

Nexus Real Estate Investment Trust Investor Presentation



Nexus REIT

Notice to the Reader

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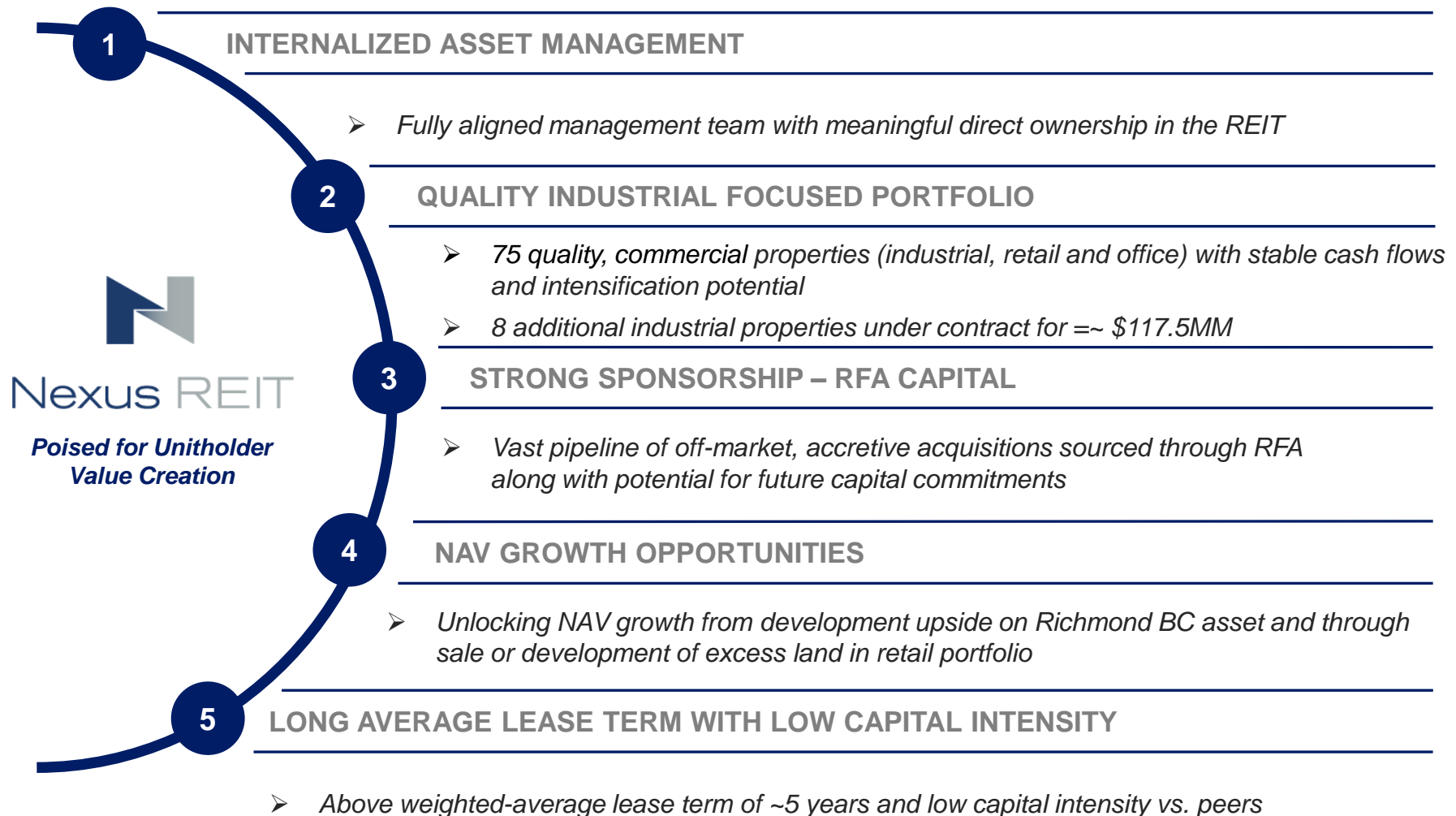
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All figures in C\$ unless otherwise noted.

Nexus REIT Poised For Value Creation

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



Benefiting from a Strategic Investor and Partner



Overview:

- Privately held real estate investment and asset management firm

Founded:

- 1996

Experience in Real Estate:

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

Headquarters:

- Toronto, ON

Other:

- Canada's first and largest investor in non-investment grade CMBS
- Acquired an entity to form RFA Bank of Canada

Sourced Acquisitions:

- 27 acquisitions sourced through RFA

Strategic partnership to provide pipeline for accretive growth

A Diversified Portfolio With An Industrial Focus

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, and Canada Cartage, reducing the re-leasing risk
- The majority of Nexus' industrial portfolio is located in high-demand industrial nodes in Calgary, Edmonton, Lethbridge, and Montreal



Retail Portfolio

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

- Grocery-anchored retail assets located in the Greater Quebec City and Montreal areas
- Sandalwood Management 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

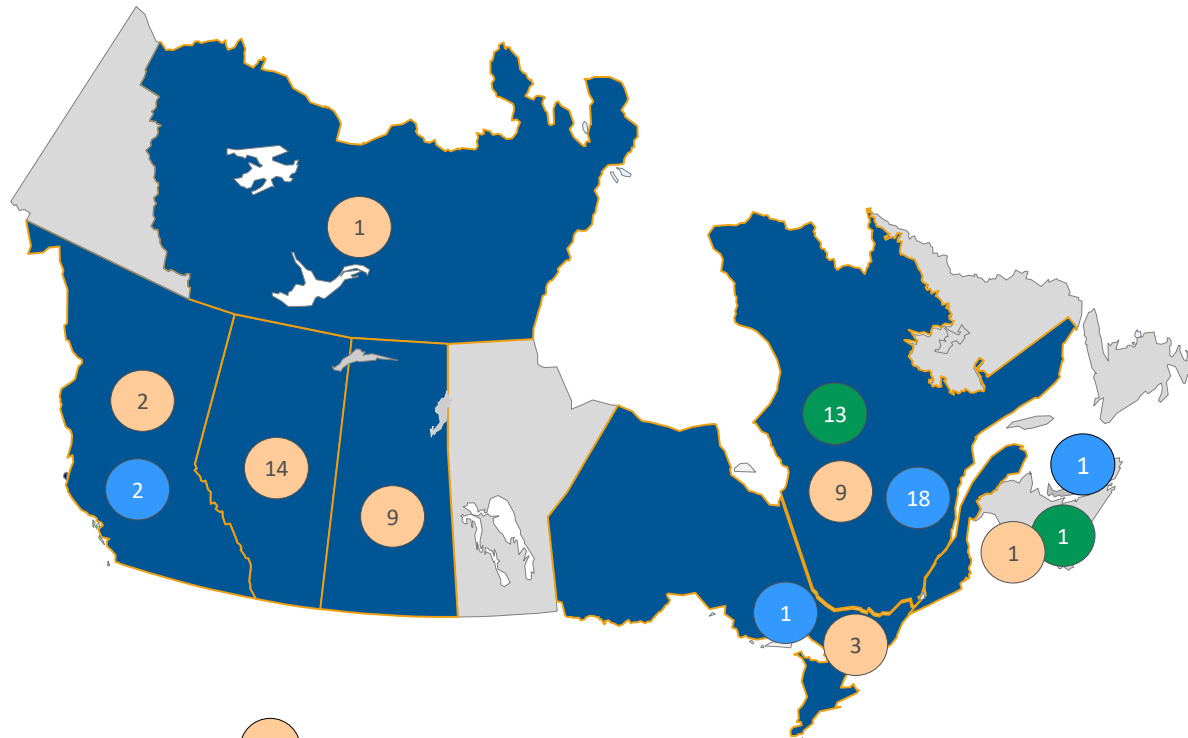
The Majority of Urban Office Assets Located in the Downtown Montreal Core

- Tenants in the portfolio include, Sunlife, Dicom, Xerox, IBM, WSIB, The Notaries of Quebec
- Concentration of Old Montreal character properties
- 115,000 sf joint venture property at 2045 Rue Stanley (Montreal CBD) completely renovated and leased with long-term leases



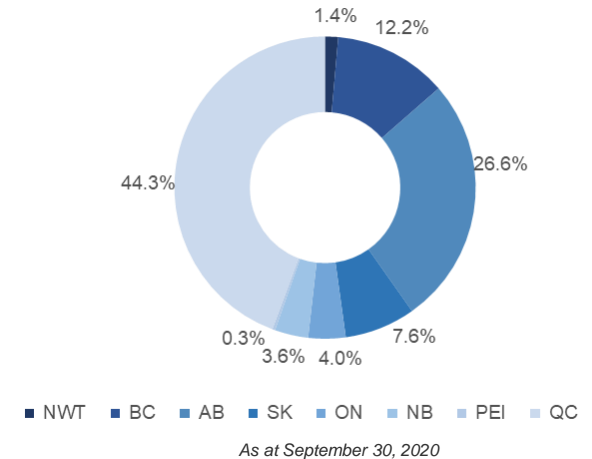
Nationwide Asset Base

75 properties located across Canada

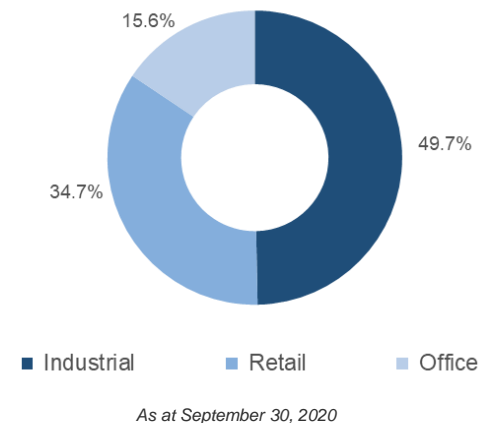


Approximately 61% of NOI is derived from industrial properties
67% after completion of announced acquisitions

Base Rent by Province/Territory

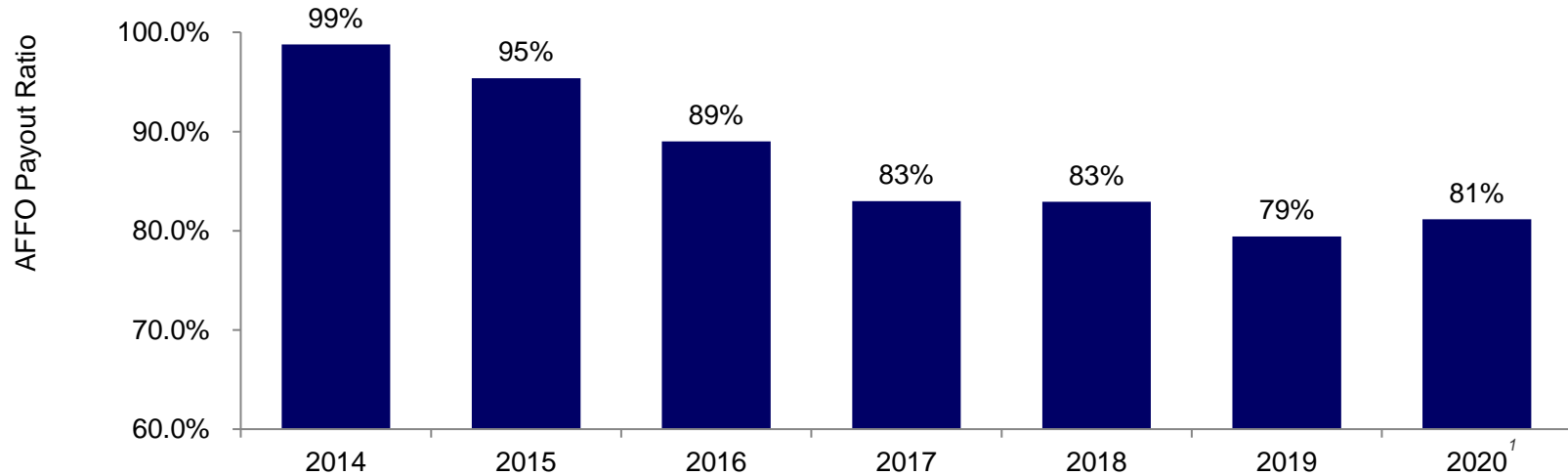


Base Rent by Sector



Demonstrated Track Record of Success

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



1) YTD September 30, 2020

Delivering Strong Growth

- 2021 to date, \$117.5MM of industrial properties under contract; 6 properties in London, ON and 2 properties in Edmonton, AB
- In 2020, the REIT completed \$67.1MM of industrial acquisitions, with vendors receiving \$26.1MM in REIT and LP units at a premium to the trading price of the REIT's units.
- The REIT completed \$122.4MM of acquisitions in 2018 and 2019, with vendors receiving approximately \$51.8MM in REIT and LP units at a premium to the trading price of the REIT's units.

Recent Acquisitions

Overview

- **February 3, 2020:** Nexus REIT closed on a portfolio of 3 single-tenant industrial properties located in Regina and Saskatoon, SK. The purchase price was \$17,400,000, a 7.62% cap rate on in-place NOI. The purchase price was entirely satisfied through REIT units and Class B LP Units of a subsidiary limited partnership of the REIT valued at \$2.10 per unit.
- **October 1, 2020:** Nexus REIT closed on a single tenant industrial property in Calgary, AB. The property, which was appraised at \$15,100,000, was acquired for a purchase price of \$13,750,000 at a 6.75% capitalization rate. In partial satisfaction of the purchase price, \$5,500,000 of Class B LP Units of a subsidiary limited partnership of the REIT were issued to the vendor at \$2.00 per unit.
- **December 1, 2020:** The REIT acquired a single-tenant industrial property in Moncton, NB with a strong credit tenant for \$8,000,000. \$3,200,000 of the purchase price was satisfied by issuing units valued at \$2.00 per unit.
- **December 31, 2020:** The REIT acquired a 50% interest in an Ajax, Ontario industrial property with approximately 500,000 square feet of GLA for a purchase price of \$28,500,000.
- **January 8, 2021:** The REIT announces it has entered into agreements to purchase two industrial portfolios for an aggregate purchase price of \$117.5MM, with approximately \$73MM of the purchase price to be settled with units issued to the vendors. \$103.5MM acquisition of 6 properties in London, ON at a 6% capitalization rate; \$14MM acquisition of 2 properties in Edmonton, AB.



Transaction Highlights

- 1 ***The REIT is acquiring industrial assets with strong long-term tenants in attractive markets.***
- 2 ***The deals are accretive to AFFOPU, and the prices are significantly discounted to the appraised values.***
- 3 ***Vendors continue to take units at a premium to the current trading price as satisfaction of the purchase price.***

Value Creation - Richmond, BC

Overview

- Industrial asset (consisting of 2 buildings) in Richmond, BC purchased for \$57.4MM in April 2018
- Appraised at ~\$80MM (March 2018), highlighting the significant inherent value of the property; offering potential for significant NAV growth
- Repurposing of the front building to a multi-tenant sports facility announced March 12, 2020 with two new leases signed at \$33 psf net rent. (Phase 2A)
- Additional value creation with ~70,000 sq ft of additional GLA to be added as a multi-tenant sports facility currently being planned and to begin construction in 2021. (Phase 2B)

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 the potential to be significantly accretive to NAV per unit**

Phase Redevelopment Value Creation Underway



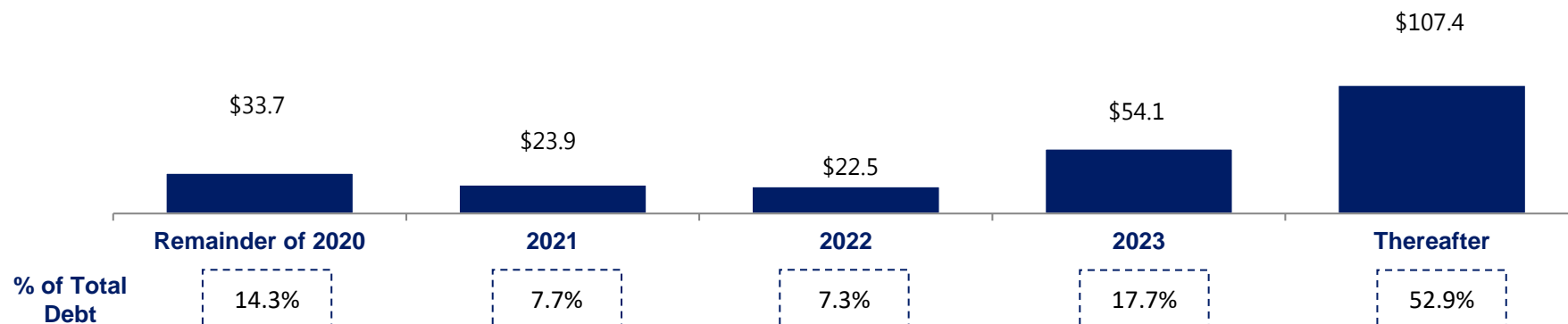
Acquisition Cap Rate	6.50%
In-Place NOI	\$3.7MM
Development Investment	\$7.3MM
Post-Development NOI	\$4.9MM
Stabilized Cap Rate	4.50%
Stabilized Property Value	\$109M

Phase 2A Unitholder Value Created \$22.2MM¹

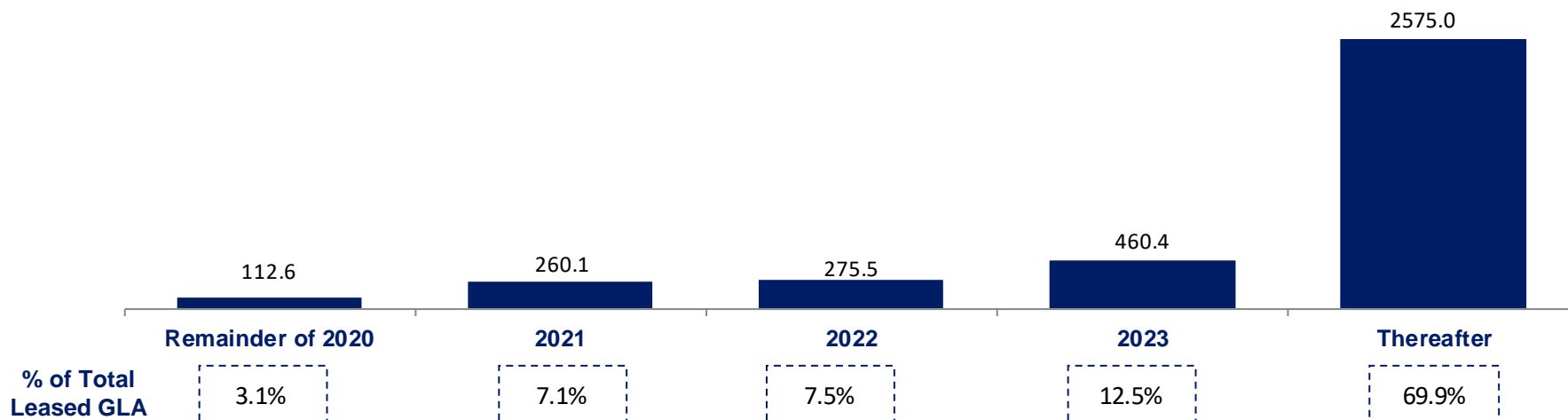
¹ Pursuant to a development management agreement which the REIT has entered into, value creation will be split with the vendor of the property, which has sourced the new tenants and is managing the development on behalf of the REIT.

Balanced Debt Maturities and Lease Expiries

Debt Repayment Schedule (\$MM)⁽¹⁾⁽²⁾



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



1) As at September 30, 2020

2) Includes lease liabilities and regularly scheduled mortgage principal repayments

Liquidity & Debt Maturities

Liquidity

- As at September 30, 2020 the REIT had \$16.4MM of cash.
- The REIT has access to \$5MM under its Credit Facility and expects to generate sufficient cash from operations to satisfy its financial liabilities.
- In Q2 2020, unencumbered properties were mortgaged to increase liquidity. The REIT will continue to manage its balance sheet to ensure adequate liquidity in the face of COVID-19 uncertainty.

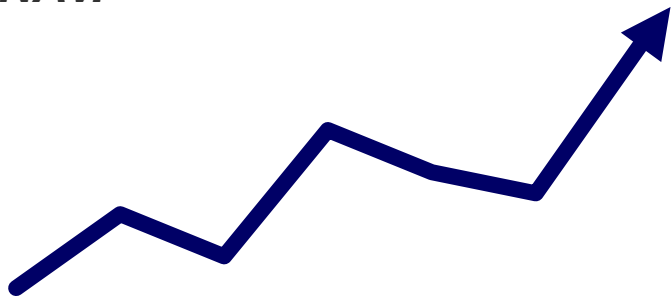
Debt Maturities

- Approximately \$17.5MM of expiring debt on the REIT's unenclosed retail center in Victoriaville, QC (approximately midway between Montreal and Quebec City) was refinanced in Q4 2020. 5-year money with a 25-year amortization at ~3.6%.
- No significant mortgage maturities until December 2021 (\$12.3MM).

Key Takeaways

Nexus provides investors with the opportunity to participate 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.

At the recent \$2.10 trading price, the REIT's units are trading at a 15% discount to NAV.



1. We have ample liquidity
2. Opportunity for multiple expansion, with the REIT trading at roughly half of industrial multiples on a portfolio that is 61% industrial by NOI.
3. Attractive current distribution yield at approximately 7.6%
4. Conservative capital structure with Debt to Assets of ~48%
5. AFFO Payout ratio coming into the crisis was sub 80%; 81.2% YTD Q3 2020.
6. Diversified Portfolio of high-quality assets in markets with positive industry fundamentals
7. Agreement to sell excess land in Montreal could result in significant windfall for the REIT
8. Strong historical performance with consistent AFFOPU and NOI growth
9. Growth opportunities in Richmond BC should result in an increase in the REIT's NAV
10. Robust pipeline of industrial acquisition opportunities



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