



Nexus REIT

*BUILDING THE
FOUNDATION FOR
THE NEXT CANADIAN
“BLUE CHIP” REIT*

January 2019

INVESTOR PRESENTATION

NEXUS REAL ESTATE INVESTMENT TRUST

Notice to the Reader

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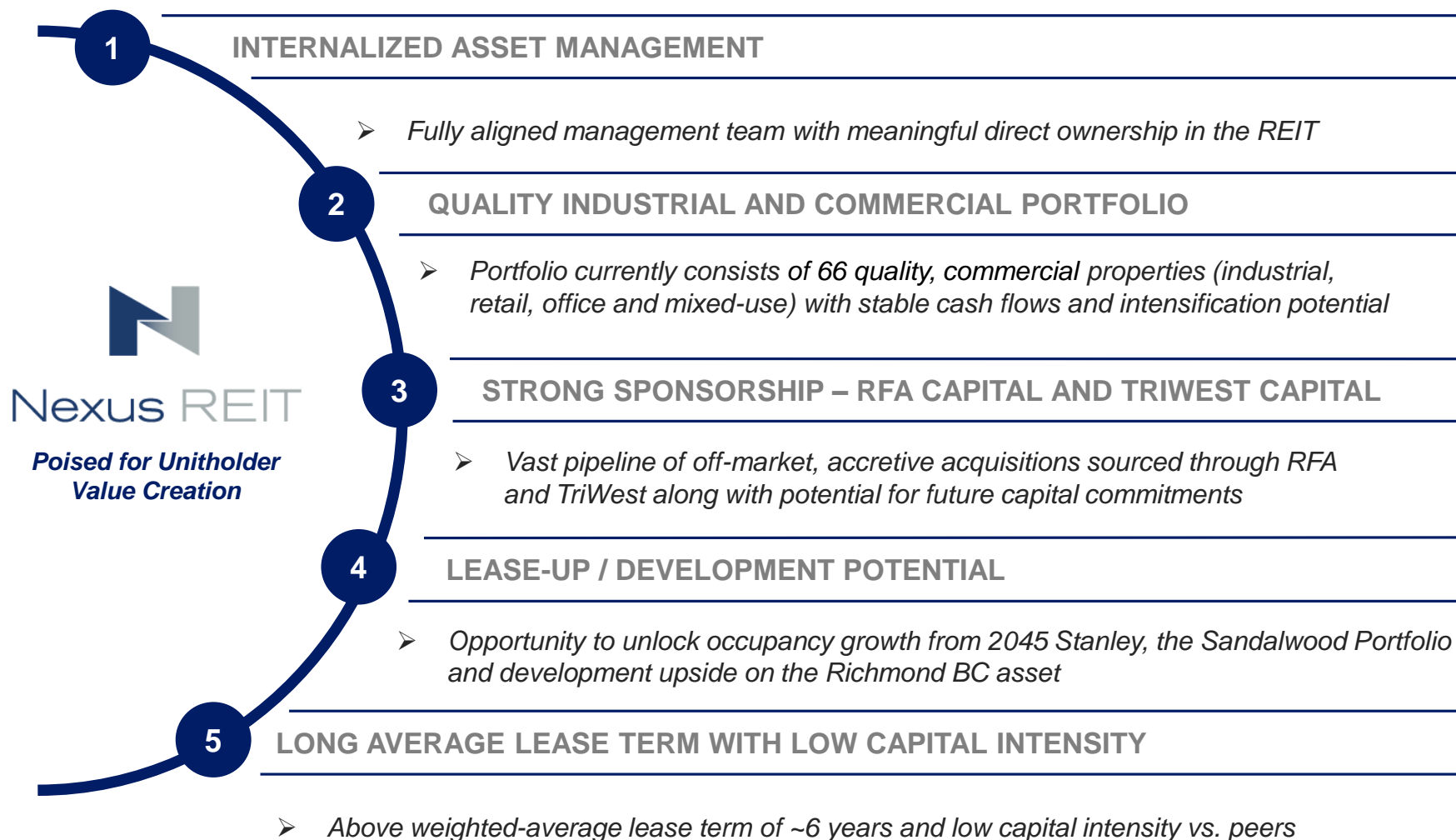
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All figures in C\$ unless otherwise noted.

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

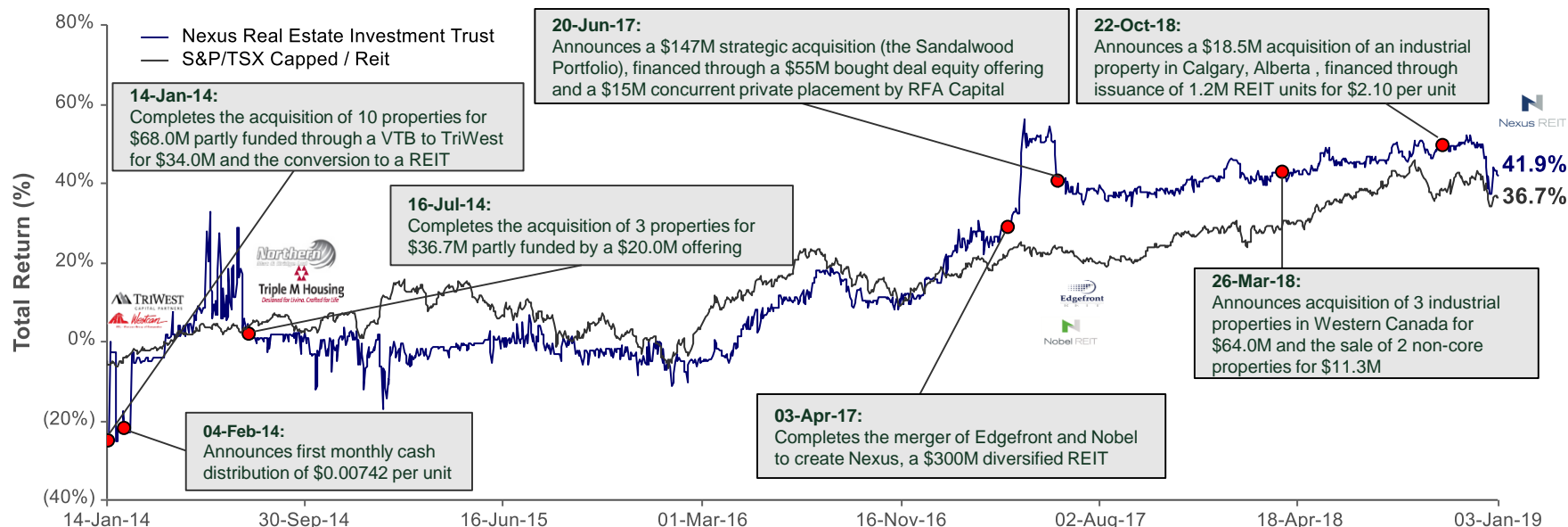
Summary Capitalization

Unit Price (January 25, 2019)	\$1.98
Basic Units Outstanding	112.4
Market Capitalization (\$M)	\$222.6
Add: Debt	\$282.4
Less: Cash	(\$3.7)
Enterprise Value	\$501.3

Market Metrics⁽¹⁾

P / 2019E FFO	8.4x
P / 2020E FFO	8.1x
P / 2019E AFFO	9.5x
P / 2020E AFFO	9.1x
Premium/(Discount) to NAV	(18.7%)

Total Return Performance since IPO⁽²⁾



1) Based on consensus equity research

2) 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 Westcan Bulk Transport, Canada Cartage and Northern Mat & Bridge, reducing the re-leasing risk
- The majority of Nexus' industrial portfolio is located in high-demand industrial nodes in Edmonton, Lethbridge, Calgary, and Vancouver



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



Value Creation - Richmond, BC

Overview

- Purchased an industrial asset (consisting of 2 buildings) in Richmond, BC for \$57.4M
- The asset has redevelopment potential in 12-18 months to add additional GLA and repurpose the front building as a multi-tenant sports facility, a highly desirable use given its urban location
- Recently appraised at ~\$80M (March 2018), highlighting the significant inherent value of the newly acquired property
- 6.5% purchase cap rate; upon redevelopment, the Richmond asset should benefit from cap rate compression to an anticipated 4.5% cap rate

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 AFFO with significant NAV creation potential*
- 4** *Vendors took back \$20.3MM in units at \$2.10/unit*

Asset Overview and Redevelopment Value Creation



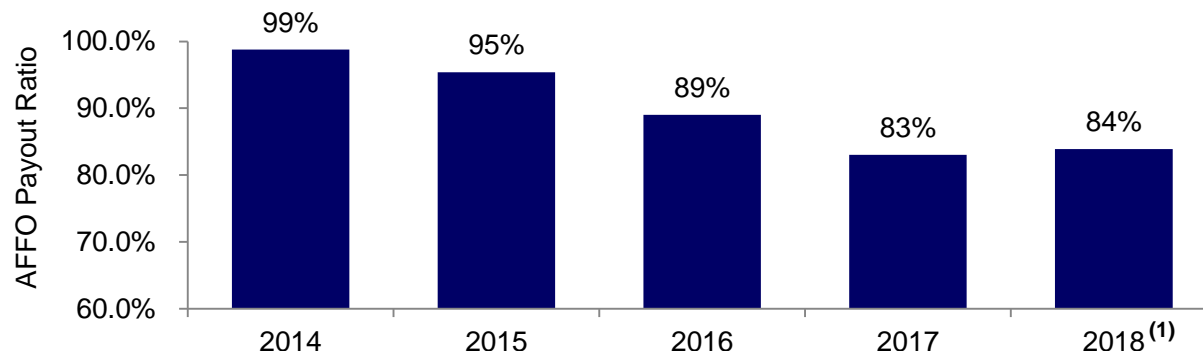
Through the redevelopment and repositioning of the Richmond asset, Nexus is expected to create ~\$20-\$28M in unlocked value for unitholders

Purchase Price	\$57.4M
Acquisition Cap Rate	6.5%
In-Place NOI	\$3.7M
Development CAPEX	\$15M-\$20.0M
Post-Development NOI	\$4.5M-\$6M
Stabilized Cap Rate	4.5%
Stabilized Property Value	\$100M- \$135M

Unitholder Value Created **\$20MM-\$28MM**

Demonstrated Track Record of Success

Management has demonstrated its ability to successfully make and integrate accretive acquisitions resulting in greater AFFOPU



Merger of Edgefront and Nobel

- April 2017, Edgefront and Nobel merge to create a \$300M diversified REIT; immediately accretive to AFFOPU
- Management internalized, portfolio diversification increased, capital markets presence enhanced and gained proprietary access to a robust pipeline of acquisitions from RFA

Acquisition of Sandalwood

- July 2017, Nexus completed the acquisition of a portfolio of assets located in the greater Montreal and Quebec City areas from vending entities associated with and/or related to Sandalwood Management Inc
- The transaction was expected to be ~4.0% accretive to AFFOPU

Delivering Strong Growth in 2018

- Completed \$91,420,000 of off market acquisitions with vendors taking back \$37,022,000 in REIT and LP units at a premium to the current trading price.

¹⁾ Based on 2018 Q3 YTD

Select Industrial Properties

3501 Griffen Rd. North – Lethbridge, AB



GLA (sq ft)	229,000
WALT	10.8 years
Occupancy	100%
Built/Ren	2008/2012

- Acquired on July 15, 2014 and leased under a long-term lease to Triple M housing that expires on July 14, 2029. Located in close proximity to Highway 3.

455 Welham Road – Barrie, ON



GLA (sq ft)	109,366
WALT	6.7 years
Occupancy	100%
Built/Ren	1998/2015

- Located in close proximity to Highway 400 and acquired on July 17, 2015, this property is leased under a long-term lease to Prodomax Automation that expires on June 16, 2025

4700 & 4750 102 Avenue SE – Calgary, AB



GLA (sq ft)	29,471
WALT	6.3 years
Occupancy	100%
Built/Ren	2009

- The property is situated on 13.54 acres, and is located in the East Shepard Industrial Park with convenient access to Deerfoot Trail South, Stoney Trail SE, Barlow Trail SE and 52 Street SE. The property is 100% occupied by Canadian Cartage and is a class A cross dock facility with trailer parking.

935-965 rue Reverchon – Saint-Laurent, QC



GLA (sq ft)	114,236
WALT	3.8 years
Occupancy	92%
Built/Ren	1972 / 1995

- The property is located in the city of Montréal, close to the Pierre Elliott-Trudeau International Airport and in one of Canada's largest industrial area. The main tenants are Sierra Flower Trading and Litron Canada with leases expiring in November 2023 and March 2019, respectively.

Select Retail Properties

161 Route 230 Ouest – La Pocatière, QC⁽¹⁾



GLA (sq ft)	208,800
WALT	4.4 years
Occupancy	73%
Built/Ren	1976/2003

- The property is located outside the centre of the city, adjacent to a Bombardier plant to the south with residential neighbourhoods to the north and east. This is the main retail center servicing the surrounding community.

7500 Boulevard Les Galeries d'Anjou – Anjou, QC⁽¹⁾



GLA (sq ft)	105,398
WALT	4.6 years
Occupancy	98%
Built/Ren	1981/2015

- The property consist of Les Halles d'Anjou, an enclosed retail mall, located in a high-profile corner location at the SW corner of Jean-Talon Street E and des Galeries d'Anjou Boulevard in Anjou, in a retail node with several large retail developments in the surrounding neighbourhood

3856 boulevard Taschereau – Greenfield Park, QC⁽¹⁾



GLA (sq ft)	213,982
WALT	4.9 years
Occupancy	97%
Built/Ren	1974/2002

- The property is located on the commercial artery of Taschereau Boulevard, a well-established retail cluster, on the south shore, approximately 10 kilometers east of the Montréal city center

401-571 boulevard Jutras Est – Victoriaville, QC



GLA (sq ft)	377,396
WALT	5.8 years
Occupancy	95%
Built/Ren	1975/2011

- The retail property is located in the city of Victoriaville, between Montréal and Québec City, situated on the corner of Boulevard Jutras East and Boulevard des Bois Francs South.

1) Nexus owns a 50% interest

Select Office Properties

10500 Avenue Ryan – Dorval, QC



GLA (sq ft)	52,372
WALT	11.2 years
Occupancy	100%
Built/Ren	2014

- Located in Dorval in close proximity to the Trans Canada Highway; fully occupied by Dicom Transportation Group Canada Inc. on a lease expiring in December 2029

955 Boul. Michèle-Bohec – Blainville, QC



GLA (sq ft)	33,461
WALT	7.7 years
Occupancy	100%
Built/Ren	2012

- The property is located alongside Highway 15, in Blainville's business park. Main tenants include Sun Life Financial and Government Services Canada.

410 St-Nicolas – Montréal, QC



GLA (sq ft)	154,515
WALT	2.0 years
Occupancy	96%
Built/Ren	1902/2004

- The property is a 6 storey Class I office property located in the heart of Old Montreal leased to early-stage TAMI (technology, advertising, media and information) businesses such as Ludia, ILSC Montreal, Café 410, and GPBL Inc.

2045 rue Stanley – Montréal, QC⁽¹⁾



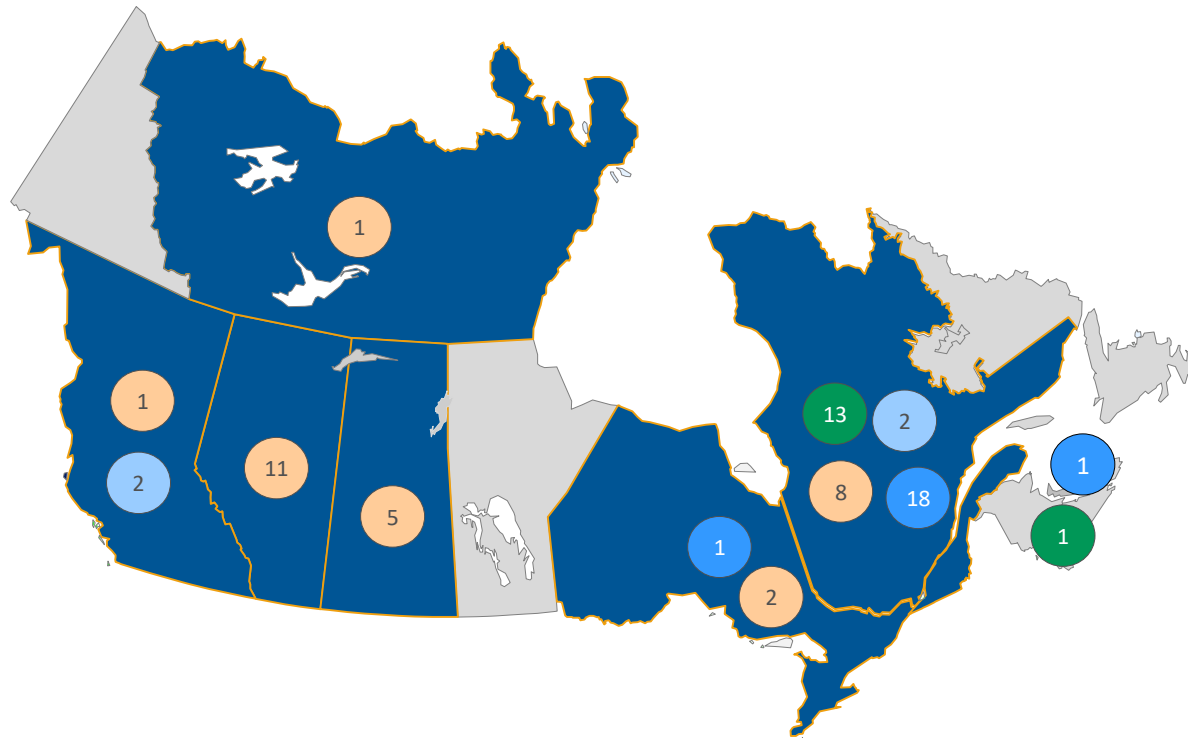
GLA (sq ft)	113,714
WALT	17.6 years
Occupancy	67% ⁽²⁾
Built/Ren	1977/2005

- Located in downtown Montreal; the building is currently being redeveloped, with The Chambre des notaires du Quebec occupying a significant portion of the property under a 20 years lease

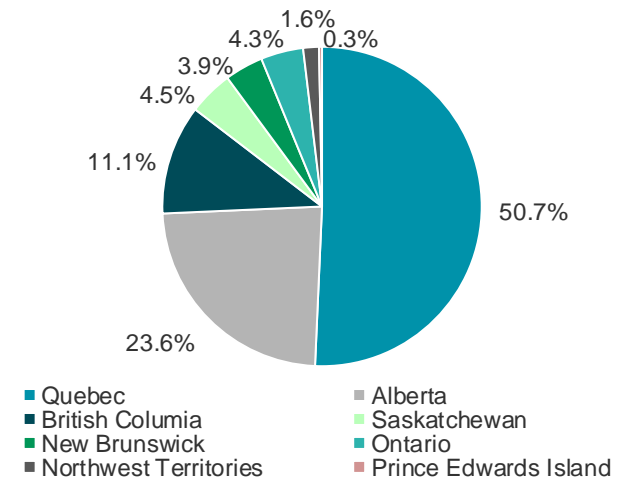
1) Nexus owns a 50% interest
2) Total committed occupancy is 82%

Nationwide Asset Base

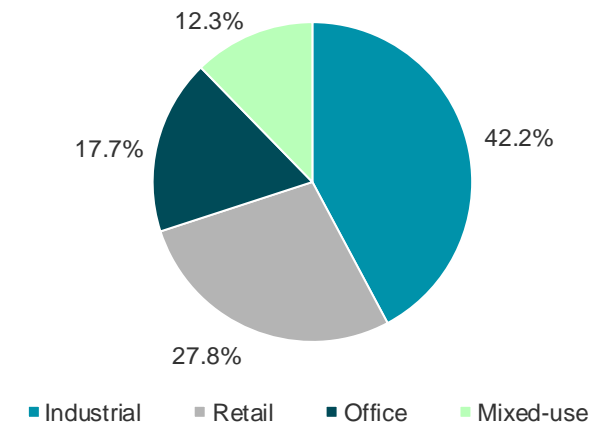
66 properties located across Canada



Base Rent by Province/Territory⁽¹⁾



Base Rent by Sector⁽¹⁾



1) As at September 30, 2018

Strategic Relationships with Access to Quality Assets



Overview:	<ul style="list-style-type: none">Privately held real estate investment and asset management firm	<ul style="list-style-type: none">One of Canada's leading private equity firms
Founded:	<ul style="list-style-type: none">1996	<ul style="list-style-type: none">1998
Experience in Real Estate:	<ul style="list-style-type: none"><i>Invests in office, retail, industrial and multi-family properties in the major Canadian markets as well as mortgages and CMBS</i><i>Over the past 20 years, has invested in over \$15B of commercial mortgages</i>	<ul style="list-style-type: none"><i>Indirectly own a significant amount of real estate through current ownership of 20 companies</i><i>Primarily focused on the industrial sector in Western Canada</i>
Headquarters:	<ul style="list-style-type: none">Toronto, ON	<ul style="list-style-type: none">Calgary, AB
Other:	<ul style="list-style-type: none">Canada's first and largest investor in non-investment grade CMBS	<ul style="list-style-type: none">19 years experience investing in 38 companies representing a broad cross-section of the economy
Sourced Acquisitions:	<ul style="list-style-type: none">27 acquisitions sourced through RFA	<ul style="list-style-type: none">14 acquisitions sourced through TriWest

Strong partnerships 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 REITExtensive 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 REITFormer Director of Accounting and Finance of Samuel Manu-TechObtained 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 PartnersFormer partner of Bennett Jones LLP
Mario Forgione	<ul style="list-style-type: none">Principal and Managing Partner of Windermere Realty Corp.President and Co-Founder of Edgemere CapitalFormer Chairman of Nexus Realty, a predecessor to Edgefront REIT
Brad Cutsey	<ul style="list-style-type: none">President of InterRent REITFormer Managing Director, Real Estate Investment Banking at Dundee Capital Markets
Ben Rodney	<ul style="list-style-type: none">Principal and Managing Partner of RFA CapitalHas 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 CapitalPreviously 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
						2019E	2020E	2019E	2020E		
Desjardins Capital Markets	Michael Markidis	23-Nov-18	Buy	\$2.30	31.9%	\$0.22	\$0.22	\$0.19	\$0.20	\$2.30	(18.7%)
Echelon Wealth Partners	Stephane Boire	23-Nov-18	Buy	\$2.50	42.6%	\$0.23	n/a	\$0.21	n/a	\$2.30	(18.7%)
iA Securities	Brad Sturges	23-Nov-18	Strong Buy	\$2.30	31.9%	\$0.22	\$0.24	\$0.20	\$0.21	\$2.30	(18.7%)
GMP	Himanshu Gupta	22-Nov-18	Buy	\$2.40	37.2%	\$0.22	n/a	\$0.19	n/a	\$2.30	(18.7%)
Average (Consensus)				\$2.38	35.9%	\$0.22	\$0.23	\$0.20	\$0.21	\$2.30	(18.7%)
Average (Excluding High/Low)				\$2.35	34.6%	\$0.22	n/a	\$0.20	n/a	\$2.30	(18.7%)

Select Analyst Commentary

DESJARDINS

23-NOV-18

"Financial results/ operating performance were in line with our expectations, and revisions to our NAV and earnings outlook are not material. Rue Stanley is slowly but surely progressing toward stabilization. Although the timing of the potential announcement has been pushed out, we continue to see the expansion/redevelopment of the sports mall complex as a meaningful catalyst."

GMP

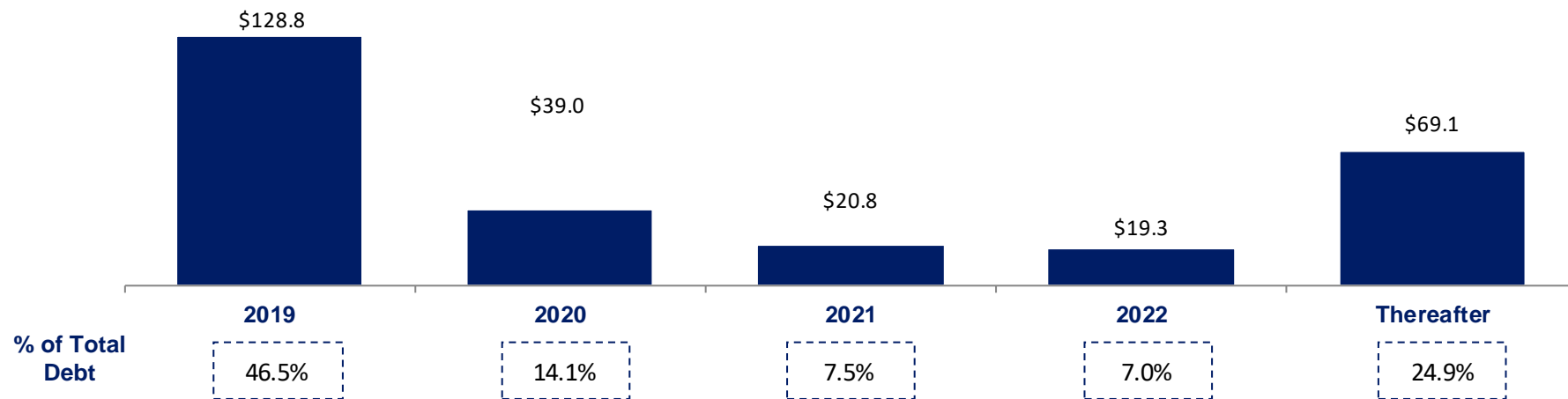
22-NOV-18

"In the context of recent volatility in the markets, we believe Nexus is a good combination of stable income and growth, and a compelling small cap name within the real estate sector. Nexus provides the stability of a high distribution yield of ~8% with an expected AFFO payout ratio of <85% in 2019. Value-add initiatives like the Richmond property and 2045 Rue Stanley lease-up provide a significant potential NAV upside."

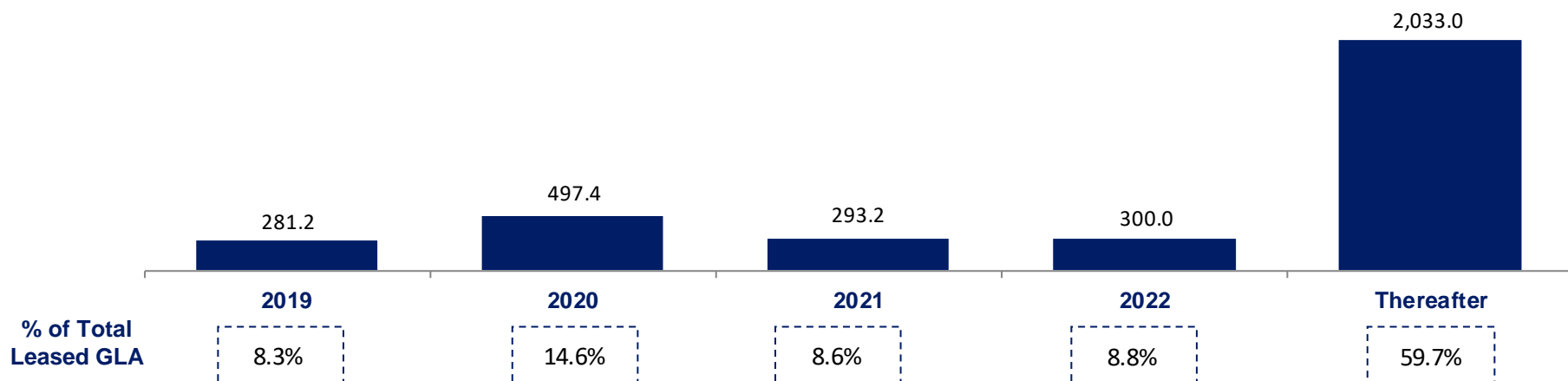
¹⁾ Implied total return is calculated as the implied relative return to the target price plus the compounded annual distribution yield
Source: FactSet and Equity Research as at January 3, 2019

Balanced Debt Maturities and Lease Expiries

Debt Maturity Schedule (\$M)⁽¹⁾



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



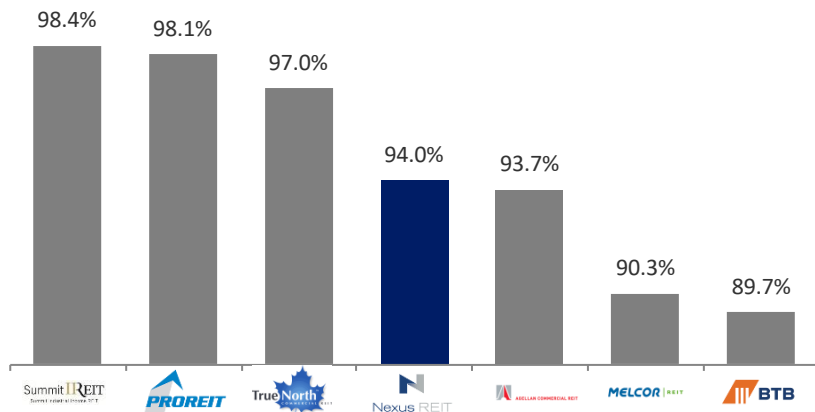
Note: Excludes debt and leases maturing in Q4 2018

1) As at Q3 2018 MD&A; debt maturities exclude debt related to proportionate interests

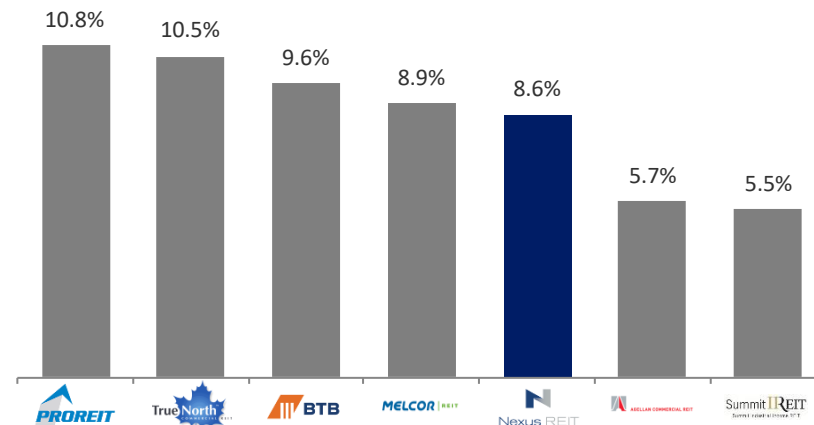
Positioning of Nexus vs. Peers

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

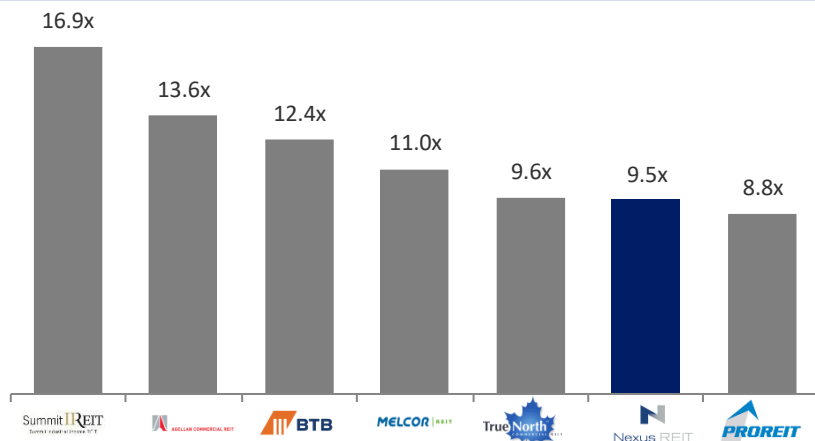
Occupancy



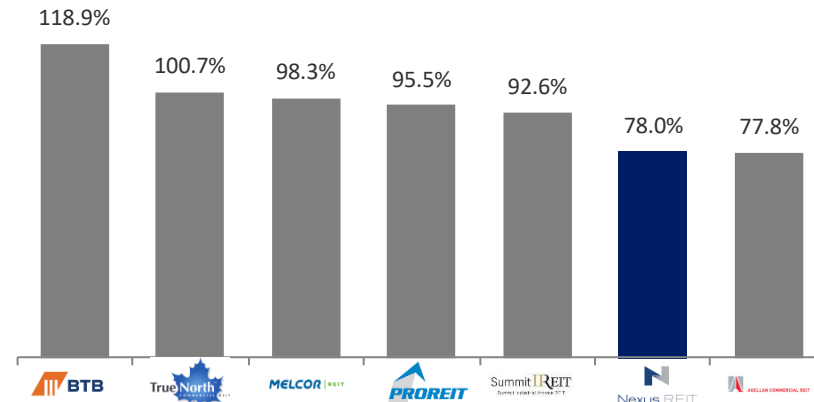
Distribution Yield



P/2019 AFFO



2019E 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 sponsorship partners*

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

- *Lease-up of the Stanley Property to increase Nexus' NOI*
- *Re-positioning and intensification of properties to increase NAV (Richmond Asset)*

3 *Substantial Rent Increases in Western Canada Industrial Portfolio*

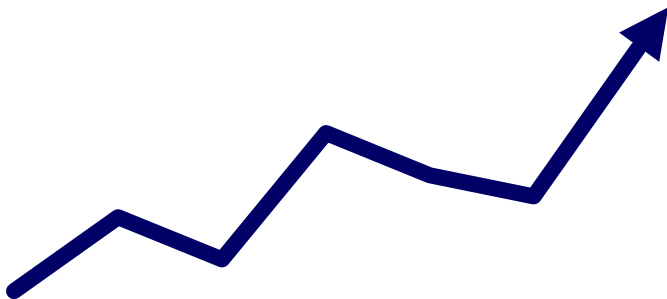
- *Linked to CPI and generates over \$125K of incremental NOI annually*

4 *Capital Markets Initiatives*

- *Greater capital markets presence (larger equity research and institutional investor following)*
- *Increase liquidity and float*

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. High current distribution yield ~8.6%
3. Conservative capital structure with Debt to Assets of ~54%
4. Strong sponsorship from RFA Capital and TriWest 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 rent increases in Western Canada industrial portfolio



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