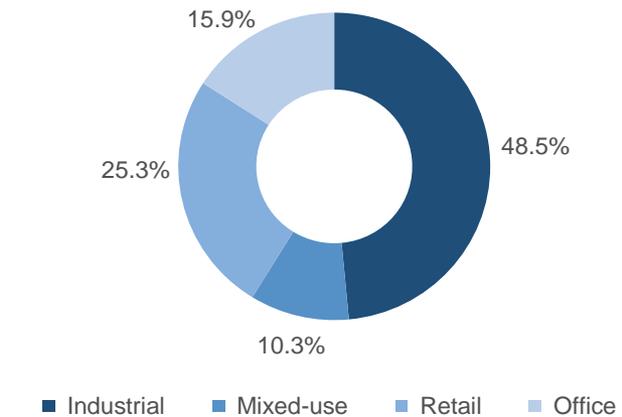
72 properties located across Canada



Base Rent by Province/Territory



Base Rent by Sector



Strategic Relationship with Access to Quality Assets



Overview: • Privately held real estate investment and asset management firm

Founded: • 1996

Experience in Real Estate:

- *Invests in office, retail, industrial and multi-family properties in the major Canadian markets as well as mortgages and CMBS*
- *Over the past 20 years, has invested in over \$15B of commercial mortgages*

Headquarters: • Toronto, ON

Other: • Canada's first and largest investor in non-investment grade CMBS

Sourced Acquisitions: • 27 acquisitions sourced through RFA

Strategic partnership to provide pipeline for accretive growth

Leadership Team

Management Team

Name	Title	Experience
Kelly Hanczyk⁽¹⁾	CEO	<ul style="list-style-type: none"> Former CEO and Trustee of TransGlobe Apartment REIT Extensive experience in all disciplines of industrial, commercial and residential real estate
Robert Chiasson	CFO	<ul style="list-style-type: none"> Former Corporate Controller of InStorage REIT Former Director of Accounting and Finance of Samuel Manu-Tech Obtained the CPA, CA designation while articling with KPMG

1) Also serves as a trustee

2) Chair of the board of trustees of Nexus

Board of Trustees

Name	Experience
Lorne Jacobson⁽²⁾	<ul style="list-style-type: none"> Co-founder and Vice Chairman of TriWest Capital Partners Former partner of Bennett Jones LLP
Brad Cutsey	<ul style="list-style-type: none"> President of InterRent REIT Former Managing Director, Real Estate Investment Banking at Dundee Capital Markets
Ben Rodney	<ul style="list-style-type: none"> Principal and Managing Partner of RFA Capital Has structured and closed over \$15B of Canadian real estate and mortgage transactions
Nick Lagopoulos	<ul style="list-style-type: none"> Principal and Managing Partner of RFA Capital Previously with GE Capital and Credit Suisse

Research Analyst Overview

BROKER	ANALYST	DATE	RATING	TARGET PRICE	IMPLIED TOTAL RETURN (%) ⁽¹⁾	FFO/Unit		AFFO/Unit		NAVPU (\$)	PREMIUM (DISCOUNT) / NAV
						2020E	2021E	2020E	2021E		
iA Securities	Brad Sturges	21-Nov-19	Strong Buy	\$2.50	17.4%	\$0.22	\$0.23	\$0.20	\$0.21	\$2.40	(5.4%)
Echelon Wealth Partners	Stephane Boire	20-Nov-19	Buy	\$2.50	17.4%	\$0.22	n/a	\$0.21	n/a	\$2.35	(3.4%)
Desjardins Capital Markets	Michael Markidis	20-Aug-19	Buy	\$2.30	8.6%	\$0.23	\$0.24	\$0.21	\$0.21	\$2.40	(5.4%)
Average (Consensus)				\$2.43	14.5%	\$0.22	\$0.24	\$0.21	\$0.21	\$2.38	(4.8%)
Average (Excluding High/Low)				\$2.50	17.4%	\$0.22	n/a	\$0.21	n/a	\$2.40	(5.4%)

Select Analyst Commentary

IA SECURITIES 21-NOV-19

“Nexus remains under the radar of many investors, and offers a compelling blend of value and NAV growth prospects, while exhibiting below-average financial leverage and AFFO payout ratios. Also, we believe that Nexus may benefit from several potential near-term positive catalysts, including: 1) possible NAV/unit accretion from the successful completion of its Richmond, BC, redevelopment project; 2) improving the REIT’s investment trading demand resulting from a new TSX listing; and 3) potential for future monthly distribution rate increases.”

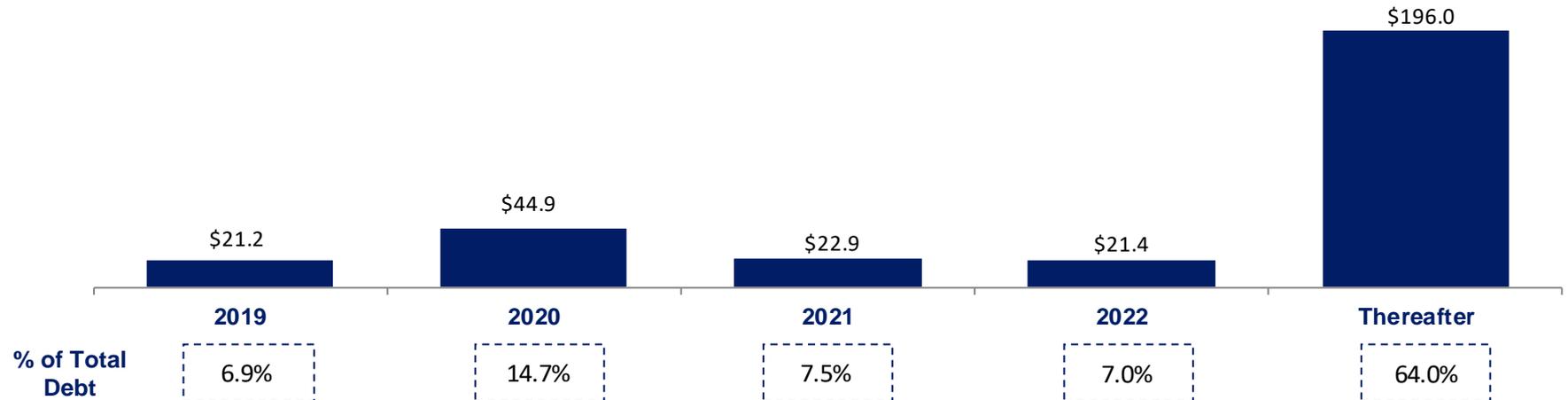
DESJARDINS 20-AUG-19

“We are reiterating our Buy rating and C\$2.30 price target. The last few months have been quiet from an investment perspective; however, NXR is close to finalizing a C\$15–20m deal. Two new leases are being finalized at Rue Stanley, which are expected to bring economic occupancy to >95% by mid-2020. While final details are still being worked on, it sounds like NXR is also close to announcing redevelopment of the second building at its property on Savage Road.”

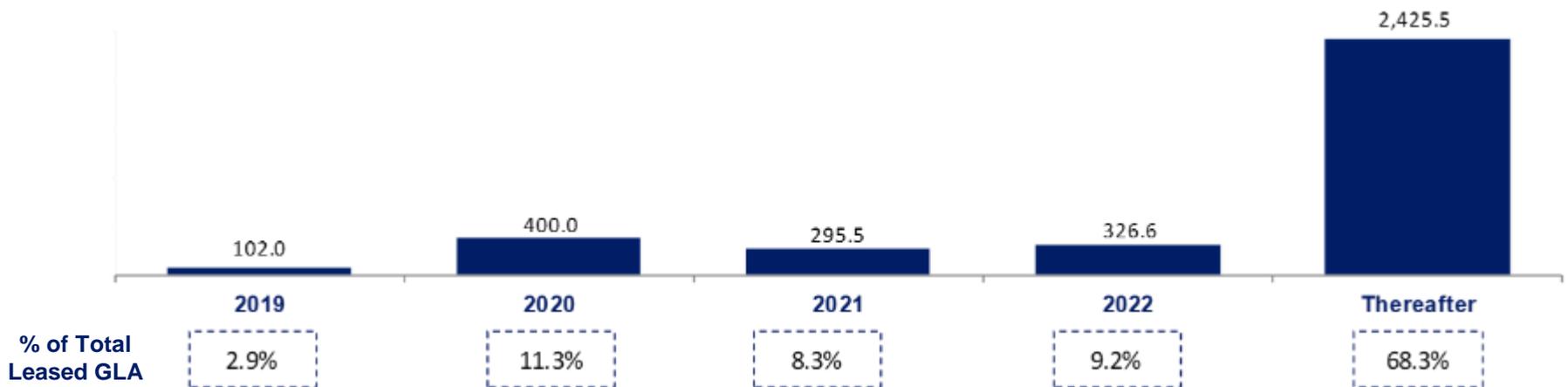
¹⁾ Implied total return is calculated as the implied relative return to the target price plus the compounded annual distribution yield
Source: FactSet and Equity Research as at February 26, 2020

Balanced Debt Maturities and Lease Expiries

Debt Repayment Schedule (\$MM)⁽¹⁾⁽²⁾



Lease Expiry Schedule (Sq. Ft. '000s)⁽¹⁾

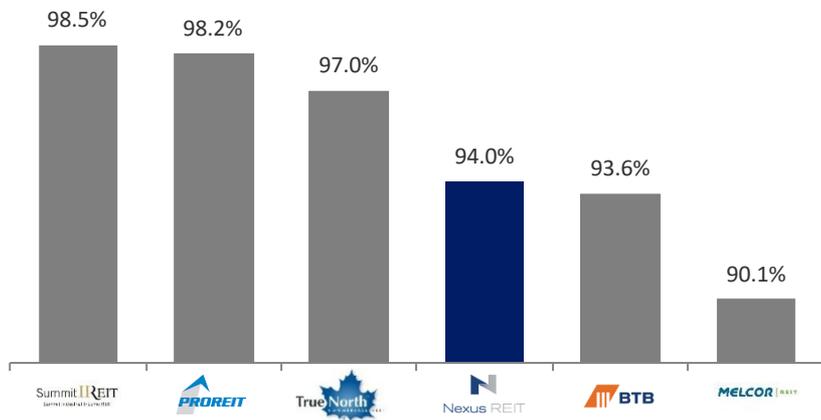


1) As at Q3 2019 MD&A
 2) Includes lease liabilities

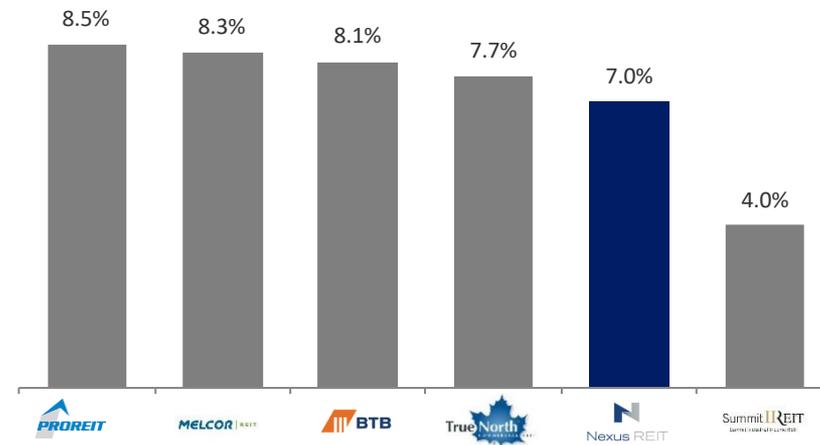
Positioning of Nexus vs. Peers

Nexus has all the characteristics of a quality REIT: high occupancy, high yield, a low payout ratio and trades at an attractive valuation

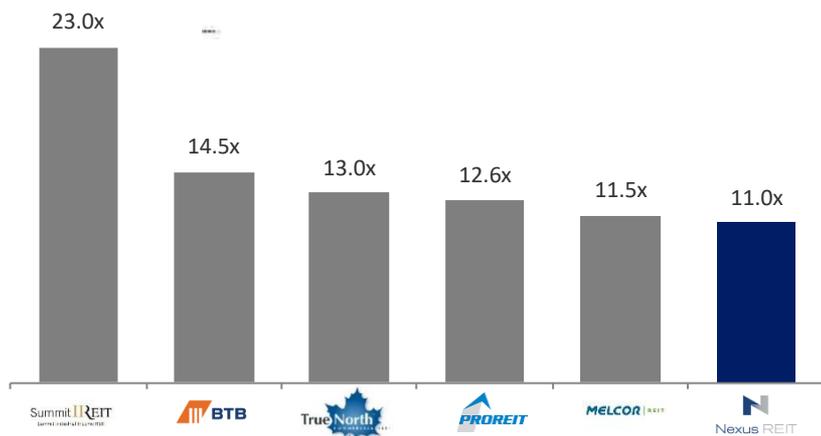
Occupancy



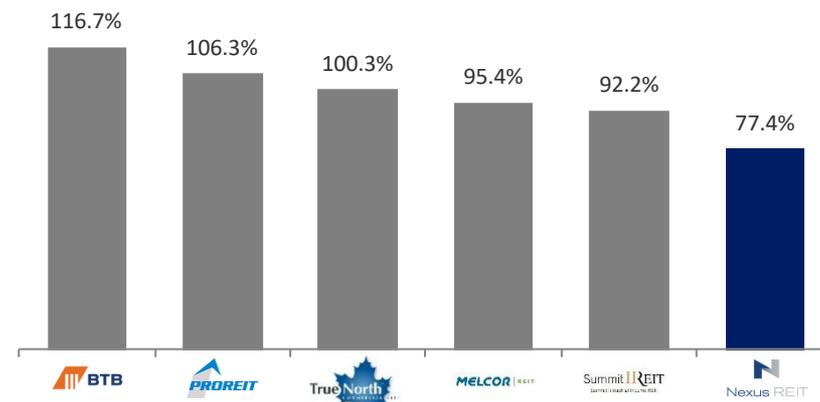
Distribution Yield



P/2020 AFFO



2020E AFFO Payout Ratio



Source: Company Filings

Unitholder Value Creation

Nexus expects to grow its unit price in the near term through the following:

1 *Capitalize on accretive acquisitions at the most opportune time*

- *Acquisition criteria: strong security of cash flows, potential for capital appreciation, and potential for increasing value through more efficient management of the assets in markets with positive industry fundamentals.*
- *Acquisitions to be made when its cost of capital is low.*
- *Off-market acquisitions sourced through strategic relationships.*

2 *Lease-Up and Re-Positioning of Assets*

- *Re-positioning and intensification of properties to increase NAV (Richmond Asset).*
- *Benefit from the successful lease-up of the Rue Stanley, Montreal property .*

3 *Substantial Rent Increases in Western Canada Industrial Portfolio*

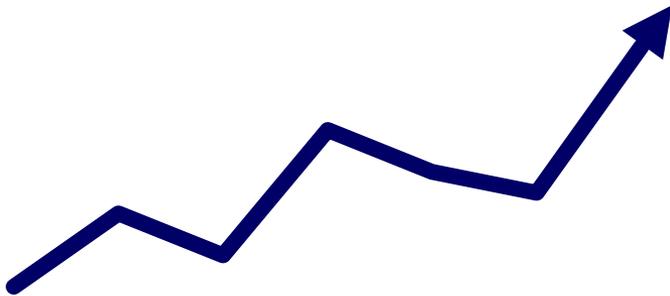
- *Linked to CPI and generates over \$125K of incremental NOI annually.*

4 *Capital Markets Initiatives*

- *Greater capital markets presence (larger equity research and institutional investor following).*
- *Increase liquidity and float.*
- *Graduation to the TSX planned for early 2020.*
- *Consolidation of units planned concurrent with graduation to TSX to further improve marginability of the REIT's units.*

Key Takeaways

Nexus provides investors with the opportunity to invest in an investment vehicle that acquires and operates quality commercial real estate assets across Canada at a valuation that represents a significant discount to NAV



1. Internalized asset management function
2. Attractive current distribution yield ~7.0%
3. Conservative capital structure with Debt to Assets of ~51%
4. Strong sponsorship from RFA Capital with vast pipeline of accretive off-market acquisitions
5. Portfolio of high-quality assets in markets with positive industry fundamentals
6. Experienced management team, fully aligned through direct ownership in the REIT
7. Strong historical performance with consistent AFFOPU and NOI growth
8. Substantial annual rent increases in Western Canada industrial portfolio



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